

# 19.3 Aged Inventory Management System (AIMS)

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## Overview

The **Aged Inventory Management System (AIMS)** is a proven, systematic approach to reducing the accumulation of old inventory. It manages aging inventory through a tiered system of spiffs (bonus commission) and mark downs that are applied at specific age thresholds.

Once set up, AIMS should be run once a month. Each time it is run the system will display a list of eligible items with a preview of the proposed spiff or mark down changes giving you the opportunity to review and, if desired, exclude items from repricing.

After being repriced, a bonus poster is generated to showcase items with spiff to your staff and in case signage is generated to advertise clearance items to your customers.



**NOTE:** This feature is designed to work in concert with the **Weekly Buying Plan** to develop a “just in time” buying strategy that emphasizes ordering in smaller, smarter quantities more frequently. [See TIP-2019-128 WeeklyBuyingPlan.](#)

## Initial Setup

### Category Pricing Tab

Aging parameters are defined on the category record. To review and edit:

1. Click **Inventory > Categories > List** and **Edit** a category.
2. Click on the **Pricing** tab.

Automatic Markup			Automatic Mark Down			
Min Cost	Markup	Min Markup	Min Days	Mark Down %	Spiff %	In-Case Signage
\$0	2.5	2	0	0	0	
500	2.5	2	360	0	50	
1000	2.5	2	420	30	0	30% off
1500	2.35	2	450	40	0	40% off
2000	2.35	2	480	50	0	50% off
2500	2.35	2				
3000	2.35	2				
3500	2	1.8				
4000	1.85	1.6				
5000	1.75	1.5				

3. This tab is divided into two sections: **Automatic Markup** and **Automatic Mark Down**.

#### Automatic Markup

This table defines suggested retail for items entered into this category based on cost ranges. These cost ranges are also used to segment your inventory for analysis on the performance reports.

#### Automatic Mark Down

This table defines the mark down, spiff, and signage applied based on the item's age.

4. Whether you use automatic markup or not, you should set the **Min Cost** ranges. These define how your inventory is segmented on the ordering and performance reports.

This Period Category & Cost # / Cost	Recommendation	GMROI%	Sold Last 12			In Stock Now					
			Fast	Interim	Over 540	30 / 90 / 180	Interim	540+			
150 - Diamond Earrings											
\$0-500 2 / \$478.00	Buy+	144	4	33	8	0	5	12	10	12	
\$2000-2500 3 /			0	4	0	0	1	1	6	0	
\$2500-3000 1 /			0	1	0	0	0	0	9	0	
\$3000-3500 3 /			0	3	0	0	0	0	8	0	
\$4000-5000 2 /			0	2	0	0	6	6	0	0	
100 - Diamond Engage											

These ranges, found on ordering and performance reports, are defined by category Automatic Markup table

5. For **Automatic Mark Down**, we recommend the following setup for diamond categories:

Automatic Mark Down			
Min Days	Mark Down %	Spiff %	In-Case Signage
0	0	0	▼
360	0	50	▼
420	30	0	30% off ▼
450	40	0	40% off ▼
480	50	0	50% off ▼
			▼

- Items between 0 – 359 days old are normally priced.
  - Items between 360 – 419 days old receive a 50% spiff.
  - Items between 420 – 449 days old have spiff removed and receive 30% discount.
  - Items between 450 – 479 days old have discount increased to 40%.
  - Items greater than 480 days old have discount increased to 50%.
6. If using in case signage, use the drop-down to select it. For information on creating sign formats see [TIP-2018\\_122\\_SalesAndSignage.pdf](#).
7. The suggested defaults above fit diamond categories but may not be appropriate for all categories. For categories containing lower cost items, such as silver bracelets, we recommend skipping spiff and marking down faster. That might look something like this:

Automatic Mark Down			
Min Days	Mark Down %	Spiff %	In-Case Signage
0	0	0	▼
180	30	0	30% off ▼
210	40	0	40% off ▼
240	50	0	50% off ▼
			▼

8. Review each category and make changes where appropriate. Utilize the **Copy From** button (top right) to apply the pricing tables from another category to the currently selected one.

## Monthly Aged Inventory Management

After reviewing and setting **Automatic Mark Down** tables on your categories, you can set up the monthly tools. This setup only needs to be completed once. To setup AIMS:

1. Click **Inventory > Buying Tools > Monthly Aged Inventory Management**.

- Click the **Settings** button next to **Repricing**.

Set recommended defaults as pictured above:

<b>Change Cost</b>	No Change
<b>Change Retail</b>	No Change
<b>Change Re-Cost</b>	No Change
<b>Change Lowest Price</b>	No Change
<b>Change Current Price</b>	Retail x Age Markdown Check Do Signage and Spiff Check Auto-Price Items Only
<b>Preview Items</b>	Check this

- Click the **Item Filter** drop-down at the top, click on the **Type & Status** tab, and click the drop-down next to **Date Entered**. Enter **-480** into **Min** and leave **Max** blank, then click **OK**.

- Optionally, use the **Item Details** tab of the **Item Filter** to choose additional criteria, such as including only specific categories or vendors.



5. The **Bonus Poster** and **Signage Location Report** will be generated. Print these for your use.
6. If you generated in case signage you can print these now by clicking **Inventory > Print Signage**.

## Best Practices

- Run **AIMS** every month on a consistent basis.
- Educate your salespeople.
  - Spiffs are a great incentive and a win for both the store and associate.
  - Salespeople can advertise the fact that old items will be consistently marked down as a way to entice customers to purchase, or to come back at a later date. “Sure this is 30% off, but it’ll be 40% off next month...assuming no one else buys it.”
- If you followed our recommended defaults, AIMS is only being applied to items entered within the last 480 days. Develop a strategy to liquidate merchandise older than that.
  - These items can be identified using the **Date Entered** drop-down on **Item Filter** and setting **Min** to blank and **Max** to **-481**.
  - AIMS is using a rolling date, so the first time you set it up, make note of the actual date 480 days ago and use this as a cut off for items being handled by AIMS versus the remainder of your old inventory that require manual intervention.
- Consider enrolling in our **302 – Aged Inventory Management** webinar class for more assistance. See the Edge Newsfeed for the next available date.