

Bits 'n Bytes

June 2007

Tips, Tricks & Information



"Without good inventory management, it is impossible to control a business properly and profitably. Many factors are involved with good inventory control."

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- EDUCATIONAL OPPORTUNITIES
- SOFTWARE VERSIONS
- SHOWROOM TAGS

BUSINESS
MANAGEMENT
SOFTWARE



MANAGING DISPLAYS AND SAMPLES

Store displays/samples represent a substantial cost to the operating expense of a store. Significant savings to the floorcovering store will be seen when the display selections match the needs of the store and its customers. Too many samples waste money and floor space, thus producing limited sales. Much more efficient results occur when both retailer and vendor have a partnership relationship.

Account for Samples on Loan

Regardless of the type of display or samples chosen, tight control of these can be very important to cost savings. When samples are borrowed and not returned, the result is an obvious loss to the retailer. Good record keeping on the loaned samples and follow through is necessary. When a salesperson loans a sample to a customer, have the salesperson enter the transaction into RFMS. Keep this file current by reviewing check out dates. It is a good idea to print the Sample Status Report to auditing purposes.

1. From Order Entry, click **File, Quotes**.
2. Click the **Insert** button. This will display a blank Quote screen.
3. Enter the Customer Name.
4. Click the **Insert** button. The Adding an Estimate Line screen displays.
5. Click the **F8** button to select the appropriate sample product.
6. Click the Sample check box. The Sample information box will display. Be sure to enter the appropriate information, including Deposit Amount.
7. When you are done, click **OK**.

Adding Estimate Line - Estimate ES700003

Line Number: 0001
Product Code: 01 CARPET
Roll Number: [F8]
Style: BEAUTIFUL
Color: FLOVER
Id#: [F8]
Unit: SF Products
Width: 12.00 Std Length: 100.00 LF
Length: 25.00 Roll Min.: 100.00 LF
Quantity: 300.00
Price: 2.50
Total: 750.00
 Sample Sample Info
Due: 05/31/07 Returned:
Notes OK Cancel

Sample Information For: BEAUTIFUL

Out Date: 05/29/07 [F8]
Due Date: 05/31/07 [F8]
Date Returned: [F8]
Deposit Amount: 25.00
OK Cancel
Length: 25.00 Std Length: 100.00 LF
Quantity: 300.00 Roll Min.: 100.00 LF
Price: 2.50
Total: 750.00
 Sample Sample Info
Notes OK Cancel

Managing...Your Inventory

Avoid Expensive Inventory Levels

Good sample/display management can avoid the need for expensive inventory levels. Maintaining a good relationship with vendors that can fill orders in a timely fashion becomes one of the best assets a retailer can have. Working from cut order with the mills that offer quick delivery can make a big difference in bottom line profit.

MANAGING STOCK INVENTORY

When it is necessary to stock inventory, it is essential that you understand the kind of inventory needed. Typically there are two kinds of inventories maintained:

Running Line - Inventory that is being produced by the manufacturer on an everyday basis and is available for reorder. Typically you would stock this type inventory to accommodate a specific type of sale (i.e. apartment management, new home construction, etc.) Such stock gives you delivery and pricing advantages for these types of sales.

Specials - "One of a Kind" purchases. Typically this involves drop styles, overruns or odd lots. In most cases this type of inventory purchase is a one time purchase and cannot be reordered. Under such circumstances, do not get overzealous in buying such inventory, which may sit for long periods.

In either case, whether purchasing running line or specials for stock, care must be given to the affect such will have on cash flow requirements. To "Load Up" on inventory even though the prices are great, could create a cash flow problem. You may miss valuable earned discounts on purchases if adequate cash is not available or if the inventory sits for an extended period of time.

MANAGING AGED INVENTORY

Aged Inventory affects cashflow. The cost of your inventory is normally the largest deduction from sales and can be larger than all other deductions combined. A stocking inventory store may have the majority of its finances invested in inventory, thus inventory becomes the largest single asset on the balance sheet. When inventory remains in the warehouse for a substantial length of time, two things happen: 1) Interest is lost on the money tied up in old inventory and 2) in many instances, the inventory takes on a appearance that necessitates a significant mark down in price. If ready cash reserves are not available, excess aged inventory can tie up much needed cash. Carefully monitored inventory control can add thousands to the bottom line and eliminate much stress when cash is needed to run the business. To monitor the age of your inventory in RFMS, print the Range Print Inventory report. The parameters can be adjusted to suit your specific needs.

