

**MICROSOFT® BUSINESS SOLUTIONS – NAVISION® 4.0**

**COURSE 8362A: TRADE TRAINING**

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# INTRODUCTION

## Welcome

We know training is a vital component of retaining the value of your Microsoft® Business Solutions investment. Our quality training from industry experts keeps you up-to-date on your solution and helps you develop the skills necessary for fully maximizing the value of your solution. Whether you choose Online Training, Classroom Training, or Training Materials, there's a type of training to meet everyone's needs. Choose the training type that best suits you so you can stay ahead of the competition.

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Classroom Training provides serious, in-depth learning through hands-on interaction. From demonstrations to presentations to classroom activities, you'll receive hands-on experience with instruction from our certified staff of experts. Regularly scheduled throughout North America, you can be sure you'll find a class convenient for you.

### Training Materials

Training Materials enable you to learn at your own pace, on your own time with information-packed training manuals. Our wide variety of training manuals feature an abundance of tips, tricks, and insights you can refer to again and again:

**Microsoft Business Solutions Training Courseware:** The Microsoft Business Solutions Training Courseware are very detailed training manuals, designed from a training perspective. These manuals include advanced topics as well as training objectives, exercises, interactions, and quizzes.

Look for a complete list of manuals available for purchase on the Microsoft Business Solutions website: [www.microsoft.com/BusinessSolutions](http://www.microsoft.com/BusinessSolutions).

## About the Microsoft Business Solutions–Navision Trade Training Manual

This training manual provides a conceptual and operational description of the standard trade functionality of Microsoft Navision. The manual can be used both in the context of an instructor-led training course and as reference material for self-teaching.

### Target Audience

This training manual is intended for Microsoft Certified Business Solutions Partners' employees selling, implementing, and supporting Microsoft Navision.

### Training Objectives

Whether used in a course setting or for self-teaching, the manual is designed to equip course participants with the product knowledge, both at conceptual and functional levels, required when implementing and supporting Microsoft Navision at a wide range of wholesale and manufacturing companies with a focus on the trade area.

### Training Prerequisites

To successfully participate in the Trade course or complete the training in the self-teaching manner, participants must have passed:

- The Microsoft Navision Overview test (or have equivalent experience with Microsoft Navision (Financials) application).
- The Microsoft Navision Essentials test.

Additionally, participants should have a background in distribution/logistics to understand the underlying principles of these businesses.



## Training Manual Overview

Before beginning the course (self-teaching), you must install Microsoft Navision on your computer. The next section of this chapter tells you how to do this.

This manual provides the participants with an in depth understanding of the granules and features of the trade-related functionality in Microsoft Navision. The manual consists of the following chapters:

- Chapter 2: Sales Order Management
- Chapter 3: Sales Prices and Discounts
- Chapter 4: Customer Service Features
- Chapter 5: Purchase Order Management
- Chapter 6: Requisition Management
- Chapter 7: Item Charges
- Chapter 8: Order Promising
- Chapter 9: Returns Management
- Chapter 10: Analysis and Reporting

Every chapter includes an overview of the granule(s)/feature, explains the setup procedure and describes how the granule(s)/feature supports the associated operating processes involved in managing a reselling business.

In this manual, the chapters are organized in a logical way that reflects the relationship between different granules of the program. It is, therefore, recommended that the course (when built on this manual) or self-teaching activity follows the suggested teaching path. If preferred, however, the users of the manual can choose alternative paths.

The chapters in this training manual typically contain the following elements:

- concepts
- scenarios
- exercises

Concepts explain the business processes that can be managed using the trade functionality of the program.

Scenarios represent the typical business situations where the application is used. Scenarios provide a basis for examples that give practical step-by-step descriptions of how to use the application.

Exercises allow the course participants (manual readers) to practice using the program.

The manual includes the following typographic conventions:

- **Name** is used for names of fields, tabs, and windows.
- **PATHNAME→PATH** is used for navigation paths for users to follow.

### **Dates**

The dates in the course manual are in the American format. In order to avoid confusion when reading the manual and following the exercises, if necessary, it is a good idea to change the date format in Windows before starting the training session.

The working date is set to be 01/25/01 (January 25, 2001). It is important that this date is used when following the examples and doing the exercises included in the manual.

### **Demonstration Data**

All examples and exercises in this manual are based on a fictitious company, Cronus International Ltd.

