

# Understanding Inventory Replenishment for Purchased Items

Last Modified on 09/28/2021 2:54 pm EDT

This guide explains how to use the Target and Replenish Balance fields to automatically maintain inventory levels of purchased goods. It is intended for system administrators.

You can keep stock at just the right levels using aACE's robust automation features — including *automatic* updates in real time for existing replenishment POs (see below for details). For an example of how this feature can help your team, read our [feature highlight](https://www.aacesoft.com/resources/stock-the-right-products-at-the-right-time-with-aace-reorder-management) (<https://www.aacesoft.com/resources/stock-the-right-products-at-the-right-time-with-aace-reorder-management>).

Configuring your system for [inventory replenishment for purchased items](http://aace5.knowledgeowl.com/help/configuring-inventory-replenishment-for-purchased-items) (<http://aace5.knowledgeowl.com/help/configuring-inventory-replenishment-for-purchased-items>) involves 1) setting the Target and Replenish Balance fields on your line item codes (LICs), and 2) configuring the Generate Inventory Replenishment automation schedule in your system preferences. These inventory replenishment processes coordinate well with [backorder management](http://aace5.knowledgeowl.com/help/understanding-backorder-management) (<http://aace5.knowledgeowl.com/help/understanding-backorder-management>) to streamline your operations.

When you're setting up inventory replenishment on your system, use the following guidelines and best practices to get the most benefit:

## 1. Working with the Target and Replenish Balance Fields

aACE automates your purchased items inventory based on the [settings you enter for an item's Target and Replenish Balance](http://aace5.knowledgeowl.com/help/configuring-inventory-replenishment-for-purchased-items) (<http://aace5.knowledgeowl.com/help/configuring-inventory-replenishment-for-purchased-items>). The relation between these two fields can be summarized as, "When the inventory Total reaches the Replenish Balance level, generate a PO to reach the Target level." These parameters can be customized for each office in your organization that sells the item.

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In the screenshot above, the textbook LIC record shows the aACME main office Target value set to 50 and the Replenish Balance number set to 10. This tells aACE the maximum number we want on the shelf at any time is 50; however, when inventory levels decline to 10 or less, the system should automatically generate a purchase order to bring the count back up.

## 2. Running the Replenishment Process

After you set the Target and Replenish fields, you can [configure the automation schedule](#)

<http://aace5.knowledgeowl.com/help/configuring-inventory-replenishment-for-purchased-items>) to automatically run the replenishment process.

In addition, you can manually trigger the process from two modules:

- Order Setup > Line Item Codes

Note: Quickly locate all items that need reorder by clicking the footer link to Find Items Requiring Replenishment.

- To replenish a single item – At the list view, locate that item. Then click the Actions icon (  ) for that line and select Replenish Inventory. aACE generates a purchase order and notice for that item.
- To replenish a batch of items – At the list view, click the Actions icon (  ) in the module header and select Generate Purchase Orders for Inv Replenishment. aACE generates purchase orders and notices for each LIC that needs replenishment.

- System Admin > Preferences > Automation Schedules

- On the Schedule Status tab, scroll to the entry for Generate Inventory Replenishment, then click Run. Note: The system prompts whether to run the process locally or on the server; for most situations, the best option is to run it on the server.

Running the Generate Inventory Replenishment process creates both purchase orders and notices:

- Purchase Orders – aACE generates a purchase order for each line item that 1) has parameters entered for Target and Replenish Balance, and 2) has a Total balance below the Replenish Balance. If a single vendor is used to supply multiple offices, a separate PO will be created for each office's replenishment. These auto-generated POs are initially assigned the record Type of "Inventory Replenishment".

Note: You can manually change that type; however, changing the record Type will *remove* that PO from aACE's ongoing, automatic updates (see below).

- Notices – aACE also generates a notice for the relevant team members. This internal message summarizes the PO information. You can jump directly to the PO records by clicking the Link To go-to link.

Note: You can customize which team members receive notifications in two ways: 1)

Changing the team in the [Notice Setup module](http://aace5.knowledgeowl.com/help/overview-of-aace-auto-generated-notices) (<http://aace5.knowledgeowl.com/help/overview-of-aace-auto-generated-notices>), and 2) Changing the members on the team in the [Teams module](http://aace5.knowledgeowl.com/help/creating-and-editing-teams)

(<http://aace5.knowledgeowl.com/help/creating-and-editing-teams>).

## Automatic Updates to Existing POs

Your inventory levels change continually. Each day, you may have increased inventory from returns or additional demand from new orders. A PO created just a few hours ago might be outdated by the time it's sent to the vendor. To help you manage this business reality, aACE can *automatically* update your inventory replenishment POs.

While inventory replenishment POs are in Pending status, if the replenishment process runs again (see above), line items with a changed Total balance will prompt adjustments to the PO:

- For items with increased *inventory*, aACE automatically reduces their replenishment quantity.
- For items with increased *demand*, aACE automatically increases their replenishment quantity.

As updates are generated, aACE tracks everything in the purchase order log. You can review every change by clicking the Info icon (  ) in the lower-left corner of the PO detail view. The log shows which automation cycle created or updated the PO, plus the relevant quantities, products, and target balances.

### Example of Automatic Updates

This screenshot shows the log of an inventory replenishment PO in Pending status. The PO was created earlier in the day to replenish one item this vendor supplies. Later in the day, the Generate Inventory Replenishment process ran as part of Automation Schedule C. This process found another item that also needed to be replenished and which this vendor supplies. So a new line was automatically added to the existing PO.

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### Tips

- Lead Times – When you set the Replenish Balance quantity, account for the time needed for new inventory to arrive.
- Case Quantities – If an inventory item is ordered by cases, the replenishment PO will ensure that the individual item count meets or exceeds the Target quantity. For example, suppose that student test booklets were ordered in packages of 50, the item's Target value was 75, and the current balance of booklets was below the Replenish Balance of 20. aACE would order *two* packages to ensure that the Target value was met.
- Vendors – When aACE auto-generates an inventory replenishment PO, it checks for the vendor to assign it to. First, it looks for a preferred vendor flagged on the LIC record. If there is no preferred vendor, it uses the first vendor listed on the LIC record (i.e. alphabetical order). If there are *no* vendors specified for the LIC, aACE creates a new,

unaddressed Inventory Replenishment PO. If there is already an unaddressed Inventory Replenishment PO in Pending status, the new items are simply added to that record.

- Special Order Items — If an LIC is marked for Special Order (in the Item Info section), the replenishment fields become *inactive*. aACE does *not* manage inventory levels for special order items.
  - Removing Items from Replenishment — You can remove a specific LIC from the replenishment process by *clearing* the Target and Replenish Balance fields (i.e. *deleting* all values from these fields). Warning: If you enter zeroes in these fields, aACE will *still include them* in the replenishment process.
  - Detailed Transactions — You can review line-by-line transactions related to a PO record by clicking Admin Actions (  ) > Go to Related Inventory Transactions.
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