The screenshot displays the RFMS Inventory software interface for 'RFMS DEMO COMPANY'. The 'Reports' menu is open, and the 'Roll Inventory Range Report' is selected. The main window shows various report options and filters. The 'Roll Inventory Value Report' is selected, and the 'Physical Size' filter is set to 'Both'. The 'Gross Cost or Price' is set to 'Gross Cost'. The 'Physical Size From' and 'Physical Size To' are both set to 0.00. The 'Gross Cost From' and 'Gross Cost To' are both set to 0.00. The 'Location From' is set to 'Location #'. The 'Print' button is visible, and the 'Output to File' checkbox is checked.

Managing...Your Inventory



WELCOME NEW USERS!

We are very happy to have you as an RFMS client and look forward to helping you through the transition and the implementation process of RFMS.

Visit us on the web at www.rfms.com/support/newuser.html for details on implementation of your new system. This page is an introduction, or primer, for the RFMS website. The information on this page can be found at other places on our site, but we've pulled together in one place the key things that new clients often ask about.

Sincerely,

Your RFMS Family



MANAGING INVENTORY TURNS

To gain accurate control over your inventory, you should learn to calculate and understand "inventory turns".

How to Calculate your Inventory Turnover Rate:

A simple way of calculating the inventory turnover rate is to take the average inventory balance and divide it into the annual cost of goods sold.

For example, for a \$1,000,000.00 in sales volume with the average cost of material sold at 50%, the annual cost of goods sold is \$500,000.00. If the average inventory balance is \$150,000.00, then by dividing \$500,000.00 by \$150,000.00, the inventory turnover rate is 3.33 times per year.

How do I get this information from RFMS?

If you have the General, Ledger installed use:

Sales Volume - Profit & Loss or View G/L

Cost of Goods - Profit & Loss or View G/L

Inventory Balance - Balance Sheet or View G/L

Average Inventory Value - View G/L and do a manual calculation. Total all periods and divide by the number of periods

If you do not have the General Ledger installed use:

Use the monthly management reports. If you have not already printed the management report at month-end, you can not go back and reproduce it. It is an "at current time" report. If you do not have the management reports, you can gather the information from a variety of reports:

Job Cost Analysis - Sales & Cost of Sales

Month-End Inventory - Inventory

Average Inventory - Use all month-end reports to calculate your average

What Inventory Turnover Shows

How many times the inventory turns or "sells" during the year is the turnover rate. In our example, the inventory turned over 3.33 times during the year. Usually a HIGH turnover rate means new and salable inventory. Most floorcovering stores need to turn their inventory a minimum of 5 times per year. Turnover that is too slow means a business is stocking too much inventory compared to sales volume. With today's strategy of working from cut order with vendors, inventory turns should become even higher. Inventory turns that are too high (12-15) indicate that more inventory could be purchased of a specific product to improve service and profit.

Open to Buy

Knowing the number of times inventory turns, allows management to make better decisions regarding the amount of inventory that can be purchased at any given time. This is what is called "Open to Buy". The following example illustrates this concept.

Inventory Turnover - 3.33 times per year

Calculate the Open to Buy amount:

Annual Sales Forecast	\$1,200,000
Cost of Materials (50% Sales)	600,000
Inventory Turn	3.33
Inventory Allowable (600,000 divided by 3.33)	180,180
Present Inventory Value	\$150,000
Open to Buy	\$30,180

Managing...Your Inventory

MANAGING INVENTORY TURNS (CONTINUED FROM PREVIOUS PAGE)

(Inventory that could be realistically purchased and be within the realm of what is reasonable for this size store)

In the previous example on the previous page, the budgeting of a growth of \$200,000 allows for an increase in inventory. Knowing the average inventory balance and knowing the number of turns the company experiences per year will greatly aid in making inventory purchase decisions.

MANAGING PHYSICAL INVENTORY

Effective Inventory Control

Always document all cuts and deductions. Inventory is money; therefore it should be managed as such. For this reason, cuts made from stock rolls must always be properly documented. This is true even when a salesperson figures a job short and it requires additional material. Too many times, inventory can be removed without documentation. Control is lost when this happens. Using roll tags in conjunction with RFMS picking tickets creates accountability for inventory control. Before the warehouse makes a cut from inventory, a picking ticket should be presented.

The person making the cut does five things. 1) Locates the correct inventory by checking the roll or item number on the picking ticket; 2) makes the cut or deduction; 3) writes the quantity cut or deduction along with the newly calculated ending balance on the BACK of the roll or item tag; 4) initials the picking ticket; 5) returns the picking ticket to the office for filing. Never allow inventory to leave your warehouse without the proper accountability.

