Method Warehouse

Quick Start Guide

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Method Warehouse

Method Warehouse Overview – Why We Built It

Before we give you an overview of Method Warehouse, you should first be familiar with *Method Integration*, which is the platform Method Warehouse is built on. Method Integration is a suite of customizable web apps for use with QuickBooks, with each app offering a simple, streamlined solution to solve industry-specific requirements. Method uses a patent-pending synching engine that synchronizes each list and transaction with QuickBooks in real-time. This means that any web browser can access QuickBooks remotely to view, add, and edit QuickBooks data from anywhere in the world, and have it instantly sync back and forth with a desktop computer. Best of all, Method apps are customizable from head-to-toe, with drag & drop wizards (no coding!). Customization is something you can do yourself, or through a Method Systems Consultant or Method Solution Provider.

Method Warehouse is an app that solves the inventory problems faced by QuickBooks users. It has been carefully designed to solve these problems in the most streamlined and useful manner possible.

QuickBooks users who maintain inventory need inventory tracking outside of what QuickBooks itself currently offers. Whether they are distributor with multiple locations, a retail store that needs real time knowledge of which store has what inventory available, or a manufacturer that needs to know how much inventory to purchase and build – Method Warehouse is the missing piece of the puzzle.

When we embarked on creating an inventory app for Method, we decided to first firmly establish what the core problems an inventory app should be solving:

- Companies that have multiple locations need to be able separate their QuickBooks inventory by location, and by sublocation.
- Reorder / Build Points in QuickBooks are not sufficient for companies with multiple locations. They need to be able to set different Reorder / Build Points per location.
- Inventory must be able to be grouped and tracked by lot, expiration date or revision level.
- Inventory must be able to be tracked by serial number from the moment it enters the door to the moment it leaves, and leave a breadcrumb trail along the way.
- Companies that manufacture goods needed an MRP (Material Requirements Planning) calculator that looks at existing inventory, forecasted demand, inventory lead times and existing pending transactions in order to tell manufacturers how much to purchase, how much build, and when to do it.

We think existing inventory solutions for QuickBooks are too complicated, cumbersome and bloated. So, next we set out to find out exactly why this was the case to avoid running into the same perils ourselves.   After investigation, we came to the conclusion that they were loaded with unnecessary features – unnecessary because most of the screens in the existing inventory solutions duplicated what

already exists within QuickBooks. The existing solutions out there all require you to move all inventory control outside out of QuickBooks and into their solutions, thereby *requiring* you to enter inventory-related transactions in their solutions only.

However, when building Method Warehouse, we were fortunate to have a powerful synch engine at our disposal that listens to everything that happens in QuickBooks and shuttles changes back and forth with the Method web server. We reasoned that the only way to create a streamlined inventory app was to do what the other inventory solutions couldn't do, and that was to leverage the Method sync engine to allow users to keep their inventory control in QuickBooks. This allowed us to streamline the Method Warehouse interface to be just a few small screens.

This was no small accomplishment for our synch engine. For example, when a QuickBooks user enters an Item Receipt directly in QuickBooks, the synch engine has to hear this Item Receipt, check to see if there are inventory items listed on it, and then figure out which location and inventory bin to move those items to. But what happens when the QuickBooks user later changes the item quantity of one of the items on the Item Receipt? Well, the synch engine has to know that there was an existing transfer to an inventory bin, and then update that inventory bin with the new quantity. Now, what if the QuickBooks user changes the Item Receipt by using a different item instead of the previous item? Well, the sync engine has to remove the quantity from the previous bin, and then move inventory into a different bin belonging to the different inventory item. And what if the item receipt is deleted altogether? Well….you get the idea. There is a reason why other inventory solutions require you to move inventory out of QuickBooks. We, however, felt it was a challenge worth choosing – and after you use the streamlined interface, we think you'll agree it was a good choice.

Inventory Control Monitor

The *Inventory Control Monitor* screen tells you whether you are running low on inventory items or inventory assembly items by comparing the current level of inventory on hand with the Alert levels and Critical levels you specify. Better yet, since Method Warehouse automatically tracks the inventory per location, the *Inventory Control Monitor* allows you to set different levels for each location.

It is important to realize, however, that this is a simple tool to let you know that you are currently running out of stock. It does not predict *when* or *if* you will run out. If you manufacture goods, and need help with projections and planning, click on the **MRP Calculation** button on this screen, which launches **Method's MRP (Material Requirements Planning) Calculation**.

