

A yellow starburst graphic with a red outline, containing the text 'C.H.I.P. S. EPOS System'.

**C.H.I.P.
S. EPOS
System**

**Stock
Management
Guide**

How do I use the CHIPS system for Stock Management ?

You MUST understand some fundamental principles.

IF YOU DO –

***The Stock Management will be fairly easy
and take very little of your precious time.***

Stock Management is simply reporting on a straightforward process.

- ❖ The process is repeated each Stock Accounting Period.
- ❖ The reporting period can be between the start and end of any two “processes”

The process is

1. Someone physically counts the Stock. This “manual count” is then entered into CHIPS as a STOCK AUDIT.
2. All deliveries are entered into the system as “PURCHASE ORDERS” ,
3. Sales are AUTOMATICALLY processed into the system.
4. **REPEAT Item 1** . Count the Stock, enter as a Stock Audit etc.

Easy !!!!

The reporting is simple.

**You need to know what the difference is between the Stock that was counted (entered as Stock Audit) and that calculated by the CHIPS system..
The result is “shrinkage”**

Shrinkage can be simply expressed as the difference between the stock level anticipated by the system and that counted by the stocktaker.

e.g. For a period of 28th February to 3rd March:-

The count of Guinness on 28th February was 10 gallons . You purchased 2 x 11 gallons of Guinness

Sales were 10.35 gallons, therefore the system calculates an anticipated stock of 21.65 gallons (10 + 11 + 11 – 10.35)

*The count of Guinness on 3rd March was 21.37 gallons. The shrinkage is then expressed as 0.28 gallons (21.65 – 21.37)
ie you “lost” 0.28 gallons*

IMPORTANT: The ‘cost’ of this shrinkage is expressed as the buying-in cost of the product, NOT the traditional, erroneous, way of expressing in retail value.

Example.

You buy 1.5 Litre bottles of Gin for £18.97 per bottle. Gin sells over the Bar for £1 per 25mL nip {which equates to £60 per 1.5Litre.}

A member of staff drops a 1.5 Litre bottle of Gin and you discover that the only shrinkage for the stock period is 1.5 Litres of Gin.