Where possible, examples and exercises in each individual chapter are designed independently of each other. However, because of the limited scope of the Cronus demo database, the same data is sometimes used in examples illustrating different functionality.

To make sure that you always have a clean demo database, make a copy of the database on your hard disk before starting the course.

### **License Information**

To run the examples and exercises included in this training manual, you need a standard Cronus license, which is provided on your product CD.

### **Suggested Course Duration**

When this training manual is used to run a course, it is recommended that the course be taught over a period of 2-3 days.

### **Further Information**

You can learn more about Microsoft Navision in the Financial Management and Inventory Management courses, as well as in Microsoft Navision eCourses and Online Help.

You can learn more about the topics of distribution and supply chain management from the APICS homepage: <http://www.apics.org>. APICS is a nonprofit, educational society for resource management.

## Student Objectives

What do you hope to learn by participating in this course?

List three main objectives below.

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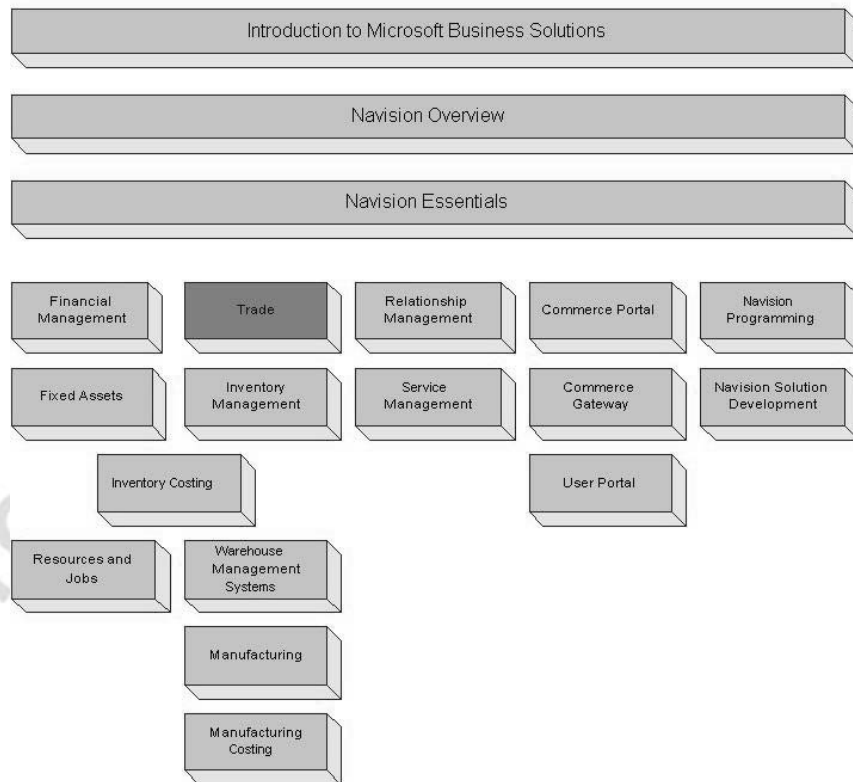
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# CHAPTER 1: TRADE OVERVIEW

Microsoft® Business Solutions–Navision® is a collaborative business management solution for medium-sized companies. It is an integrated product that includes functionality to support financial and relationship management, distribution and manufacturing.

Microsoft Navision for trade is aimed at a wide range of wholesale and manufacturing companies. It provides them with tools that help them manage their day-to-day purchase and sales operations, increase the level of customer service, and improve operational efficiency.

This course is a part of the Supply Chain curriculum (see the graph below) and is designed for students who have passed the Microsoft Navision Overview test (or have equivalent experience with the Microsoft Navision (Financials) application) and the Microsoft Navision Essentials test and want to learn more about Microsoft Navision for Trade. The course primarily provides explanations of the program’s conceptual design and functionality related to managing and administrating essential trading operations. Students who want to take the Financial Management exam can use this course as preparation.



## Installing Microsoft Navision

Before starting the course, you must install Microsoft Navision on your computer.

The installation procedure is described below. The browser automatically loads the install file when you insert the CD. If the browser does not load the install file, you can open it manually:

1. From the Start menu, click **Run**.
2. In the Run window, in the **Open** field enter `x:\startcd.exe` (replace x with the drive letter of your CD-ROM drive), and click **OK**.