Warning Level Definitions

The Warning Levels for monitoring your inventory are very straight forward and are based on the minimum levels you want to maintain on hand of that inventory at each location.

- **Alert Level**: An inventory quantity you define to bring your attention to a low running inventory level. This is similar to the QuickBooks Reorder or Build Point field, except that this is on a per location basis. When inventory hits the Alert

level you should begin making plans to issue a build (in the case of an assembly item) or request a purchase order (in the case of an inventory item).

- **Critical Level**: This inventory quantity is a level you define that indicates you have reached an emergency status and you must issue a build, or request a purchase order immediately.

- **Monitor Level**: This is the current status level of your inventory, per item, per location. The values will be either 'Alert', 'Critical' or blank (if there are no warnings).

- **Replenish Level**: The level you typically reorder to or build to when replenishing quantities of a particular item.

To Setup Warning Levels

To setting up Warning Levels, follow these steps:
1. Go to **Warehouse Center > Inventory Control Monitor**.
2. Click **New Inventory Control Monitor…**.
3. Choose the **Location**. Only root locations can be chosen (for example if you have *HomeOffice*, and *HomeOffice:StockRoom*, only *HomeOffice* can be selected).
4. Choose the **Item**. Only inventory items and inventory assembly items can be chosen.
5. Enter the desired *Alert Level*.
6. Enter the desired *Critical Level*. This should be an amount ***below*** the *Alert Level*.
7. Click **Update**.

To Filter the Inventory Control Monitor Grid

There are several useful filters on the grid so that you can see just inventory items, or just inventory assembly items, or only items with a specific warning. To filter the Inventory Control Monitor grid:
1. Go to **Warehouse Center > Inventory Control Monitor**.
2. From the *Filter by View* dropdown list, choose the appropriate view.

To Print/Export the Inventory Control Monitor Grid to Excel

To print or export the Inventory Control Monitor grid:
1. Go to **Warehouse Center > Inventory Control Monitor**.
2. Choose the appropriate view from the *Filter by View* dropdown list.
3. Click **Export to Excel**.
4. This will automatically launch the contents of the grid into Excel.

Locations

Locations are plants or warehouses at your company where inventory is received, stored, assembled and shipped from. You can have multiple locations stored in Method so that inventory quantities can be tracked at each one individually. It is important to realize that *locations* are not available in the QuickBooks interface – they are an addition made by Method, and only seen in Method.

In the case of a large or complex warehouse, you can break your locations down by parent locations and sublocations that provide you with even more insight and

visibility into your inventory. Sublocations are specific regions of your warehouse, such as your stockroom, receiving area or store shelf. Sublocations can in turn have their own sublocations such as a rack, shelf or drawer.

Within locations and sublocations are "bins", which contain inventory of only one specific item at a time – you can have many units in a bin, as long as they are the same QuickBooks item. For example, imagine that your company has a Dallas warehouse and a Portland manufacturing plant, and your company stores and manufactures only Widgets and Cogs. Your location and bin setup may look something like this:

Location (Largest Unit)	Sublocation (Mid Unit)	Bin (Smallest Unit)	Bin Contents
Dallas	Stockroom #1	Widget Bin #123	12 Widgets
Dallas	Stockroom #2	Widget Bin #225	4 Widgets
Dallas	Stockroom #2	Cog Bin #789	89 Cogs
Dallas	Storefront	Cog Bin #1123	33 Cogs
Portland		Widget Bin #1599	712 Cogs

To Add a Location

To create a new Location, follow these steps:
1. Go to **Warehouse Center > Locations**.
2. Click **Clear/New**.
3. Enter a *Name*.
4. If this location is a sublocation, choose a value for *sublocation of*.
5. Check the *Is Default* checkbox if this is the main location where most inventory transactions go in and out of.

   Note: The default location is important. Unlike other inventory solutions, Method Warehouse does not really care whether transactions are entered directly in QuickBooks or whether they are entered using Method. When a transaction does not have a location specified, Method will automatically assume it involved the default location. You can always change the transaction later to be assigned to the correct location, but to save data entry time, you should pick your default location wisely.

6. Enter *Description* (optional).
7. Click **Save** or **Save & New** on the Location screen.

To Edit a Location

1. Go to **Warehouse Center > Locations**.
2. In the *Existing Locations* grid, click **Select** next to the appropriate Location you wish to edit.
3. Edit the information to your specifications.
4. Click **Save** or **Save & New**.

