19.3 Aged Inventory Management System (AIMS)

Contents

Overview	1
Initial Setup	2
Category Pricing Tab	2
Monthly Aged Inventory Management	3
Using the Aged Inventory Management System (AIMS)	5
Best Practices	6

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.



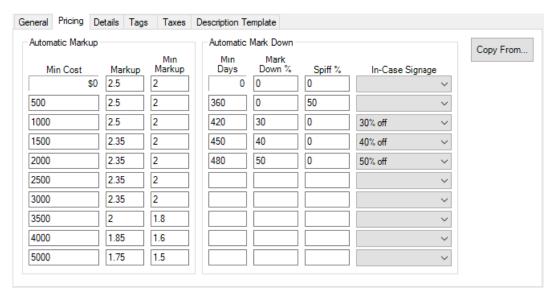
NOTE: This feature is designed to work in concert with the **Weekly Buying Plan** to develop a "just in time" buying strategy that emphasizes ordering in smaller, smarter quantities more frequently. <u>See TIP-2019-128 WeeklyBuyingPlan</u>.

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.

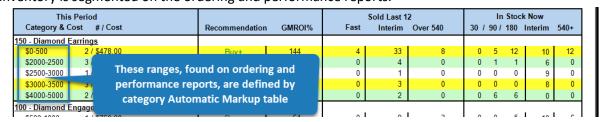


3. This tab is divided into two sections: Automatic Markup and Automatic Mark Down.

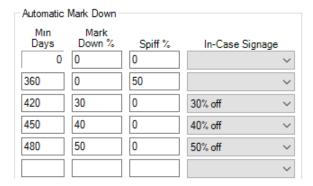
Automatic Markup This table defines suggested retail for items entered into this category based on cost ranges. These cost ranges are also used to segment your inventory for analysis on the performance reports.

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

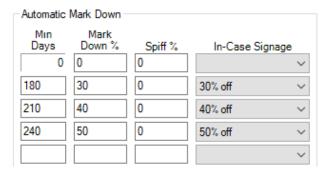
4. Whether you use automatic markup or not, you should set the **Min Cost** ranges. These define how your inventory is segmented on the ordering and performance reports.



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



- ➤ 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 <u>TIP-</u>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:



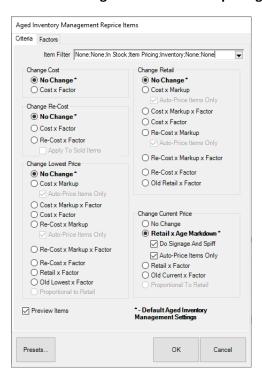
8. Review each category and make changes where appropriate. Utilize the **Copy From** button (top right) to apply the pricing tables from another category to the currently selected one.

Monthly Aged Inventory Management

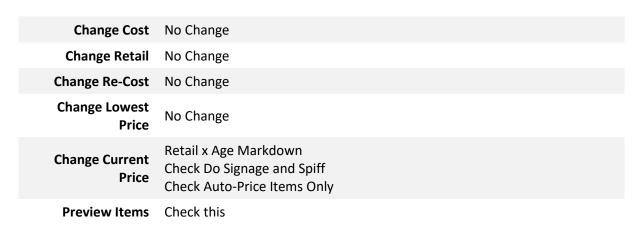
After reviewing and setting **Automatic Mark Down** tables on your categories, you can set up the monthly tools. This setup only needs to be completed once. To setup AIMS:

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

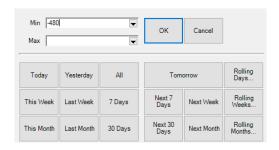
2. Click the Settings button next to Repricing.



Set recommended defaults as pictured above:

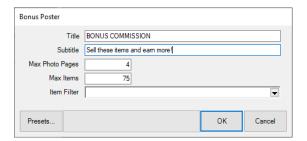


3. Click the **Item Filter** drop-down at the top, click on the **Type & Status** tab, and click the drop-down next to **Date Entered**. Enter **-480** into **Min** and leave **Max** blank, then click **OK**.



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

- 5. By filtering based on date entered, only items entered in the past 480 days will be eligible for AIMS. This is recommended as most stores find they have a large amount of old items and running AIMS against the entire inventory results in an unmanageable number of items.
- 6. Click Presets > Set as Default, then click OK to close the window.
- 7. Click the **Settings** button next to **Bonus Poster**. Enter a **Title** and, optionally, a **Subtitle**.



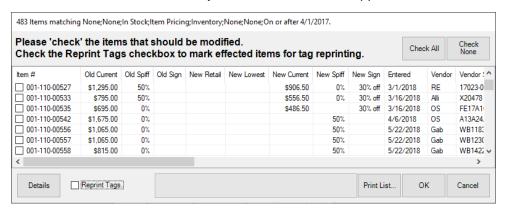
- 8. Click Presets > Set as Default, then click OK to close the window.
- 9. Setup is complete. Click **OK** to run the tools now or **Cancel** if you wish to run it later.

Using the Aged Inventory Management System (AIMS)

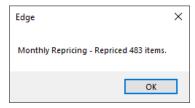
Please make sure you have completed setup before proceeding. AIMS does not have an undo function, so it is recommended you make a data backup. Remember, AIMS will give you a preview of proposed changes that you will be able to review before committing to them.

To use Monthly Aged Inventory Management:

- 1. Click Inventory > Buying Tools > Monthly Aged Inventory Management.
- 2. Click **OK** to run the tools. The **Reprice Items** window will appear.



- 3. Optionally, you may wish to hide columns that are not relevant. You can do so by right clicking on the column headings and selecting **Hide**.
- 4. Review the items eligible for repricing. The **Old** columns on the left show current values while the **New** columns on the right show proposed changes. Select the items you wish to include and click **OK**.



- 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.
 - o 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.