This is the installation procedure:

1. Insert the CD-ROM. At the top of your window, the browser now displays the different options that you have.
2. Click **Client**.
3. Click **Installation**, Microsoft Navision Client. The installation now begins. The Microsoft Navision Installation Wizard window welcomes you to the setup wizard.
4. Click **Next**.
5. In the **User Name** and **Organization** fields, enter your customer information, and then click **Next**.
6. Select either the **All users** or **Only for me** fields, and then click **Next**.
7. Select the **Complete** field as the setup type, and then click **Next**.
8. Click **Install** to indicate that you are ready to install the program. The installation process begins.
9. Click **Finish** to complete the installation of Microsoft Navision.

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**NOTE:** To install the program in a different location than the standard one, you must select *Custom field* as the setup type.

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## Quick Interaction: Lessons Learned

Take a moment to write down three Key Points you have learned from this chapter:

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## CHAPTER 2: SALES ORDER MANAGEMENT

This chapter contains the following sections:

- Overview
- Setting up Sales Management
- Managing Sales Transactions, including:
  - blanket orders
  - sales orders
  - drop shipments
  - item reservations
  - document status
  - order posting

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### Overview

To survive, companies need to keep their customers satisfied. An instant and accurate response to inquiries concerning, for example, delivery time or the price of the product, is one of the key factors contributing to customer satisfaction. In addition, being able to efficiently handle special customer requests regarding shipping arrangements and invoicing preferences is most likely to ensure repeat orders. Typical examples of these requests include wanting to receive shipments in parts and/or to different addresses, to receive the orders before being invoiced, or being invoiced for several shipped orders at once.

Companies also need to ensure that they can easily register sales transaction information. For example, adjusting customer balance and updating inventory availability and values are among the tasks that must always be carried out when handling sales. Additionally, companies may want to keep a record of the salespeople performing the sale.

Moreover, as many aspects of a future sales agreement with a customer are negotiated and agreed upon in the presales stage, it is helpful for salespeople to be able to record the relevant agreement details once and then simply reuse this information when creating an actual sales order.

There are several granules in Microsoft® Business Solutions–Navision® that support efficient sales transaction handling, offering a basic solution to companies that strive to achieve high customer satisfaction. These granules are:

- **Sales Order Management:** This granule includes documents (quotes, blanket orders, and sales orders) that support salespeople in efficiently managing sales. The granule provides the facility for partial order shipment, separation between shipping and invoicing, and combined invoicing.
- **Alternative Ship-To's:** This granule facilitates handling sales orders to customers with several alternative shipping addresses.
- **Drop Shipments:** This granule enables salespeople to efficiently handle orders that are to be shipped directly from the vendor to the customer without involving the company's operations.
- **Salespeople/Purchasers:** This granule allows collection of sales statistics at an individual salesperson level.
- **Shipping Agents:** This granule facilitates the management of carriers (shipping agents) and related information.

This chapter demonstrates the key features of the sales management functionality in Microsoft Navision. The main section of this chapter focuses on the most common aspects of sales transaction handling and covers the following topics:

- Quotes, blanket and sales orders
- Drop shipments
- Item reservations
- Document status
- Order posting

The chapter starts with a section describing the setup of the above-mentioned granules.

A list of sales batch jobs, reports, and sales documents is included in Appendix A

To explain how the program supports companies in managing the tasks involved in sales handling processes, comprehensive scenarios, and examples are used throughout the chapter. For an overview of typical procedures associated with handling specific sales management tasks, it is recommended that you read the relevant topic in the online Help. To learn more about receivables functionality in Microsoft Navision, it is recommended that you refer to the Financial Management training manual.

### Setting Up Sales Management

This chapter elaborates on different setup options that define the functionality of sales order management. This is done with most common tasks found in sales management in mind and with the focus on the physical handling rather than financial aspects of a sales transaction. The financial aspects of sales transactions are addressed in greater detail in the Financials training materials. Setup options related to program facilities that support additional sales practices and tasks (for example, sales and invoice discounts, return management) are treated in separate chapters where the respective granules are described.

The sales setup consists of the following elements:

- **Sales & Receivables setup:** Based on their established practices, companies must specify how they want the program to support them in managing different aspects of their sales transactions. These are the general setup options that the program applies to all sales transactions, irrespective of which item and customer is involved.
- **Customer setup:** Managing customer information is an important part of managing the total sales and finances of the company. Basic information (such as name, address, and so on) and details (for example, credit limit, invoicing, discount and payment terms, currencies, shipping schemes, reservation rules, and so on) are recorded for each individual customer on a customer card.