To Delete a Location

1. Go to **Warehouse Center > Locations**.

2. In the *Existing Locations* grid, click **Select** next to the appropriate Location you wish to delete.
3. Click **Delete**.

To Specify a Location on a QuickBooks Transaction

This is obviously an important topic, one that in other inventory solutions would require a full chapter of its own. But in Method, it is simple.

If the transaction was entered through QuickBooks and the transaction should be assigned to the default location, you do not need to modify it in Method. However, if the transaction should be assigned to a different location, or if you would like to keep specified locations as clear as possible, follow the steps below:
1. Go to the desired transaction screen. For example, for an Item Receipt, go to **Vendor Center > Item Receipts**.
2. To make it easier to locate the transaction, change the *Filter By View* to be "Transactions with no location" (Where "Transactions" is the actual name of the transaction type). This will show you just the transactions that don't have a location specified.
3. In the *Existing* transactions grid, click **Select** next to the desired transaction.
4. Change the *Location* field to be the desired location. This could be labeled as "Location", "Return to Location", "Ship from Location" or "Receive to Location", depending on the transaction type.
5. Click either **Save** or **Save & New**.

If the transaction is entered directly in Method, you save a step, of course, since you can specify the location at the same time as recording the transaction. While it is not *required* that you enter transactions directly in Method, it does have its advantages to do so.

Bins

In Method Warehouse, each and every unit of inventory is considered to be stored in *Bins*. Bins can be *real*, *physical* containers such as boxes, pallets or bags. However, bins can also be *imaginary* storage areas within your stockroom, warehouse, or plant. They are the smallest storage container you have for a particular item, and are essential for Method Warehouse to be able to organize the storage and movement of your inventory. You can have *several* bins of the *same item*. You can have *multiple units* of the *same item* in a bin. You *cannot*, however, have more than one different item in the same bin – for example, a bin cannot contain both a Widget and a Cog.

You will also want to create a new bin for items that may be identical except for their *expiration date*, *lot number* or *revision level*. Since it's important to keep items separate from one another to distinguish which ones to use first in the event of expiration, or which ones belong to a particular lot, etc., Method Warehouse has automatic controls already in place preventing you from transferring items into bins with different expiration dates, lot numbers and/or revision levels. The controls prevent the costly mistakes that come from mixing similar items.

Bins are also the place to keep track of the individual serial numbers for the items in your inventory. To be able to track a particular item all the way through the production process, we've implemented serial number tracking at the bin level so

you will be able to see which bin contains the specific serial number you're looking for.

Note: The first time you install Method Warehouse you could find that your bins are empty. If this is the case, the next time an inventory transaction goes through (such as an Invoice or Sales Receipt), the synch engine will automatically create your default bins.

To Add a Bin

Before you begin adding bins, make sure you thoroughly read the section in this guide titled **Automatic Transfer Orders, Bins and Bin Types**, as you'll quickly learn you probably have a lot less work ahead of you than you think, as you may not have to create any bins yourself.

To create a new Bin:
1. Go to **Warehouse Center > Bins**.
2. Click **Clear/New**.
3. Choose an *Item* from the dropdown list.
4. Select the *Location* the bin is in.
5. Enter a unique *Bin Name*.
6. Choose a *Bin Date*. The Bin Date is used by the "*Automatic 'From' bin selection procedure*" (see the *Automatic Transfer Orders, Bins and Bin Types* section in this guide).
7. Enter a *Description* (optional).
8. Click the *Bin Controls* tab.
9. Enter *Expiration Date*, if applicable.
10. Enter *Lot Number*, if applicable.
11. Enter *Revision Level*, if applicable.
12. Click the *Serial Numbers in this Bin* tab, and edit serial numbers if applicable. Note: only inventory items selected as *Is Serial Tracking Required?* should have serial numbers entered here. Serial number records are created for you automatically when transfer orders move inventory into this bin and the item being moved has *Is Serial Tracking Required?* turned on.

To Edit a Bin

1. Go to **Warehouse Center > Bins**.
2. From the *Existing Bins* grid, click **Select** next to the appropriate Bin you wish to edit.
3. Edit the information as desired.
4. Click **Save** or **Save & New**.

To Delete a Bin

1. Go to **Warehouse Center > Bins**.
2. From the *Existing Bins* grid, click **Select** next to the appropriate Bin you wish to delete.
3. Click **Delete**.

