

WAREHOUSE MANAGEMENT WITH SAP BUSINESS ONE

OPTIMIZE INVENTORY AND PRODUCTION PROCESSES

The warehouse and inventory management tools in the SAP® Business One application allow you to manage your supply chain and enhance customer satisfaction by providing reliable information about inbound and outbound shipments as well as current inventory levels. You can keep track of product inventory, quantity at each warehouse, movement history, and stocking status. Inventory data is updated in real time so that you can extract insights to meet customer demand and expectations.

SAP Business One gives you integrated accounting functionality, so you can be assured that your warehouse management and your financial accounting data are consistently synchronized. The software automatically values every goods movement and cost and price change, thereby eliminating manual interaction and the associated errors and costs.

Using integrated production functionality, you can manage various types of bills of materials and link your warehouse with your order processing and production operations. Additionally, the material requirements planning feature in the application allows you to effectively plan material requirements for complex, multilevel production processes and maintain an optimum level of inventory.

SAP Business One also has a comprehensive set of reports to meet any of your warehouse and inventory reporting needs. Detailed reports on stock transactions and inventory valuations, inventory counts, production planning, and material requirements provide the information necessary to make quick and effective management decisions. (See the table for an overview of warehouse and production management features of SAP Business One.)

Warehouses and Inventories

SAP Business One lets you manage multiple warehouses from a central console. Perform instant availability checks and track item stock levels with real-time visibility of the inventory you have "available to promise." The software provides you with quantity details that are adjusted by what is already committed to other customers, incoming purchases, and production orders.

The master data management feature in SAP Business One lets you maintain item numbers and descriptions with detailed purchasing, sales, and inventory data. It also supports multiple unit types in sales, purchasing, and inventory documents. This means you can purchase and sell your inventory in different units (such as buying in cases and selling in individual bottles) while continuing to maintain an accurate count of units in stock.

The SAP® Business One application streamlines your inventory and production management processes to optimize operational efficiency and productivity. It provides functionality to help manage detailed warehouse data, track and record stock movements, and execute production orders.



Warehouse and Production Management in SAP® Business One

Warehouses and Inventories	Stock Movements	Production and Material Requirements Planning (MRP)
Manage inventories in multiple warehouses and locations using FIFO, moving average, or standard costing	Record goods receipts and goods issues, and track stock transfers between warehouses	Create and maintain multilevel bills of materials (BOMs)
Maintain units of measure and item prices in local and foreign currency	Enable consignment, drop-ship, and back-to-back orders	Issue and release production orders manually and by backflush
Implement serial and batch number management	Use the pick-and-pack manager to fill deliveries	Plan material requirements using the MRP wizard
Generate comprehensive item list, transaction, and valuation reports	Perform inventory and cycle counts	Globally maintain prices for BOMs

You can create an unlimited number of price lists, integrate multiple currencies, preassign prices to specific customers, and define discount rules that are automatically applied to transactions with vendors and customers. Special pricing tools allow you to manage discounts based on volume, cash, or customer accounts.

SAP Business One provides both serial and batch number management to track goods through the inventory cycle. Generate and assign serial or batch numbers for items received from vendors, and draw from available batches when items are released. To simplify tracking even further, SAP Business One allows you to integrate bar coding to pick or transfer items between locations.

Costing methods such as FIFO, moving average, and standard price are fully integrated to give you a deep understanding of your item costs so you can accurately define prices and item discounts.

Stock Movements

SAP Business One records goods receipts and goods issues in any warehouse and allows you to track your stock transfers from one warehouse to another. By integrating individual item prices or price lists, the application simultaneously updates inventory valuation. SAP Business One also fully integrates inventory and accounting transactions. As a result, when stock levels are adjusted, inventory accounts are immediately credited or debited, and applicable inventory variances are accounted for as soon as a stock movement is posted.

The pick-and-pack manager in SAP Business One lets you quickly create pick lists and pull the listed items from the inventory.

Consignment and drop-ship orders are smoothly processed by creating dedicated customer warehouses.

You can perform cycle counts while orders are received and shipped, so that business activity does not have to be delayed to perform stocktaking. If the cycle count shows a level below the minimum stock point or a stock level discrepancy, the alerts management feature in SAP Business One can notify the designated warehouse roles and purchasing managers.