The setup of customer posting groups defines a connection between a specific customer and accounts in the general ledger. This is done through assigning a customer to a posting group for which balance sheet and income statement accounts are then set up.

- **Salesperson setup:** Companies can set up codes to identify and describe their salespeople. This is done with the view to establishing a link between an individual salesperson and their performance in terms of, for example, the number of sales transactions (orders, invoices or returns) handled.

### Setting Up Sales & Receivables

Consider Cronus' operational practices within the area of sales that must be supported by the respective setup options:

#### Scenario 1

At Cronus, management wants to make sure that salespeople are notified about a customer's credit and balance standing every time the customer places an order. Moreover, as it is important for the management to ensure maximum customer service in terms of timely order delivery, they want the program's feedback on item availability when a sales order is entered. Finally, they require the program to create shipment and return receipt documents when invoices/credit memos are posted.

These business requirements have led to the following Sales & Receivables setup for Cronus.

1. On the Sales & Marketing menu, click **SETUP→SALES & RECEIVABLES SETUP**. The Sales & Receivables Setup window appears.

Setup of the fields on the **General** tab specifies the program's facilities for the sales order management.

The **Credit Warnings** field specifies whether the program must give a warning about the customer's credit standing when the user creates a sales order or invoice for the customer in question. When required, the warning can be triggered by overdue balance or exceeded credit limit or both. Cronus has chosen the latter.

A check mark in the **Stockout Warning** field specifies that the program must warn the user when there are not enough items on inventory to fulfill a sales order. The warning is based on a calculation that sums up quantity amounts on all posted item ledger entries as well as unposted sales order lines taking into consideration the reserved quantities.

Check marks in the **Shipment on Invoice** and **Return Receipt on Credit Memo** fields indicate that the company wants the program to automatically create posted shipment and posted return receipt documents at the time of posting sales invoices and sales credit memos respectively. If these fields are not activated, the program only creates posted invoices/credit memos. Having posted shipment (return receipt) documents is a necessary precondition for:

- Using the functionality of the Item Charges granule.
- Using the automatic package tracking function.

(This setup option is only relevant in situations where in addition to the Sales Invoicing granule a company also uses the Sales Order Management and Sales Return Order Management granules.)

The definition and setup options of all other fields on the **General** and **Numbering** tabs of the Sales & Receivables Setup window can be found in the online Help. In addition, fields determining invoice discount setup and cost reversing options are described in "Sales Prices and Discounts" and "Returns Management" later in this training manual.

The fields on the **Dimensions** tab are used for grouping customers and salespeople for budgeting and sales analysis purposes. These fields are described later in this course.

### Setting Up Customers

Basic customer setup is covered in other courses. This information is not repeated here. Setup options determining customer-specific invoices and line discounts, as well as special prices, are addressed later in this training manual.

This section explains additional setup options available in the program to further facilitate customer data management. These options are associated with the program's facilities to manage shipping-related information and processes, as well as to control the item reservation rules. This is followed by the explanation of the customer posting group setup considerations.

### Setting Up Shipping Options

A situation where a customer has alternative sites in addition to his main business address to which he wants orders to be shipped is not uncommon. For example, if a customer is a subcontractor he could require order deliveries to several construction sites. Similarly, companies may have various warehousing and production sites with addresses different from their main office address.

The Alternative Ship-To's granule supports companies when dealing with such customers. If a customer wants her orders shipped to different addresses, those addresses can be recorded as alternative ship-to addresses in the program and then chosen by the salesperson when making an order/invoice for the customer in question.

Ship-to addresses are entered in the Ship-to Address table, which can contain unlimited number of addresses for each customer. A code representing information such as customer number and name is linked to each address.

Cronus' customer 10000 has two alternative ship-to addresses, which were set up in the program:

1. Open the customer card for customer 10000 by selecting ORDER PROCESSING→CUSTOMERS from the Sales & Marketing menu.
2. Click CUSTOMER→SHIP-TO ADDRESSES and press **F5**. The list of ship-to addresses displays.
3. Select the second address line, and click **OK** to see the address details.

When the code given to this ship-to address (found on the top left of the card) is selected in the **Ship-to Code** field on orders (invoices and credit memos), the ship-to information appears on document printouts. Ship-to codes are also available on purchase orders that are to be drop shipped to a customer.