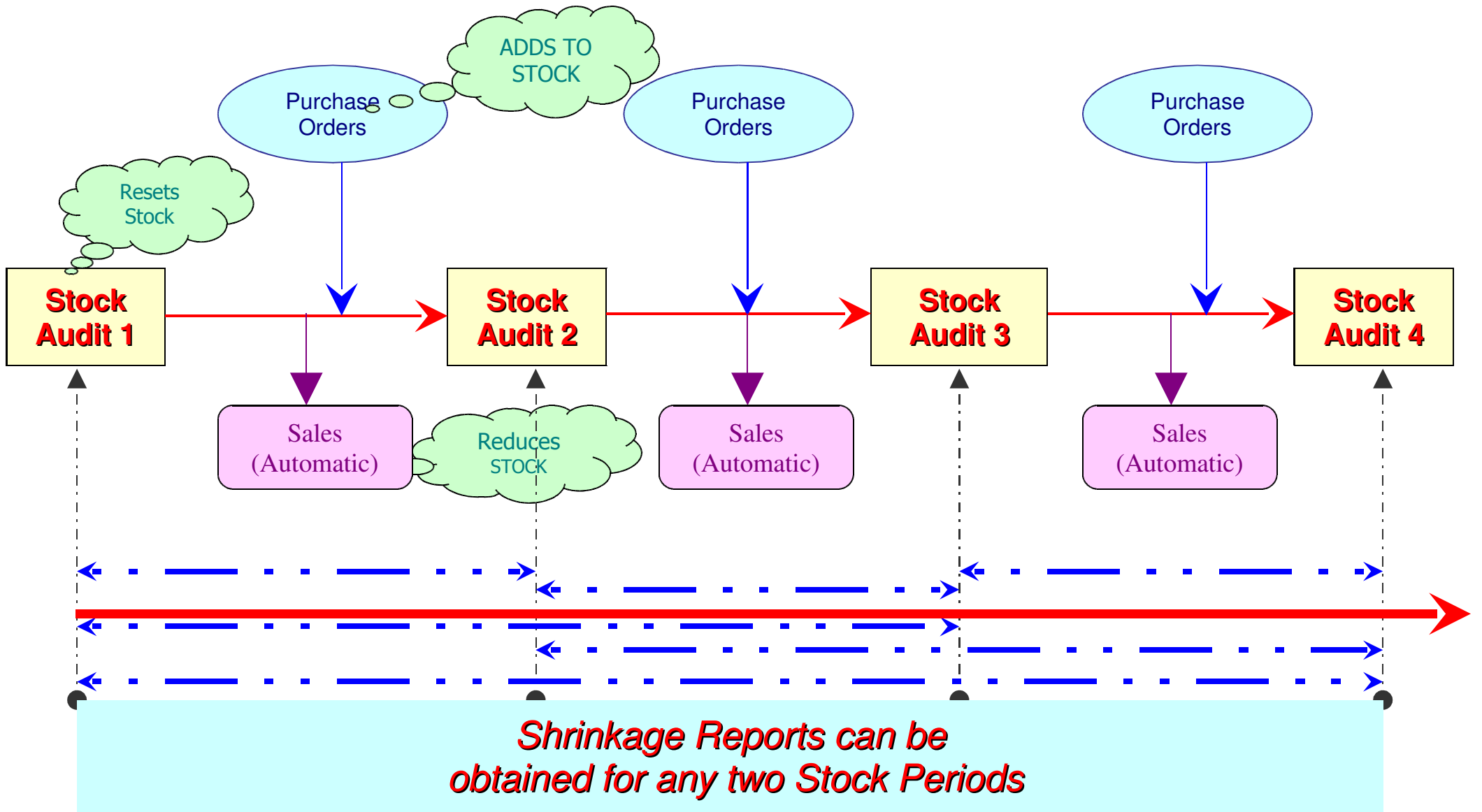
CHIPS will report a shrinkage of 1.5 Litres of at a Cost of £18.97

Traditional stocktakers would report a deficit of £60 on the basis you “lost” the sales of 40 nips of Gin @ £1.50 per nip.

In reality, all that happens is you buy in another 1.5Litre of Gin, this costs £18.97. The loss must therefore be £18.97 (plus a member of staff who you may have liquidated !!)

The moral is that traditional stock reports express “surplus” or “deficiency” in retail prices (in this case £60) whereas CHIPS expresses the ‘shrinkage’ (deficiency) as cost price (in this case £18.97).

Here Goes !!



Time

The diagram represents the Stock Cycle.

At Stock Audit 1 the Manually counted Stock is entered into the CHIPS system as a **Stock Audit**, the stock levels within CHIPS is set to these levels. During the first stock period additions to Stock (deliveries) are entered as **Purchase Orders** into CHIPS, the system automatically reduces stock levels as Sales are made at the tills. At the end of the period a further manual count is made and entered as another Stock Audit (Stock Audit 2) This Stock Audit again resets the stock levels within CHIPS to that counted manually. This process is repeated as time goes on.

At each Stock Audit there may be a difference, (for each product) between the calculated Stock Level and that manually counted. Differences are expressed as Stock Shrinkage.

Note a -ve shrinkage represents a gain

Shrinkage Reports

In this example Stock Audits were entered on 1 Jan 2002 and 27 Jan 2002, therefore a Period Stock Shrinkage Report (*Print, Reports, Standard Reports, retail analysis, Stock Reports*) is requested for the dates as shown.

Like most CHIPS reports you can select all Groups / PLU's (default) or any combination. In this case we have selected just the KEG group.