To Search for Serial Numbers

If you need to search for a specific serial number, and are not sure which bin it is in, you can use the *Serial Number Search* screen:

1. Go to **Warehouse Center > Bins**.
2. Click the *Serial Numbers for this Bin* tab. You don't have to select a bin first, but you can if you like.
3. Click **Serial Number Search...** to go to the *Serial Number Search* screen.

From the Serial Number search screen, you can sort or filter the grid to find the specific Serial Number you're looking for and the bin it is currently located in.

Transfer Orders

Transfer orders are needed every time inventory needs to be moved from one bin to another bin. Transfer orders create a breadcrumb trail of where inventory has been from the moment it enters your warehouse to the moment it eventually lands in your customer's hands.

With Method Warehouse, most transfer orders occur automatically behind the scenes without any interaction from you. Whenever an *Item Receipt* comes in from a vendor that includes inventory items, a transfer order is created automatically. Similarly, when an *Invoice* is sent to a customer that includes inventory items, a transfer order is also created automatically.

Sometimes you will need to make your own manual transfer orders, however, so that you can adjust bin quantities to their actual quantity on hand, as well as when you want to move inventory from a default bin to a real bin you have in your warehouse.

To Add a Transfer Order

To create a new Transfer Order, follow these steps:

1. Go to **Warehouse Center > Transfer Order**.
2. Click **Clear/New**.
3. Choose a value for *Date*, which defaults to the current today date and time.
4. Check the *Is Waiting To Be Picked* box if the items are not yet 'picked' from inventory and moved. Uncheck the *Is Waiting To Be Picked* box if the items are already 'picked' and moved to the appropriate destination.
5. Choose the *Bin From*.
6. Choose the *Bin To*.
7. Enter the *Quantity*, which is the number of units that will be moved.
8. Select a *Serial Number*, if applicable.
9. Enter a *Description* (optional).
10. Click **Save** or **Save & New**.

When the transfer order saves, it will automatically lower the quantity in the *Bin From* and increase the quantity in the *Bin To*, as well as update the *Inventory Control Monitor* for each bin's location.

To Edit a Transfer Order

1. Go to **Warehouse Center > Transfer Order**.

2. In the *Existing Transfer Orders* grid, click **Select** next to the appropriate transfer order you wish to edit.
3. Edit the information as applicable.
4. Click **Save** or **Save & New**.

To Delete a Transfer Order

1. Go to **Warehouse Center > Transfer Order**.
2. In the *Existing Transfer Orders* grid, click **Select** next to the appropriate transfer order you wish to delete.
3. Click **Delete**.

To 'Pick' Transfer Orders

The physical act of moving the items from point A to point B is called "Picking". It is like saying "I am now picking up the items from their current bin and carrying them over to place them in their new destination bin. To pick a transfer order:

1. Go to **Warehouse Center > Transfer Order**.
2. In the *Existing Transfer Orders* grid, change the *Filter By View* to be "Transfer Orders Waiting to be Picked".
3. If you would like to print a list of the transfer orders, click **Export to Excel…** Optionally, you could customize this screen to have a pick list report print out in PDF format.
4. In the *Existing Transfer Orders* grid, put a checkbox in each of the transfer orders that you have now picked.
5. Click **Pick Selected Transfer Orders**.

Automatic Transfer Orders, Bins and Bin Types

Most users of Method Warehouse will never have to actually create bins or do any manual movement of inventory to and from bins. All this is handled automatically by Method as it listens to transactions flowing in and out of QuickBooks. Each time Method's synch engine detects a new or modified QuickBooks transaction that has line items affecting inventory, Method will check to see which location was specified in the transaction, and will automatically create a transfer order for you. If the appropriate bin does not exist at that location, it will create one for you.

Although Method is a customizable platform, there is little control you have over automated bin types and automated transfer orders. The reason Method Warehouse is so simple to use, is that all the magic really all happens behind the scenes with the streamlined logic outlined below.

Bin Types

The following bin types are created for you automatically for each item, when necessary.

Receiving Bin – There can be one Receiving bin per location, per item. This is the bin inventory gets added to when it first comes to the warehouse. Inventory <u>counts</u> towards total Quantity On Hand.

Vendor Bin – The Vendor bin is fictitious, and simulates all actual supplier bins where inventory comes from for each item. The Vendor bin is assigned to the root location, and not to a sublocation. Since transfer orders must track the To and the From of inventory movements, the Vendor bin helps track the flow from a supplier into your warehouse.   Inventory <u>does not count</u> towards total Quantity On Hand.