All other shipping setup options are found on the **Shipping** tab of a customer card.

4. Click the **Shipping** tab on the Customer Card. The shipping options displays.

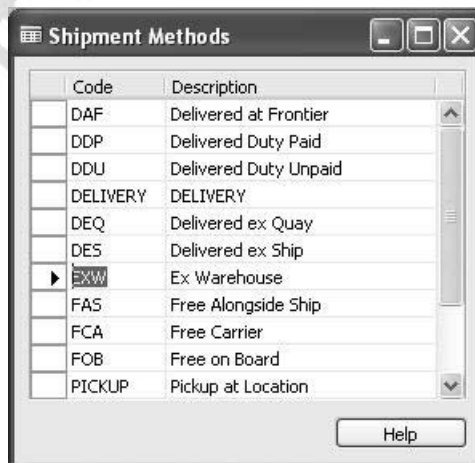
For a number of reasons, companies may choose to pursue a decentralized distribution strategy—for example, in order to ensure fast deliveries to their customers. Such a strategy suggests that orders to the customers are shipped from various local warehouses rather than from the central one. To reflect these considerations in the program, the company can decide to link certain customers to specific locations. This is done by specifying a default location in the **Location Code** field for the individual customer.

The option selected in the **Shipping Advice** field indicates whether the customer accepts partial order shipments or whether she only wants complete shipments. If the latter is selected, the program will not allow posting of a sales order for the customer in question unless the **Qty. to Ship** field is equal to the total sales order quantity.

Depending on their profile, industrial practices, and location, customers may have different preferences as to whom (a customer or a supplier) must pick the shipment up, how their orders must be shipped, and so on. The program offers the possibility to record all the different terms of sale and shipment methods (often based on INCOTERMS) that can then be associated with each specific customer.

Cronus has set up a number of **Shipment Method Codes** in the program.

1. From the Sales and Marketing menu, click ORDER PROCESSING→SETUP→SHIPMENT METHODS. The Shipment Methods window appears:



When assigned to a customer, the shipment method code is then copied to sales documents for that customer.

The shipping setup options defined in the **Shipping Agent Code**, **Shipping Agent Service Code**, and **Shipping Time** fields, and the two calendar fields on the **Shipping** tab of the customer card, all relate to the program's facility to calculate various shipment and delivery dates on the sales documents. These setup options are described in detail in Chapter 8, "Order Promising," of this training manual.

Finally, the option of combining shipments as defined by the **Combine Shipments** field is relevant in situations where companies use the practice of invoicing/debiting a customer for several separate shipments/return receipts in one invoice/credit memo. The setup of this field is transferred as a default to the order header, where it can be changed if necessary. The **Combine Shipments/Return Receipts** batch job, which is used to collect the specified posted shipment/return receipt documents into one invoice/credit memo, includes only orders that have a check mark in the **Combine Shipments** field.

### ***Setting Up Reservation Rules***

The program includes the ability to make and manage item reservations between sales and purchase orders. Companies can decide whether the program allows reservations to be made in relation to a specific customer.

This decision is determined by selecting one of the options (Never, Optional, or Always) in the **Reserve** field on the **Shipping** tab of the customer card. The option selected in this field is copied to the **Reserve** field on the header of a sales document created for the customer in question, where it, in combination with the contents of the Reserve field on the item card, determines the reservation option for individual sales lines in the document.

To complete the customer setup, the following describes the setup details of customer posting groups.

### ***Customer Posting Groups***

The financial value of any sales transaction must be posted to dedicated accounts in the general ledger. Where companies do not find it feasible to establish accounts per each customer, they can put several customers into one posting group and then specify accounts per such a group.

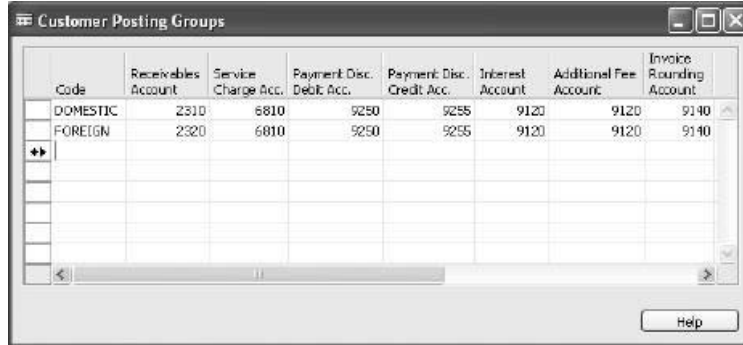
After the company has decided on criteria for how its customers can be grouped, the respective groups must be set up in the program in the Customer Posting Group table.