CHIPS - Stock Reports

Select a stock report...
 Period Stock Shrinkage Report

Include Stock Groups (Wildcards allowed)
 KEG

Include PLUs (Wildcards allowed)
 *

Select a date range...
 FROM: (Origin) 01/01/02 (Day Start)
 TO: (Current) 27/01/02 (Day End) 06:00:00

Print Close

SAMPLE GOLF CLUB
 PERIOD STOCK SHRINKAGE REPORT - 01/01/02 00:00 TO 27/01/02 06:00

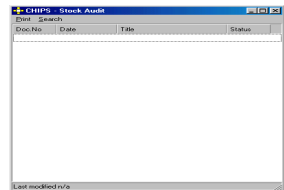
PLU	Name	Stock Units	Unit Sales	Usage		Shrinkage			
				Budget	%	Amount	%	Cost	
Group KEG: Keg Beers and Lagers									
250	Thwaites Premium Smooth	gal	16.42	0.00	0.00	0.00	3.28	19.98	20.27
251	Thwaites Smooth	gal	52.95	0.00	0.00	0.00	-1.78	-3.37	-12.15
252	Thwaites Cask	gal	72.61	0.00	0.00	0.00	0.00	0.00	0.00
253	Dark Smooth Mild	gal	28.71	0.00	0.00	0.00	4.06	14.13	24.52
254	Girness	gal	11.62	0.00	0.00	0.00	1.12	9.67	9.86
255	Caring Black Label	gal	88.88	0.00	0.00	0.00	0.98	1.10	7.19
256	Warsteiner Pils	gal	9.74	0.00	0.00	0.00	4.31	44.24	36.66
257	Murphys	gal	6.13	0.00	0.00	0.00	1.37	22.44	11.39
258	Draught Cider	gal	1.06	0.00	0.00	0.00	0.00	0.00	0.00
Total for Group KEG: Keg Beers and Lagers						0.00			97.74
Total ALL GROUPS						0.00			97.74

Note that the shrinkage is shown for each product and that the cost of the shrinkage is the actual cost to you. Traditionally Shrinkage was expressed as a Surplus/ Deficiency figure expressed at retail sales value. Clearly the cost of any loss is the cost of replacing the product, e.g. If you buy whisky @ £20 per 1.5L Bottle and sell it at £1 per 25mL nip the retail value of the bottle is £60. if you "lose" the bottle you would replace the bottle at a cost of £20, therefore the loss is £20.

As detailed above Shrinkage Reports can be requested for any given period, eg Over one Stock period, over a financial quarter or over a complete financial year.

STOCK AUDITS

Go to Sales: Products: Stock Audits



A list of Stock Audits is then displayed (in this case no previous orders have been entered)

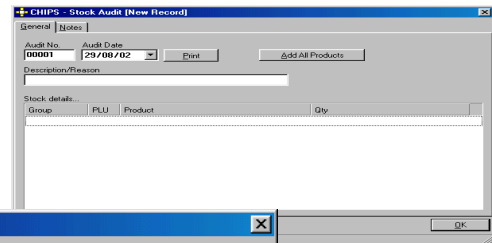
To make a new Stock Audit.

Position cursor inside large white area, then right-click mouse, then left click on new record.

IMPORTANT ENSURE the “Audit Date” is the same as the date the Stock was counted.

We suggest you put
“Description /
Click on the

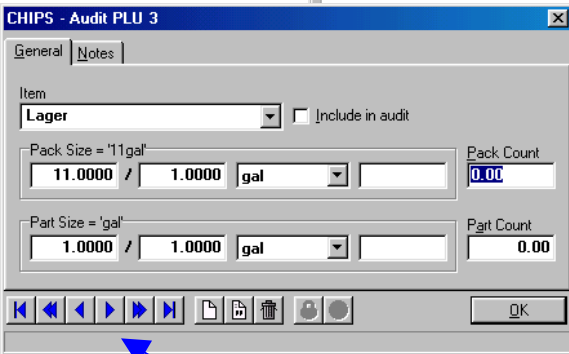
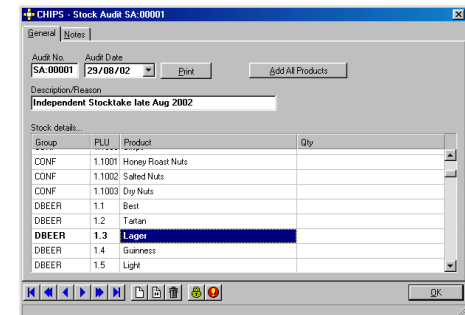
Double click on the



your own reference in the field marked
“Reference”

