

Inventory Migration to Tracker

How to move forward when you don't know what you have...



Physical inventories even when carefully planned and executed do not necessarily create data integrity, they can actually destroy it. Lots of people counting lots of things can = lots of mistakes. Even if the inventory produces accurate counts, handwritten serial numbers and part numbers will be wrong 5% of the time. The integrity of on hand balances begins to deteriorate immediately as new sales and receipts begin after the physical inventory. In addition with every employee working full time and overtime it simply is not realistic to perform a physical inventory. Since most resellers are in this condition we have created an alternative method that works from an accounting perspective, and the sales and warehouse point of view. It has proved effective again and again. It might seem counter intuitive but it works.

The basic formula is as follows:

- Don't take a physical inventory first.
- Don't convert inventory balances to the new system.

- Update inventory counts as product is sold, using a simple and easy-to-follow method:
 1. **Enter the Sales Transaction**
 2. **Copy the Sale to a Purchase Transaction** from your company at either
 - a. zero dollars,
 - b. a percentage of the selling price for the parts
 - c. if available, actual cost
 3. **Find parts in the warehouse.**
 4. **Receive parts in your company's purchase transaction** and scan serial numbers into IQ reseller. Verify the condition code and record comments about the part condition. (these will be available to view at anytime after the sale)
 5. **Allocate items and ship** the Sales Transaction normally
 6. Ongoing; As time permits, keep a phantom company Purchase Transaction open to receive the unknown parts in, scan serial numbers, print barcode asset labels and locate in the warehouse. These items will show up in inventory for the salespeople and may be readily shipped when sold.

NEW PURCHASES

Receive normally as in step number 2 but in the Vendors purchase transaction it is critical at this step to print the IQ reseller generated barcode labels at this point since this will help you identify each serialized item separate from the items that were pre-existing in the warehouse.

Accounting Resolution Step

The (Inventory and Accounts Payable) General Ledger transactions for the "phantom" Company Purchase Transactions (those with Your Company as Client/Vendor ID) are reversed at month end. Therefore, the only transactions that increase the inventory balance after cutover are Purchase Transactions for actual inventory purchases made after cutover. All bookings result in a decrease in inventory balance. Therefore, the GL and physical inventory dollars will be equal after the month end entries (above) are completed.

Bottom Line

Inventory accuracy will improve measurably in a surprisingly short time frame, even if the level of inventory activity is high. Therefore, IQ reseller simply does not require totally accurate starting inventory balances in order to begin delivering a return on your system investment. So, the best time to implement IQ reseller is when it can do the most good for your organization, not necessarily when you are in a slow sales period. It is during peak periods when a better system can help the most.