Customer Bin – The Customer bin is fictitious, and simulates where your customers are storing the finished products you sell them. The Customer bin is assigned to the root location, and not to a sublocation. Like the Vendor bin, the Customer bin is needed for transfer orders to track the flow of inventory from your warehouse to your customer.   Inventory <u>does not count</u> towards total Quantity On Hand.

Returns Bin - There can be one Returns bin per location, per item. This is the bin inventory gets put back into once it is returned by a customer via a credit memo. Once inventory has been verified as ready to resell, you can use a transfer order to move the inventory out of the Returns bin and into either the Receiving bin or a Standard bin. Inventory <u>counts</u> towards total Quantity On Hand.

Disposed Bin - The Disposed bin is fictitious, and simulates where inventory goes to when it is lost, stolen or scraped and thrown away. The Disposed bin is assigned to the root location, and not to a sublocation. Like the Vendor and Customer bins, the Disposed bin is needed for transfer orders to track the flow of inventory in and out of your warehouse.   Inventory <u>does not count</u> towards total Quantity On Hand.

Assembled Bin - There can be one Assembled bin per location, per item. The Assembled bin is where assembled items are placed after a Build Assembly has completed.   Inventory <u>counts</u> towards total Quantity On Hand.

Standard Bin – All bins that you create yourself are Standard bins. You must use transfer orders to move inventory into these bins. You can create as many Standard bins for a particular item as you like. Inventory <u>counts</u> towards total Quantity On Hand.

Inventory Transactions

As Method silently listens to inventory transactions in QuickBooks, it automatically moves inventory to the appropriate bins, using transfer orders. The following is a list of transactions that affect inventory, and what automatic transfer orders are created.

Item Receipts, Bills and Checks - Inventory transfers from the *Vendor* bin to the *Receiving* bin.

Vendor Credits – Inventory transfers from the *Receiving* bin to the Vendor bin.

Inventory Adjustments – Inventory transfers to the *Disposed* bin from the bin selected in the "Automatic 'From' bin selection procedure" (see below).

Build Assemblies – For the finished Inventory Assembly Item, inventory transfers from the *Vendor* bin to the *Assembled* bin. For the component items of the build, inventory flows from the bin selected in the "Automatic 'From' bin selection procedure" (see below), to the *Disposed* bin.

Invoices and Sales Receipts – Inventory transfers to the *Customer* bin from the bin selected in the "Automatic 'From' bin selection procedure" (see below).

Credit Memos – Inventory transfers from the *Customer* bin to the *Returns* bin.

Automatic "From" bin selection procedure

In the case of Invoices, Sales Receipts, Inventory Adjustments and Build Assemblies, the automatic selection of the "from" bin is derived using a best guess procedure, unless you customize the transaction screen to enable you to select a specific bin. The procedure first looks for inventory in standard bins with the oldest *bin date* (in the case of FIFO) or newest *bin date* (in the case of LIFO).

To set your default *Inventory Control Auto Bin Selection*, go to **Warehouse Center > Inventory Control Monitor**, and click **Warehouse Preferences**. Your options are "FIFO" (First In, First Out), "LIFO" (Last In, First Out), and "FEFO" (First Expired, First Out). Note: only the admin user can set this preference.

If this is not optimal for your situation, you must customize Method in such a way that you create a transfer order before committing the transaction to QuickBooks and specify the line item and bin used in the transfer order.

Automatic transfer order example

Let's walk through a simple lifecycle of an inventory item, named "Widget", that you purchase from a supplier and sell to a customer, in order to gain insight into Method's automatic tracking of inventory. Let's imagine in this simple example that you only have one location.

LOCATION: Dallas Warehouse					
Affecting inventory - counts towards total Quantity On Hand				*Not affecting inventory*	
Widget Dallas **Receiving** Bin	Widget Dallas **Standard** Bin #123	Widget Dallas **Returns** Bin	Total Quantity On Hand	**Vendor** Bin	**Customer** Bin
0	0	0	0	0	0

Day 1: We'll start with 0 units of a new Widget item in your Dallas warehouse.

LOCATION: Dallas Warehouse					
Affecting inventory - counts towards total Quantity On Hand				*Not affecting inventory*	
Widget Dallas **Receiving** Bin	Widget Dallas **Standard** Bin #123	Widget Dallas **Returns** Bin	Total Quantity On Hand	**Vendor** Bin	**Customer** Bin
100	0	0	100	-100	0

Day 2: You receive 100 widgets via an Item Receipt from one of your suppliers. An automatic transfer order will move 100 units from the Vendor Bin to your Receiving Bin.