Tab marked “Add All Products”

item to be entered, in this case “Lager”

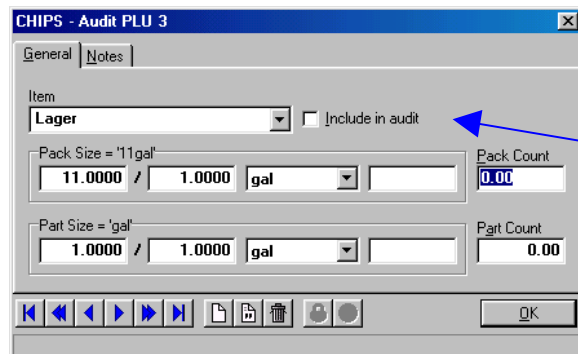


Note that there are two fields that can be completed. “Pack Count” and “Part Count”. Either or both fields can be completed, the rationale is that one counts the full packs (Keg, Case etc) and enters in “Pack Count” and then enters any Part of a Pack (Gallon, Litre, Bottle etc) in the “Part Count” field. See below for a detailed explanation.

Once the fields are correct either press OK and save changes or click on the [blue} next button to bring up the next product on

the list

For simplicity and to avoid omissions we suggest that you work your way down the list from top to bottom. The Audit does not have to be entered all in one session. Clicking on OK and saving changes enables one to amend the Audit by simply double-clicking on the appropriate Audit on the list



Entering Nil Stock.

To enter nil stock ensure Pack & Part Size field have 0.00 entered.

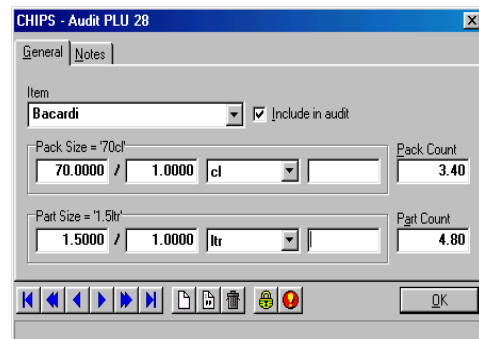
Then Click in the box marked “Include In Audit”

More Information on “Pack Count” and “Part Count”

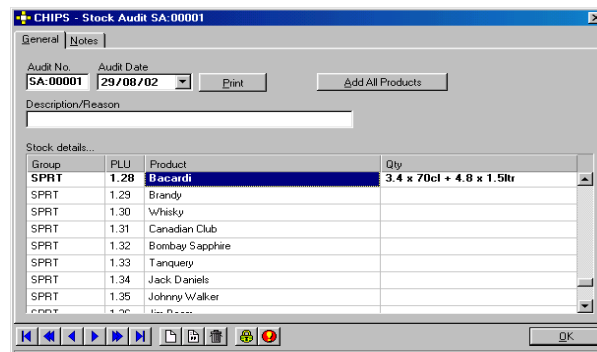
The Pack Count and Part Counts have been designed to assist customers who wish to perform their own manual counts from time to time. Logically one would count the number of full cases and the number of items within a case that has been opened. The system will suggest a Pack size of the “Default Purchase Pack Size” for the product. The Part size is derived from the product’s Stock Profile.

For example: If you counted 3 full 11 gallon Kegs of Lager and a part-full Keg containing 4 gallons the Pack Count is 3 and the Part Count is 4... Some Stocktakers report that you had 4.364 Kegs, in which case you could simply enter 4.364 in the Pack Count. Other Stocktakers might report the same amount as 37 gallons, in which case simply enter 37 in the “Part Count” field.

