

Dennis R. Cowhey

Dennis, R. Cowhey, started Computer Insights, Inc. in 1981 as is currently CEO. He served for many years on the Illinois CPA Society Computer Information Systems Committee. He is a frequent author of articles for Industry Trade Magazines. Before starting Computer Insights, he served as Central District Manager for a division of Litton Industries (now part of Northup Grumman). That company offered Inventory Control Systems to Retailers. Prior to that, he was a Credit and Financial Analyst for National Credit Office division of Dun & Bradstreet, Inc. He received his education at Chicago City College and DePaul University.

TECHNOLOGY HELPS WITH INVENTORY MANAGEMENT

Fasteners are Difficult to Manage

Fastener inventory is one of the most difficult types of inventory to maintain. When we chose the fastener industry as our specialty, this was one of the main reasons. Fastener inventory is unique:

- 1. Many products are commodity products and need to be sent to several vendors for quote.
- 2. Some items are branded products and can only be purchased from one vendor. These need to be purchased directly without a request for quote.
- 3. Still other items require kitting or processing in order to be sold. These require a processing purchase order that creates demand for the components.
- 4. Components need to be requested for quote or ordered.
- Many common products appear in multiple bills of material so potential shortages are easily missed.
- 6. Blanket orders are common and can often stretch out a year or more.

And That's Not All

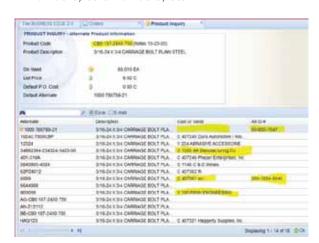
Our clients often have as many as 100,000 products or more in inventory. The products look very similar and the part numbers are descriptive, so they are long and tedious to work with. Using purchasing reports for making buying decisions is problematic. By the time the purchasing agent gets through the entire report, many things have already changed because of the hectic pace of the business. Errors and omissions can easily

creep in and mistakes can be costly. This is an industry where you can easily turn a \$50 order into a \$500 mistake. Make that kind of mistake once too often and you will lose your customer.

Even the Part Numbers are a Problem

Fasteners have more part numbers than centipedes have legs. A fastener could have any or all of the following:

- 1. A nomenclature part number
- 2. Several vendor part numbers
- 3. Several customer part numbers
- 4. A UPC code
- 5. Customer purchase order or purchase order line numbers or both
- 6. Customer end user package part numbers
- 7. Other miscellaneous part numbers, e.g. catalog numbers, sale numbers, etc.



Automatic Replenishment to the Rescue

When it comes to inventory management, The BUSINESS EDGE 2.0 has the easiest to use and most sophisticated automatic replenishment system available for fastener companies. It is deceptively simple, yet it is remarkably comprehensive and it takes into account all of the nuances of handling fasteners. It saves many hours for the Purchasing Department and it virtually eliminates costly errors.

Takes Many Factors into Account

The system examines all the information about usage, on hand position, open sales orders, open purchase orders, lead time and stocking objective. Based on the information that it finds, it actually produces requests for quotes for items that can be ordered from many vendors. Then it creates purchase orders for things that are always ordered from one vendor, e.g. branded products, or products that have a preferred vendor.

Works for Kits, Components and Secondary Processes as Well

Then it looks at the products that must be kitted or processed (plated, drilled, through hardened, etc.) and it creates processing purchase orders for them. Finally, it looks at the raw parts that are going to be needed to produce these products or kits, and it creates requests for quotes, purchase orders or processing purchase orders for the raw parts as well.

All of the documents are automatically created, eliminating hours of data entry and putting an end to errors. The user then reviews the documents. Any line item can be changed from the proposed document to another, e.g. from a processing purchase order to a purchase order for a part that is normally sent out for plating, but is going to be ordered plated this time. Once all the decisions are made, the user simply has the system e-mail, fax or print the documents to send them to the Vendors. When the documents go out to the vendors, of course, each vendor has their own part numbers included, thus eliminating errors and expediting the order process for everyone involved.

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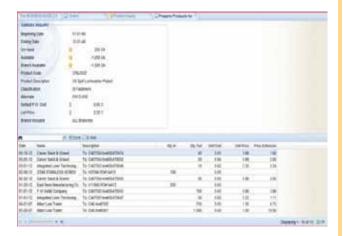
Product Inquiries

All through the entire process, the user has complete access to product inquiries that show all of the information that is needed to make an intelligent purchasing decision. Summarized usage is shown below. Detailed usage inquiries are a click away.



Cardex Shows All Activity

Every detail record of the product's usage is accessed to refine the final decision. Is the usage based on an anomaly? Is it a product that the largest customer no longer uses? Who is buying this part and who is the lowest cost vendor? The human judgment factor isn't lost when the Automatic Replenishment System is used. It's just the drudgery that is eliminated.



Editing Basic Inventory Information

Because of the easy access, editing the inventory master file information is a snap. The basic inventory data can easily be changed immediately, rather than becoming yet another project to do at the end of a hectic day.



Automatic Replenishment Changes Everything

The work that is needed to set up the Automatic Replenishment System is worth the effort 100 fold. The system saves countless hours and tedium. Clients that use this system are in complete control of their inventory. They dramatically reduce stock-outs and they also improve their overstock position. They do less work and have better results.

More Information

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