In this table, the user can assign a code to each identified posting group and then specify general ledger accounts for different amount categories, such as receivables, service charges, payment discount amounts, interest, additional fees, and so on.



Cronus' accountants have set up two customer posting groups, domestic and foreign:

1. From the Financial Management menu, click **SETUP**→**POSTING GROUPS**→**CUSTOMER POSTING GROUPS**.



Code	Receivables Account	Service Charge Acc.	Payment Disc. Debit Acc.	Payment Disc. Credit Acc.	Interest Account	Additional Fee Account	Invoice Rounding Account
DOMESTIC	2310	6810	9250	9255	9120	9120	9140
FOREIGN	2320	6810	9250	9255	9120	9120	9140

Entering one of these codes in the **Customer Posting Group** field of the **Invoicing** tab on a customer card assigns the customer to that specific posting group:

2. Open the customer card for customer 10000, and click the **Invoicing** tab.
3. **Domestic** has been selected in the **Customer Posting Group** field.

Remember that each customer can only be assigned one customer posting group.

Now, when a sales transaction (orders, invoices, and credit memos) involving this customer is being posted, the program will use the accounts specified for the posting group to which the customer belongs.

**NOTE:** Accountants can also assign general business posting groups and VAT business posting groups to customers. The business group code is used in combination with a general product posting group code in the general posting setup to specify the accounts to which certain transactions are posted. The VAT business posting group code is used in combination with a VAT product posting group code to find the VAT %, VAT calculation type, and VAT accounts to which the program posts VAT amounts. You can learn more about general setup rules in the Microsoft Navision Financial Management course.

Each customer posting group can have different general ledger accounts or the same accounts set up for it. An advantage of having different groups with the same accounts is that it gives accountants some flexibility as to how they group customers together for reporting and analysis purposes. For example, a total receivables amount can be presented and analyzed per two groups representing domestic and foreign customers.

### Setting Up Salespeople

When companies want to monitor performance of their salespeople, they can choose to use the program's facility to record sales achieved by individual salespeople and then produce relevant statistics.

To set up salespeople in the program, a company must assign a code to each salesperson they want to have records for. Cronus has set up a number of codes for their employees in the sales department:

1. From the Sales & Marketing menu, click SALES→SALESPEOPLE. A Salesperson card appears.

Details such as job title, commission percent, and various dimensions can be specified on each individual salesperson card.

2. To create a new salesperson, press **F3**.
3. To see a list of all the salespeople in the program, click SALESPERSON→LIST, or press **F5**.

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***NOTE:** Apart from two default dimensions (department and project) that can be selected on the **Invoicing** tab of the salesperson card, companies can also assign additional default dimensions. This can be done for a single salesperson or the entire group. This setup option is found in the Salespeople/Purchasers window, by clicking SALESPERSON→DIMENSIONS→DIMENSIONS-SINGLE/DIMENSIONS-MULTIPLE. You can learn more about dimensions in Microsoft Navision in the Financial Management training manual.*

---

Selecting a specific salesperson code as default on a customer card or directly in the sales documents ensures that the program accumulates sales statistics at the salesperson level. Based on this, the overall performance of salespeople can be calculated and presented in a report.

## Managing Sales Transactions

This section elaborates on the program's facilities that support the most common tasks in sales transaction management. The section takes you through a workflow, starting with registering a blanket agreement with a customer, converting it into a sales order, drop shipping a customer's other delivery, and then reserving the ordered quantity for the sales order.

### Sales Quotes

A sales quote can be described as a "draft order," which salespeople can give to a customer as an offer that specifies price, terms of sale, and description of items. Should the customer return and actually want to buy the items on the quote, the quote can be converted to a sales order.

Because the functionality included in quotes is also available in sales orders (which are addressed in greater detail later in this chapter), the sales quotes are not described here.

### Blanket Orders

A blanket sales order represents a framework for a long-term agreement between the company and a customer.

Salespeople typically make a blanket order when the customer has committed to buying large quantities that are to be delivered in several smaller shipments over a certain period of time. Often, blanket orders cover only one item with predetermined delivery dates. The main reason for using a blanket order rather than a sales order is that quantities entered on a blanket order do not affect item availability and thus can be used as a worksheet for monitoring, forecasting, and planning purposes.