LOCATION: Dallas Warehouse					
Affecting inventory - counts towards total Quantity On Hand				*Not affecting inventory*	
Widget Dallas **Receiving** Bin	Widget Dallas **Standard** Bin #123	Widget Dallas **Returns** Bin	Total Quantity On Hand	**Vendor** Bin	**Customer** Bin

80	0	0	80	-80	0

Day 3: You notice that 20 of the widgets are faulty. You issue a Vendor Credit transaction and ship 20 of the widgets back to your supplier. An automatic transfer order will move 20 widgets from your Receiving Bin back to your Vendor Bin.

LOCATION: Dallas Warehouse					
Affecting inventory - counts towards total Quantity On Hand				*Not affecting inventory*	
Widget Dallas **Receiving** Bin	Widget Dallas **Standard** Bin #123	Widget Dallas **Returns** Bin	Total Quantity On Hand	**Vendor** Bin	**Customer** Bin
50	30	0	80	-80	0

Day 4: You manually create a transfer order that moves 30 widgets to your Standard Bin #123 which is located in the showroom of your warehouse. The transfer order moves 30 widgets from your Receiving Bin to your Standard Bin #123.

LOCATION: Dallas Warehouse					
Affecting inventory - counts towards total Quantity On Hand				*Not affecting inventory*	
Widget Dallas **Receiving** Bin	Widget Dallas **Standard** Bin #123	Widget Dallas **Returns** Bin	Total Quantity On Hand	**Vendor** Bin	**Customer** Bin
50	20	0	70	-80	10

Day 5: A customer comes to the warehouse, and buys 10 widgets. You create a Sales Receipt. An automatic transfer order will move 10 widgets from your Standard Bin #123 to your Customer Bin.

LOCATION: Dallas Warehouse					
Affecting inventory - counts towards total Quantity On Hand				*Not affecting inventory*	
Widget Dallas **Receiving** Bin	Widget Dallas **Standard** Bin #123	Widget Dallas **Returns** Bin	Total Quantity On Hand	**Vendor** Bin	**Customer** Bin
30	0	0	30	-80	50

Day 6: A customer calls in an order for 40 widgets. You create an Invoice. An automatic transfer order will move 20 widgets from your Standard Bin #123 to your Customer Bin, and the remaining 20 widgets from your Receiving Bin.

LOCATION: Dallas Warehouse					
Affecting inventory - counts towards total Quantity On Hand				*Not affecting inventory*	
Widget Dallas **Receiving** Bin	Widget Dallas **Standard** Bin #123	Widget Dallas **Returns** Bin	Total Quantity On Hand	**Vendor** Bin	**Customer** Bin
30	0	5	35	-80	45

Day 7: Your customer from Day 5 comes back to the warehouse and returns 5 widgets saying she bought too many. You create a Credit Memo. An automatic transfer order will move 5 widgets from your Customer Bin to your Returns Bin.

Conclusion: The amazing thing here is all this is happening automatically behind the scenes. The only extra task you performed that you wouldn't have performed normally in QuickBooks is the creation of Day 4's transfer order to move inventory to your Standard Bin #123.   All other transfer orders were done without any work by

you, yet at any point in time you have complete clarity as to where all your inventory is located and how it got there.

Method's MRP (Material Requirements Planning) Calculation

In order to maximize profits, it is important for a company to keep inventory stocks at required levels, and to meet production deadlines for customers or contracts. While juggling Purchase Orders and Build Assemblies for different locations and date ranges, it soon becomes apparent that keeping to this set of guidelines is no easy task. Material Requirements Planning is a blueprint for inventory/production managers. It describes exactly what Items are required, how many are required and when are they required. This helps to solve such problems as:

- Over ordering/Under ordering
- Ordering the wrong items
- Sending a Purchase Order too early/late
- Building Assemblies too late/too early
- Issuing Build Assemblies without the required inventory

By administrating the timely release of the necessary Purchase Orders and Work Orders/Build Assemblies created through Materials Requirements Planning, these issues can be overcome. QuickBooks does not include such a calculation, nor does it allow Purchase Orders and Build Assemblies to be created and released on a given date. Method solves this dilemma by introducing the MRP Calculation within Method Warehouse. Each Inventory item is assigned a Lead Time, which is the amount of time it takes to order the item. Inventory Assemblies are assigned a Lead Time as well, but this is referred to as the amount of time it takes to build the item. It is up to the production manager to determine the lead time, as well as if they would like to pad the time for variance. The MRP calculation uses these Lead Times to depict when a Build Assembly / Purchase Order should be released.