One can override the sizes to take into account the differing ways of reporting stock quantities by simply editing the Pack and /or Part sizes within the Stock Audit.



For example: You stock Bacardi in both 70cL Bottles and 1.5 Litre Bottles (often referred to as magnums), your default purchase pack size has been set to 70cL.



Your Stocktaker has reported that you have 3.4 Bottles (70cL) of Bacardi and 4.8 x 1.5 Litre Bottles

Enter the Pack Count as 3.4, edit the Part Size to 1.5 / 1 ltr then enter 4.8 in the Part Count.

The result is expressed as 3.4 x 70cL + 4.8 x 1.5ltr.

In the Unlikely event you stock a product in 3 or more quantities you will have to convert one of the sizes.

e.g. You stock whisky in 70cL bottles, 1.5 litre bottles and 4.5 Litre bottles (often referred to as Gallon bottles). Your reported count is 5.8 x 70 cL bottles, 4.2 x 1.5 Litre bottles and 3.2 x 4.5 litre bottles.

Either

a. *Convert each on to litres (5.8*0.7) +(4.2*1.5) +(3.2*4.5) = 24.76 litres (enter as Part size 1/1 ltr count = 24.76)*

or

b. *Convert the 4.5 litre bottles into 1.5 litres by simply multiplying by 3, in this case 3.2 x 4.5 litre bottles equates to 9.6 1.5 litre bottles. Therefore entered as Pack Size 70 cL Pack Count = 5.8, Part Size 1.5 / 1 ltr Part Count = 13.8*

A Cautionary Note regarding Bottled Products (i.e. Those you sell in complete bottles)

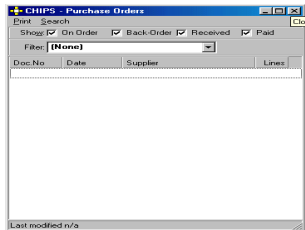
NOTE: Traditional Stocktakers often report Bottled Products (Budweiser, Baby Mixers etc that are sold by the bottle) in dozens and have a non-arithmetic method of handling units below 12.

*e.g. If a Stocktaker reports that you have 1.3 Dozen Budweiser. Mathematically 1.3 multiplied by 12 equals 15.6 which cannot be the case as you cannot have 0.6 of a bottle of Budweiser !! The Stocktaker, (**probably !**) means 16 Bottles, some may mean 15 !! You need to ascertain what your Stocktaker means by a part dozen expressed as a decimal – or better still get them to report how many bottles are in stock.*

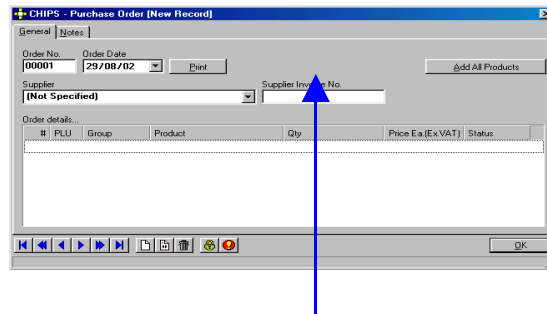
You MUST enter the Stock Audit so that the system does not arrive with a part bottle

Purchase Orders (Goods Received /Invoices)

Go to Sales: Products: Purchase Orders



A list of Purchase Orders is then displayed (in this case no previous orders have been entered)

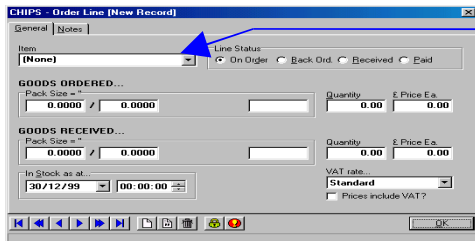


To make a new Purchase Order.