The inventory count functionality allows you to record initial quantities, perform inventory tracking, and post stock differences by warehouse, item, item group, vendor, or any custom-defined property. Stocktaking forms are generated and printed using the print layout designer in SAP Business One.

Production and Material Requirements Planning

SAP Business One supports all your basic requirements for production activities by enabling you to accurately and effectively manage bills of materials (BOMs), production orders, and material requirements.

The application simplifies definition and management of BOMs for production, assembly, and sales. For example, with a production bill of materials, you can readily document the type, quantity, and price of materials needed to manufacture the final products, as well as quantity availability. Once BOMs have been defined, production orders can be created and released based on them. Component needs, costs, and materials availability are automatically added to your work orders, enforcing accurate allocation of raw materials to products and volume control.

Production orders allow you to initiate and track the production process and effectively move the materials used in the process through your organization. For example, once a production order is released to the shop floor, SAP Business One can automatically issue transactions for components needed to produce the parts.

On the other hand, material requirements planning (MRP) functionality in SAP Business One allows you to plan your material requirements and maintain an optimum production plan for complex, multilevel production processes. It replaces informal, ad hoc production

scheduling with a more structured process using data from various sources across your business to create an accurate picture of your production and supply chain. Sources of data include:

- Bills of materials
- Inventory data
- Inputs from scheduled production and purchase orders
- Demand inputs from actual and forecasted orders

“We’ve reduced inventory by 25% because we were able to order items more efficiently. And this has allowed us to lower out-of-stocks and reduce working capital.”

Jason Dugan, CFO,
Trudeau Distributing Company

Using the MRP wizard, you can specify timelines, stocks, and even data sources to be considered in planning. SAP Business One then takes this data, assembles it, and creates recommendations regarding your material needs – what you’ll need and how much and when you’ll need it. Once these recommendations are reviewed, the MRP functionality can automatically generate production and purchase orders needed to manufacture a final product in the quantity and time specified by the production schedule, taking into consideration all requirements for product components.

Production and Warehouse Reports

Reporting tools in SAP Business One allow you to create sophisticated warehouse and production management reports. You can choose from a variety of report formats (such as PDF, Microsoft Word, Microsoft Excel) to display standard reports or incorporate them as dashboards. Use predefined templates to issue inventory status, audit, and valuation reports, as well as item and warehouse transaction lists. You can also generate production reports, such as production orders by status and BOM reports.

With “drag-and-relate” and interactive drill-down functionalities, you can click through relevant data and get answers quickly. For more advanced reporting, use the report designer to integrate custom queries, parameters, formulas, and layouts. The report organizer allows you to execute and manage your reports and efficiently distribute them to other users through report books.

Data in reports is refreshed in regular, predefined intervals, so you are constantly updated on inventory levels and production schedules.

To learn more about how SAP Business One can automate and optimize your warehouse management and production activities, call your SAP representative today or visit us on the Web at www.sap.com/sme/solutions/businessone.

Summary

Accurate and streamlined inventory management is crucial to your ability to deliver on promise, as well as to maintain customer satisfaction and inventory cost control. Inventory and production management tools in the SAP® Business One application help manage detailed warehouse data, track and record stock movements, and plan and release production orders based on your material requirements planning.

Business Challenges

- Manage inventory across multiple warehouses and locations
 - Track and record stock movements
 - Ensure raw materials and parts are ordered at the right time and available for production when needed
 - Avoid shortages and ensure timely delivery without maintaining surplus inventory
 - Access real-time, accurate information
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Key Features

- **Warehouse and inventory management** – Manage inventories using various costing models, maintain item master data, and use multiple units of measure and pricing
 - **Goods receipt and issue control** – Record goods receipts and issues; track stock transfers; enable consignment, drop-ship, and other orders; perform inventory and cycle counts
 - **Production and material requirements planning** – Create and maintain multilevel bills of materials (BOMs), issue and release production orders manually or by backflush, and globally maintain prices for BOMs
 - **Efficient, up-to-date reporting** – Generate reports with data that is regularly refreshed, and display them in various report formats or as dashboards
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Business Benefits

- **Gain efficiency** by automating processes and using integrated production functionality
 - **Improve customer service** with on-time delivery and fewer shortages and stock-outs
 - **Reduce inventory costs** with improved inventory control and materials planning
 - **Improve business insight** with powerful warehouse and inventory reporting tools
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For More Information

Visit us online at www.sap.com/sme/solutions/businessone.

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