To Prepare for an MRP Calculation

Before jumping into calculating your own Materials Requirements Planning, it is important to ensure that you have setup your account as required:

1. Lead Times for Inventory Items. The amount of time it takes to order each inventory item will need to be entered. This can be found under **Home > Items**. Click **Go To** beside each item of type Inventory. Click the **Inventory Information** tab. Enter in a Lead Time and choose the Lead Time Unit of Measure from the drop down. Click **Save**.
2. Preferred Vendors for Inventory Items. From the same screen as described above, click the **Sale and Purchase Information** tab. Choose a Preferred Vendor from the drop down list. Click **Save**.
3. Lead Times for Inventory Assemblies. The amount of time it takes to build each assembly item will need to be entered. This can be found under **Home > Items**. Click **Go To** beside each item of type Inventory Assembly. Select

the **Inventory Information** tab. Enter in a Lead Time and choose the Lead Time Unit of Measure from the drop down. Click **Save**.

4. Locations. There should be at least one location created within the **Warehouse Center > Locations** tab, and it should be set as your default Location.

5. Bins. The MRP Calculation looks at your inventory within **Warehouse Center > Bins**. Make sure that Bins exist for one or more locations. If the Warehouse app has just been imported, you can create the default bins by creating one inventory transaction of your choice in QuickBooks to initiate the default setup of your bins in Method. To move the inventory to the correct location, create transfer orders.

6. Inventory Control Monitor. If you need to keep inventory stock above a certain level, the **Warehouse Center > Inventory Control Monitor** will need to be prepared. This should be done per location, per item, and the Replenish Level should be greater than the Critical and Alert levels.

7. Purchase Orders. Any Purchase Orders that have not yet been received in QuickBooks, should have an Expected Date and Location set. Click **Vendor Center > Purchase Orders**. Click the dropdown beside Filter By View, and select *Purchase Orders with No Location*. Once the grid refreshes below, click **Select** on each Purchase Order, and set the Receive to Location and Expected Receipt Date. Then click **Save**.

8. Build Assemblies. Any Pending Build Assemblies should have their Location, Planned Start Date and Planned End Date set. This can be done by clicking **Warehouse Center > Build Assemblies**. Click the dropdown beside Filter By View and select *Build Assemblies with no location*. Once the grid refreshes, click **Select** on each Build Assembly, and set the *Assemble at Location*, *Planned Start* and *Planned Finish*. Then click **Save**.

9. Sales Orders. Any Sales Orders Yet to be invoiced should have their Ship from Location set, as well as their expected Ship Date. This can be done by clicking **Customer Center > Sales Orders**. Click the dropdown beside Filter By View and select Sales Order with no location. Once the grid refreshes, click **Select** on each Sales Order, and set the *Ship from Location* and *expected Ship Date*. Then click **Save**.

To Run an MRP Calculation

With the preparation completed for the MRP Calculation, it is now time to try your hand at Materials Requirements Planning. In order to walk through with this procedure, perform the following:

1. Click **Warehouse Center > Inventory Control Monitor**.
2. Click **MRP Calculation**. This will launch a small wizard to walk you through the process. If you are running Internet Explorer, click Launch Application. If you are running Firefox, you will need to download the ClickOnce add-on here: https://addons.mozilla.org/en-US/firefox/addon/1608 and start again.
3. Once the application has launched, click **Next**.

Step 1:

4. This is the Setup screen, which will determine the length of the calculation. Choose a Date the MRP calculation should start from.
5. Enter the number of Demand Periods.
6. Choose a Demand Period interval.

7. Choose a Location.
8. Give the MRP Calculation a name and click **Next**.

Step 2:

9. This is the Forecast screen, which will allow you to forecast assemblies you wish to build during the calculation.
10. To forecast, select an item from the dropdown list and click **Add**.
11. The item will now appear in the list to the left. There should also be a grid to the right, showing the demand periods and quantity to build.   To edit this, you can adjust the quantity by clicking on it and typing in a new quantity. If you would like to change the demand periods, click **Back**.
12. To remove an item in the forecast, click **Remove**.
13. To continue with the MRP click **Next**.

