

## Customer Care Tip – 02/2005

### Just What Does This Mean – ‘Date Last Ordered Less Than Minimum’?

EDM’s Datalliance® VMI system now offers twenty-one unique PO Worksheet Alerts. Each of these alerts helps suppliers identify specific items that might benefit from individual attention during the PO Worksheet review process. With the growing and varied nature of the PO Worksheet Alerts, it can get confusing and leave a user uncertain of when they need to take action.

We have received many questions regarding the “Date Last Ordered Less Than Minimum” alert. Inaccurate interpretation and investigation of this alert can result in errant orders. Therefore, we thought it this was a perfect topic for this version of our Customer Care Tip.

The primary purpose of this alert is to identify those items that were ordered during the last order cycle, and therefore may not need to be ordered again. As one of the goals of inventory management is to reduce transaction costs, items are generally ordered in quantities that would prevent the same item from being ordered on a frequent basis (every week).

That being the case, why would an item be associated with this particular alert? Let’s start with the reason that could, if ignored, cause you to order product that is really not needed. This could result in an order return and reduced confidence in the VMI process by the Distributor.

One of the primary drivers behind creating this alert was to help users identify items that have been ordered, but have not been acknowledged as an order by the Distributor. This is especially important if the Net Quantity Available (NQA) calculation for the Distributor has been configured to use the Distributor’s on-order quantity. If the Distributor failed to receive and/or process successfully the electronic Purchase Order Acknowledgement (EDI 855) for the previous order, the NQA for an item will be understated, causing Datalliance® to suggest that the same item be ordered again when there is no additional need to order the product.

In order to avoid this situation, we strongly suggest that the user verify that the Distributor has acknowledged the last order for any items associated with this alert. This can be accomplished by going Item Details, clicking on the PO History link to verify the last quantity ordered, returning to Item Details, clicking on the 852 History link and verifying that an EDI 852 transaction has been received since the order with a *Qty on*

*Order* value that reflects the last quantity ordered. It is possible that any single item, or as many as all of the items from the last P.O., have not been acknowledged.

If only a single item is affected, the user should determine the correct NQA value by adding the quantity last ordered to the NQA value displayed on the order. If this new NQA value is greater than or equal to the Used OP value, the item should be removed from the order. At this point, the user should contact the Distributor to determine why the item was not acknowledged as on order. If all of the items from the last order have not been acknowledged, and it has been verified that the Distributor did not successfully process the EDI 855, the user can take advantage of the Exclude P.O. functionality to resolve this situation. The Exclude P.O. function (available under the Worksheet menu bar entry) recalculates the NQA value to include the quantity ordered from the last PO and re-evaluates the replenishment need.

So, what if you prove that the item has been acknowledged as on order? Why else might an item be associated with this alert and what should you do? This alert could help identify an issue with an item's defined Order Point (too low) or reflect recent and/or unusual demand. The first step the user should take is to review the demand from the last two to three weeks to determine if the Order Point is keeping up with the demand trend. If that does not appear to be an issue, it is possible that the Order Point is sufficient but that two strong back-to-back demand weeks have led to the repeated order suggestion.

As long as the user feels comfortable that there is not a data issue or an order point issue, no action need be taken. The bottom line is that this alert exists to help prevent unwanted orders, as well as unwarranted stock-outs.

If you are ever unsure as to why this or other alerts appear on a PO Worksheet, call us and we'll help you work through it. Don't forget the toll free number for our Customer Care Line (888.364.3361).

We look forward to hearing from you!

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