



In previous learning modules, we created a basic Inventory Plan and used the Global Settings to define how to calculate the Order Point for all SKUS in the Item Set.

While this will work well for many of your items, what happens if some need some alternate settings?

For example, what if some of the items on your Store 1 plan get ordered every 2 weeks instead of every week? Perhaps you want to set an order point of 1 to items with a cost over \$150. Or maybe you want to place a higher stocking level on low cost, fast moving item.

In this module, we will introduce Inventory Rules and discuss how they work together with Inventory Plans.

We will walk through setting up an Inventory Rule by choosing a Type of Rule, the Settings that should Apply and the Filters available. Finally we will apply the rule to a Plan.

Let's go back to one of the examples at the beginning of this module.

What happens if you have items on the same plan that are ordered on different cycles?

An efficient way to handle this type of exception is to create an Inventory Rule for the items that get ordered every two weeks.

An Inventory Rule is a set of instructions that define exceptions to the Plan's 'Global Levels' for a specific group of items within the Plan.

Previously, we created a Plan that specified a 98% Service Level on a 7 day Order Cycle.

For most items on the Plan, this works.

However, we have a small subset of items that we order from a vendor every 14 days instead of every 7 days.

Rather than creating a separate plan for these items, we can create a set of instructions for these items that specify a 14 day Order Cycle. This is an Inventory Rule.



When an Inventory Plan executes, it evaluates each item one by one to determine whether an Inventory Rule applies to the item or not.

If no rules apply, then the Global Levels are used.

If a rule applies, Inventory Planner uses the instructions on the Rule instead of the 'Global Levels' on the Plan.

Now let's take a look at the different types of Inventory Rules that are available.

There are four fundamental types: Usage , Specified , Protected , and Adjusted.

'Usage' rules are the most common rule.

With this type the Order Point is calculated based on forecasted demand for an item and the forecast itself is based on the item's historical usage. In other words, a Usage Rule calculates an order point based on how the item sells.

When you setup a Usage Rule, you tell the system how to calculate the usage by choosing a Forecast Model, Weighting, or employing a Best Fit Group.

With the second type, a Specified Rule, the Order Point is set to a specific value.

For example, if you want to limit the amount of inventory you carry for items with a replacement cost over \$150, you can create a specified rule to set the Order Point for those items to 1.

A Protected Rule's function is simple: do not change the Order Point.

When this type of rule is used, the Order Points for the items on the rule don't change, regardless of any other plan settings.

The final type of rule is the Adjusted Rule.



This stipulation simply applies an adjustment percentage to an existing Order Point. For example, if you think you need to increase the order point of a group of items by 5%, that would be an Adjustment Rule.

Adjusted Rules also allow copying an Order Point to another Order Point.

To set up an Inventory Rule, click the 'Create a New Rule' button on the Inventory Planner Start Page.

There are 4 tabs on the Maintain Rules application: 'Managing' , 'Type' , 'Settings' , and 'Filters'.

On the Managing Tab, enter a meaningful 'Name' and a 'Description' for the Rule you are adding.

The 'Type' tab is where you will define the type of Rule this will be.

In our example we will designate this to be a Usage Rule.

With Usage rules, there are numerous options and settings to consider.

The first decision to make is should this Rule 'Use Best Fit', or 'Use a Forecast Model' or 'Use a Weighting Strategy'.

Next, make your choices regarding data to include or exclude in the 'Usage Options' box.

The first option allows you to define a 'Minimum Order Point' for all items on the rule. This is an optional field.

Keep in mind that Inventory Planner will always respect the Minimum Order Points set in IMU. If you're already managing minimum order points in IMU, there is no need to set minimum order points in Inventory Planner.

You can 'Adjust Usage for Projected Sales' to account for budgeted increases or decreases.



For example, if items from this vendor are expected to increase in sales over last year by 10%, you would check this box and enter the number 10 in the percent box.

As a result, all forecasted amounts will be increased by 10% to account for the projected increase in sales. This will ultimately result in higher Order Points.

If you would like to exclude promotional sales from the usage calculation, then check the 'Exclude Promotion Sales' checkbox.

The checkboxes on the right side relate to Options 3055 through 3059 that were discussed during the Inventory Planner Setup course.

Essentially, if you want the Rule to respect the current Option ID settings rather than overriding them, check the box labeled 'Use Eagle Settings at Update'.

Conversely, if you want this Rule to override the options you set up on Eagle you will select from these remaining choices to determine how the Rule applies to Transfers, Unusual Usage, and Lost Sales.