Inventory Location Value

When inventory is received, the location for storage should be clearly defined. First, you should assign each area of your warehouse with some type of numerical system to identify where inventory is kept. Then, when receiving inventory into RFMS, enter the location code on the inventory record. When picking tickets are produced, the location will print. This allows the warehouse staff to process orders with speed and efficiency. Location designations also help when performing physical inventory counts.

Physical Inventory Counts

Establish an acceptable variance factor. A maximum annual allowance factor for variations in inventory can be established. With a good history factor, a store may only need to make random spot checks on inventory throughout the year. If the spot checks don't exceed the established variance from history, no full inventory count is needed. However, with the spot checks reveal levels of variation great than the established history, a full inventory count should be made, ASAP. When the full physical count is finished, the areas where the variations have occurred should be reconciled.

TIP: Report for Physical Inventory Counts:

Range Print Inventory

If you are taking inventory by location, sort the report by Location & Number.

Roll Inventory Range Report

Sort Order

- Manufacturer + Style + Color
- Supplier + Style + Color
- Priv Supp + Manf + Supp + Style + Color
- Date Received
- Location + Roll #
- Product Code + Supp + Invoice #
- Manufacturer + Fiber
- Fiber + Manufacturer
- Roll #
- Physical Size
- Style + Color
- Sidemark

MEASURE TOOLS

Leica DISTO™ A6:

The Communicative One for in-/outdoors

NEW Bluetooth® data transfer - for a reliable transfer of measured values

The measuring process on the Leica DISTO™ A6 isn't over with the display of the results: integrated BLUETOOTH® technology, combined with software designed to let you export measurement readings straight into various programs (e.g. Word® Excel®, AutoCad®) without the use of cables. Take the hard work out of measuring – it is fun now!

Measuring range of 0.05 up to 200m (0.16 up to 650ft); typ. accuracy ± 1.5 mm (± 0.06in)



GTCO Super L IV™ Digitizer

The Super L IV is the next generation of the well-known Super L Series—the family of digitizers that set the standard in large-format digitizing. Professionals in construction estimating, CAD, textiles and other fields will appreciate the Super L IV's added flexibility and improved performance. In addition to an RS-232 serial port, the Super L IV includes an integrated USB connection that allows power to be supplied via the USB port, making set-up quick and easy.

Visit <http://www.rfms.com/products/measuretools.htm> for more details.

Managing...Your Inventory

Barcoding

RFMS allows you to print barcodes for your roll inventory, which in turn, allows you to scan your inventory using a hand held scanner. After scanning all of the inventory, you then upload the data into RFMS for reconciliation. When a discrepancy is found, print the history for the roll. This process can save you hours and money when performing physical inventories. The hardware for barcoding may be purchased through RFMS. For more information, call 1-800-701-7367.

Top Sellers Report

The Top Sellers Report can show you what is moving and what is making money.

From the Sales Report module, select File, Top Sellers.

Manufacturer	Supplier	Private Label Company	Style / Item	Color / Description
A CARPET COMPANY	A CARPET COMPANY	A CARPET COMPANY	12' AMBASSADOR	BEDESTONE213
A CARPET COMPANY	A CARPET COMPANY	A CARPET COMPANY	12' AVALON	PEACH255
A CARPET COMPANY	A CARPET COMPANY	A CARPET COMPANY	136 DOMINION	LIGHTCORAL235
TOTALS FOR: *4* A CARPET COMPANY				



INVENTORY BARCODING

Save Time, Reduce Errors

Inventory barcoding provides the ability to take a physical inventory with a hand held terminal, and then to transfer that inventory information to the RFMS Inventory module for reconciliation.

Barcoding is convenient, more accurate, and reduces the time required for the taking of physical inventories.

- * Drastically reduces the time it takes for physical counts
- * Increases accuracy of your inventory value
- * Ability to track by bin location
- * Prints barcodes for your entire inventory
- * Ability to take partial physicals and store data
- * Accommodates both roll and item inventory
- * Upload physical count data to RFMS inventory module
- * Prints a report of all discrepancies - automatically
- * Posts roll inventory adjustments without additional data entry

Hand held tricoder and accompanying software available now at our Online Store!



<http://www.rfms.com/products/barcoding.html>

RFMS Educational Opportunities



2007 TUSCALOOSA CLASSROOM TRAINING

RFMS Total Implementation The 3-Day RFMS Basic Class

May 21-23 June 11-13
August 6-7 September 10-12
October 8-10 November 12-14
December 17-19

RFMS Windows Refresher/DOS to Windows Conversion 2 Day course

May 24-25 June 14-15
August 9-10 September 13-14
October 11-12 November 15-16

Call 800-701-7367 ext 3298 or visit www.rfms.com
for more details and pricing information.