Position cursor inside large white area, then right-click mouse, then left click on new record .

ENSURE the “Order Date” is the same as the date the goods were received, select the Supplier from the drop-down list, insert the Supplier reference number for easier cross referencing in the future.

Position cursor inside large white area, then right-click mouse, then left click on new record .

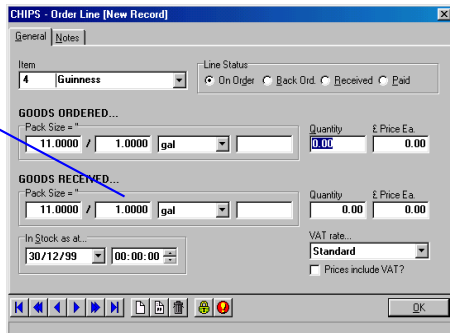


Left Click on the drop-down for “Item”, then type in the name of the product or scroll down the list until the correct product is found. After selecting the product the pack sizes are automatically set to the “Default Pack Size” for the product.
e.g. 1.5 /1 ltr {1.5litre} or 11 / 1 gal {11gallons}. If you have received the item in a different pack size simply change the sizes accordingly. (Note: If you will be receiving future deliveries in a different size to the default pack size we suggest you amend the default pack size in the product list: See Pack sizes for futher details)

Insert the NUMBER OF PACKS received and the price each. E.g. If you buy 3 11 gallon kegs of Guinness@ £50 each (total of £150)

Enter 3 in the *Quantity*”field and £50 in the “£ price Ea”. field

Now click in the ‘Radio Button’ Marked “Received”



This copies the “quantity” and “price each” info to the next line. This also sets the “In Stock as at” date to that of the purchase Order date set earlier. If the goods were put into stock at a different date you MUST change it . Click “OK” when satisfied that details are correct.

#	PLU	Group	Product	Qty	Price E.a.(Ex.VAT)	Status
1	1.4	DBEER	Guinness	3 x 11gal	50.00	Received
2	1.12	BBEER	Big Budweiser	4 x 24Bottle	18.97	Received
3	1.28	SPRT	Bacardi	1 x 70cl	(f.o.c.)	Received
4	1.28	SPRT	Bacardi	5 x 1.5ltr	27.58	Received

Repeat the process for each line item of your invoice / delivery note.

Note that a price of £0.00 for an item produces an entry of “f.o.c.”

MH Systems strongly recommends that the Purchase Order be printed out and compared to the Invoice to ensure that the information entered is correct. Many customers attach the print-out to both the Invoice (or copy of invoice) and delivery note thus providing an Audit trail from delivery through payment to stock control.

HELP !!

1. I have entered Stock Audit or Purchase Order Info. Incorrectly.

Simply select the Purchase Order or Stock Audit in question then double click it. Find the product containing erroneous information; double click it and then amend details as necessary. Save changes, then exit CHIPS altogether before taking further reports.

2. My Shrinkage Report is showing major discrepancies. What Should I do ??

- a. ***Don't Panic !!** Deal with the issue methodically and rationally – 99% of major discrepancies occur as a result of infamiliarity with the sytem and /or inputting errors. Start with the product showing the biggest discrepancy.*
- b. *Do similar product(s) have a similar but opposite discrepancy ?. If so it would suggest that users are incorrectly keying products when processing sales.*
- c. *Take a Stock Transaction Summary report for the product in question over the dates concerned. Compare the Opening Stock and Closing Stock figures (Stock Audit) against your Stocktaker's report / or manual count figures. . Take care when comparing quantities.*
- d. *Compare the "Purch." Amount shown on the Transaction Summary against yor Stocktakers figures for Goods Purchased during the period. Any differences need to be investigated and Purchase Orders amended as necessary. Again Take care when comparing quantities.*
- e. *If these are correct compare the Sales against the Sales figures quoted in your Stocktakers report. Discrepancies between Sales figures require careful and detailed explanation.*