Usage type rules also allow you to specify how New Items should be handled.

Since new items will not have complete sales histories, you may want to exclude them from an Inventory Plan.

If you choose to do this, you will need to first define what will be considered a New Item

You can specify this by a given number of days or a specific date.

If the item was added since the date given, or was added within the number of days, it meets your definition of 'New'.

Once you define New Item status, you have 3 choices.

You can 'Exclude items from this Rule' instructing Inventory Planner to not include any of these in this rule.



If you want the New Items to specifically not be changed, and you want Inventory Planner to respect the order point set on these items in Inventory Maintenance, choose 'Protect Order Point'.

You can also allow Inventory Planner to use other item's sales history as a proxy, or substitute, for the New Item's Usage value.

When you select this option, the 'Maintain Proxies' button will be activated.

Clicking this allows you to create the relationship between the 'New' Item and the Item you would like to set as the proxy

Enter the Store and SKU number of the New Item.

Next, enter the Store and SKU of the item you wish to serve as a proxy in the 'Match To' fields.

Press Add to create the proxy relationship.

When the New Item no longer meets the definition of 'New', it will automatically use its own Sales History, and fall into the normal settings of your Inventory Rules and Plans

You can also manually remove the new item from the Proxy List at any time.

To set up a 'Specified' type rule, you need to indicate if you will provide a 'Min/Max' value, a 'Static Order Point' or choose the 'From Existing Data' options.

The 'Protected' option keeps Order Points and other fields as is, essentially excluding them from the Rule.

Finally, the 'Adjusted' type presents you with a slider labeled 'Set New Order Point to % of Source Order Point'.

You can choose which Order Point to use as the Source for the adjustment.

For example, if you want to take the Primary Order Point and increase it 10%, you would set the slider at 10% and choose 'Order Point' as the 'Source Order Point'.



The Settings tab allows you to 'Define Effective Dates'.

Effective Dates dictate when Inventory Planner Rules are in effect.

If you always want your Inventory Rule in effect, do nothing on this tab. If you only want your rule to run for a specific period of time, simply check the box and enter the 'Start Date' and 'End Date'.

If you would like these dates to be valid every year, check the 'Recur Annually' box.

The Filters tab works exactly like the 'Item Set' area of the Inventory Plan.

You may create the Filter using an existing Analytics query or by choosing dimensions and values to build one here.

It is important to note that the Filters specified here will only apply to items already included on the Plan.

Save your Rule by clicking the 'Save' button.

The last step in the process is to add the Rule to a Plan.

From the Inventory Planner Start Screen, click 'Manage Existing Plans'.

Select the Plan you want to work with and click 'Edit'.

Open the 'Rules' tab.

The box on the left labeled 'Rules to Apply' is a list of what is available on your system.

To add rule to the plan, select it from the list and double click it or press the 'Add' button.

You will notice that the Rule is now listed in the box on the right titled 'Rules Applied'.

Sometimes you may add Rules to a Plan and multiple Rules address the same item. Inventory Planner handles those items dependent on the sequencing of the Rules and your choice here.



The first rule added is in position number 1. The second rule added is in position number 2 and so on. You can have as many rules as you like.

You can also adjust the order of the rules in your plan by selecting the rule and using the green up and down arrows to change the rule's position in the list. Identify if you want the system to assign the 'Highest Position Number' precedence or the 'Lowest Position Number'. This decision will define the order in which your rules need to be placed

Highest position number works like a top down hierarchy and looks at every item in every rule. For example, if an item is affected in more than one rule, Inventory Planner will go through each rule, and look at the item every time. The last rule the item is addressed in, is the rule that defines the order point calculation.

Because of this, you should place the broadest rule at the top. The more finite or specific rules, towards the bottom.

As an example, a proper hierarchy for Highest Position Level could be Department Level Rules, then Class Level Rules, then Fineline Level Rules, then SKU Level exceptions.

Lowest position number is the opposite. Think of lower position rules like nesting bowls. The most finite or specific rule would be the first rule, and as the rules become broader, they move down the list. Inventory Planner then looks at that first rule, or nesting bowl. If an item is affected in that rule, it calculates an order point based on that rule and kicks it out. The items' in that first rule never get looked at again, even if they're included in additional rules below.

Once you've chosen your position number and organized your rule order accordingly, save your changes.

You've now added Inventory Rules to your Inventory Plan!

In this course, we have defined what Inventory Rules are and how they interact with Inventory Plans.



As you begin using the Inventory Planner, take some time to understand rules and utilize them to help fine-tune your Inventory Planning.