ADVANCED TRAINING SEMINAR

Agenda Day One

Products File -B2B
In-Depth Inventory
Purchasing
Receiving/Costing
Freight/Load
Inventory Adjustments
Reports
In-Depth Order Entry
Shortcuts
Quotes
Provider's
Job Costing
Q&A
New Features

Agenda Day Two

Claims
Billing Groups
Percentage Billing
Partial Billing
Reports for Management
Creating a PDF
Human Resources
Accounts Payable
G/L Checklist
Passwords
Parameters
Q&A
New Features

IN DEPTH FINANCIAL SEMINAR

Agenda 8:30-12:00

Open Orders
Work in Progress
Laboral Accural

Job Cost Analysis Report
Report Parameters
Uses of Report
Investigating Problems

Inventory
Balancing Inventory to G/L
Claims Module
Inventory Adjustments G/L
Inventory Reports

1:00-4:00

Journal Close
Reconciling Accounts
Closing Procedures

Journal Listing
Balance Sheet Accounts
Income/Expense Accounts

Year-End Close
Procedures
Reports

Financial Statements
Reviewing and Comparing

Open Q&A Period

DATES

Seattle, WA June 5-6
Orlando, FL August 14-15
Chicago, IL August 28-29
San Francisco, CA October 23-24
Baltimore, MD October 30-31
Denver, CO November 27-28
Nashville, TN December 4-5

Detroit, MI June 6
Minneapolis, MN July 11
Dallas, TX August 8
Atlanta, GA September 12
Tampa, FL October 12

WHO SHOULD ATTEND

All current RFMS users wishing to implement the many new features of RFMS. Also perfect for Management, Order Entry, Purchasing, Receiving Personnel, Bookkeeping. Anyone using RFMS who has not had training in the past year.

Anyone who is responsible for the closing routine, preparation and interpretation of financial statements. Includes Owner's, Outside CPA's, Controllers and top level management as well as accounting department personnel.

Call 800-701-7367 ext 3298 or visit www.rfms.com
for more details and pricing information.

Software Versions

Program	Version 9		Version 10	
Accounts Payable	9.6.0.1889	1/04/06	10.1.0.4126	4/11/07
Bid Pro	9.6.2.397	09/28/06	10.1.0.810	5/30/07
E-Commerce	9.6.0.544	8/21/06	10.1.0.2961	2/05/07
Human Resources	9.6.1.26	4/09/07	10.1.0.1979	4/09/07
Inventory	9.6.0.1668	4/09/07	10.1.0.1698	4/19/07
Multi-Pay	9.6.1.5	4/21/06	10.1.0.255	2/08/07
Order Entry	9.6.1.36	4/09/07	10.1.0.8543	4/09/07
Products	9.6.0.518	3/31/06	10.1.0.5635	5/02/07
PO Printing	9.6.0.4	8/08/05	10.1.0.2	4/19/07
Sales Floor Assist	9.6.1.10	10/16/06	10.1.0.104	4/09/07
Sales Reports	9.6.0.832	11/28/06	10.1.0.289	01/24/07
Schedule Pro	3.5.11	2/12/07	10.1.0.805	5/29/07



B2B SUPPLIER LIST



Over 385 Users
Currently Enrolled

Active (17):

- Shaw
- Mohawk
- Beaulieu
- Ohio Valley
- WM Bird
- All Tile
- Adleta
- JJ Haines
- Florstar
- Gulistan
- Tri West
- BR Funsten
- RA Siegel
- BPI
- Tom Duffy (NEW!)
- Royalty Carpet (NEW!)
- Case Supply (NEW!)
- BPI (NEW!)

In Test (4):

- Dal Tile
- Herregan
- Hoboken Floors
- The Dixie Group

Committed (10):

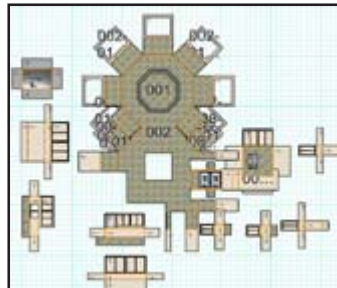
- Longust
- Galaher
- CDC
- T & A
- WC Tingle
- SeaPac
- T & L
- C & C Wholesale
- CMH
- Bayard

MEASURE 3.2 - MEASURE DESIGNER Is Now Available



WHAT'S INCLUDED?

- Real images for Photorealistic Views
- Scene Editor: Combine independent 3D Models
- New Material Selection Window
- Slab Tools
- Windows Vista Compatible
- New Diamond Inset Quick Tile functions
- And Much More!



Visit www.rfmsmeasure.com for more details.



Call 1-800-701-7367, ext. 3306