Step3

14. This is the Options screen, which will allow you to set how you would like this MRP calculation to be performed.
15. Include Forecast – This option will include the Build Assemblies that you had forecasted in the previous screen.
16. Include Inventory – This option will include all Inventory Items on hand at the specified location. If there is inventory available for the Build Assemblies, it will be used.
17. Do not deplete – In order to maintain inventory levels, select the level you wish to maintain for each period.
18. Include Builds on hand – This option will include all Inventory Assemblies on hand at the specified location.
19. Include MRP Builds yet to be released – this option will include Build Assemblies from previous MRP calculations for the same location that have not yet been released to QuickBooks.
20. Include Builds in Progress – this option will include any pending Build Assemblies for the same location.
21. Include Purchase Orders – Any Purchase Orders that have not been received but are expected to arrive before the end of the MRP Calculation for the same location will be included.
22. Include Sales Orders – Any Sales Orders that have yet to be invoiced for the same location will be included.
23. Purchase Order Generation – Just in time Delivery will merge Purchase Orders that fall on the same day of the year.
24. Merge Purchase Orders by Item – Purchase Orders will be merged to the earliest Purchase Order date within the specified date range, if the Items are the same.
25. Merge Purchase Orders by Vendor – Purchase Orders will be merged to the earliest Purchase Order date within the specified date range, if the Vendor is the same.
26. Click **Next** to continue to Step 4.

Step 4:

27. Click Calculate MRP to perform the calculation.
28. If there are any warnings, they will appear in a pop up. (Such as a release date required for before the MRP calculation)

29. Reporting and Generation. This screen will allow you to view variations of the MRP report, as well as generate the Purchase Orders and Build Assemblies in Method.
30. Click any **View** button to view a report.
31. Click **Generate in Method** to create Purchase Orders and Build Assemblies with a Wait status in Method.
32. Click **Back** to edit the MRP Calculation and recalculate.
33. Click **Close** to exit the wizard.

How to Analyze the MRP Report

The MRP report can be viewed, printed and saved from within your browser. Once launched from the Wizard, The MRP report will be displayed from a readable top-to-bottom layout. Purchase Orders will be listed on the left in order of Date to be released, and Build Assemblies will be listed on the right, in order of Date to be released. Underneath this table will be an inventory snapshot table. This can be clicked on to expand or contract based on your requirements.   The tables will be broken up into Periods, and displayed for each demand period of the MRP calculation.

How to Release Purchase Orders Created by the MRP Calculation

After performing the Materials Requirements Planning calculation and clicking Generate in Method, Purchase Orders can be created with a status of Waiting. To view or release Purchase Orders, perform the following:

1. Click **Vendor Center > Purchase Orders**.
2. In the *Existing Purchase Orders* grid, choose *TO be released this week* for the Filter By View.
3. A list of Purchase Orders should now appear that have a Release Date of the current week.
4. To release the Purchase Order to QuickBooks, click Select beside the existing Purchase Order.
5. Under Details, remove the Is Waiting For Approval checkmark and click **Save**. The Purchase Order should now exist in QuickBooks. You will need to send this Purchase Order out the specified vendor.

How to Release Build Assemblies Created by the MRP Calculation

Likewise, after performing the MRP Calculation, Build Assemblies can be created with a status of Waiting. To view or release Build Assemblies, perform the following:

1. Click **Warehouse Center > Build Assemblies**.
2. A list of the current Build Assemblies should be displayed here.
3. To filter the grid for all Build Assemblies waiting to be released, enter 'Yes' in the filter for column Waiting? And press Enter on your keyboard.

4. Alternatively, to filter the grid for Build Assemblies to be released this week, click the dropdown for Filter By View and select To Be Started this week.
5. The Planned Start date is the same as the Release date outlined in the MRP.
6. To release the Build Assembly to QuickBooks, click Select beside the existing Build Assembly.
7. Under Add /Edit Build Assembly, remove the Is Waiting For Approval checkmark and click **Save**. The Build Assembly should now exist in QuickBooks. You will need to issue the order to production.

Getting assistance & customization

Get to know your Method rep, whether they be a Method Consultant, or a 3rd party Method Solutions Provider. They are here to make the transition to Method Warehouse as easy as possible with training and customization services. Remember, almost everything in Method can be customized, whether it is adding or removing tables and fields, creating new screens, setting user permissions, or creating a "Do this!!" button that performs a repetitive data entry function………the sky is the limit. If you don't know who your rep is, email method@methodintegration.com, or call toll free at 1-888-9-ALOCET.

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