On the blanket order, each separate shipment can be set up as an order line, which can then be converted into a sales order at the time of shipping.

Consider the following scenario:

#### Scenario 2

A representative from customer 10000 calls a salesperson at Cronus to make an order of 1000 units of item 70000. He wants the items to be delivered in 250 units every week over the next month.

First, create a blanket order for 1000 units of item 70000 for customer 10000:

1. From the Sales & Marketing menu, select ORDER PROCESSING→BLANKET ORDER. Press F3 to make a new order, and enter the customer information in the blanket order header.
2. Leave the **Order Date** field blank.

This way, when the separate sales orders are created from the blanket order, the program set the order date of the sales order equal to the actual work date.

Notice that the program automatically fills in the **Salesperson Code** field on the order header with the default code for the salesperson assigned to the customer 10000. This code is retrieved from the customer card.

Now, create four separate lines of 250 units of item 70000 each:

3. On each line, in the **Type** field, select Item and in the **No.** field select 70000. In the **Quantity** field, enter 250.
4. In the **Shipment Date** field, enter the shipment dates of 02/01/01, 02/08/01, 02/15/01, and 02/22/01 respectively.

Notice that the **Qty. to Ship** field is filled in automatically by the program to indicate the quantity that the sales orders are to be created for on the respective shipment dates.

Now, make the order for the first shipment of 250 units:

5. In the **Qty. to Ship** field, leave the quantity of 250 for the first line, and delete the quantity to ship in the three other lines.

The completed blanket order should look like this:

The screenshot displays the '1001 The Cannon Group PLC - Blanket Sales Order' window. The 'General' tab is active, showing order details such as 'Sel-to Customer No.: 10000', 'Sel-to Customer Name: The Cannon Group PLC', and 'Sel-to Address: 192 Market Square'. The 'Shipping' tab is also visible. Below the header, a table lists four order lines, all for item '70000 Side Panel' with a quantity of 250 units. The first line is selected, and its 'Qty. to Ship' is 250. The 'Line Amount' and 'Line Excl. VAT' are both 7,675.00. The bottom of the window features a toolbar with buttons for 'Order', 'Line', 'Functions', 'Make Order', 'Print...', and 'Help'.

T. No.	Description	Location Code	Quantity	Unit of Measure	Unit Price Excl. VAT	Line Amount Excl. VAT	Line Disc...	Qty. to Ship	Quantity Shipped
1...	70000 Side Panel	BLUE	250	PCS	30.70	7,675.00		250	
1...	70000 Side Panel	BLUE	250	PCS	30.70	7,675.00			
1...	70000 Side Panel	BLUE	250	PCS	30.70	7,675.00			
▶ 1...	70000 Side Panel	BLUE	250	PCS	30.70	7,675.00			

Now, convert a blanket order into a sales order:

6. Click **Make Order**, selecting **Yes** in the information message and in any other warnings.

The program retains the link between the blanket order and the sales order that is created from it and provides the salesperson with the possibility to view a list of unposted and posted sales order (invoice) lines.

To see the list:

7. Select the first line in the blanket order and click **LINE→UNPOSTED LINES→ORDERS**.
8. In the Sales Lines window click **LINE→SHOW** document to see the order you just created.

Note that the sales order contains all the lines from the blanket order. The quantities for the lines where the quantity in the **Qty. to Ship** field was deleted appear but with blank quantity fields. The salespeople may choose to leave the lines, edit, or delete them the same way as they would work with any other regular sales order, irrespective of whether it was created from a blanket order or not. It is important to remember, however, that the sales order line quantity must not exceed the quantity of the associated blanket order line. Otherwise, posting of the sales order is not possible.

9. Delete the last three lines in the sales order.

When the sales order is posted as shipped and/or invoiced, the program updates the **Quantity Shipped** and **Quantity Invoiced** fields on the related blanket order.

Once the sales order(s) has been created for the total quantity of a blanket order line, the program ensures that no other sales order(s) is created for the same line.

The program records the blanket order number and line number as properties of the sales lines when created from a blanket order.

10. Zoom in on the lines of the sales order created earlier or press **CTRL + F8**.

Note that the **Blanket Order No.** and the **Blanket Order Line No.** fields have the corresponding references.

---

**NOTE:** Where sales orders are not created directly from the blanket order but still relate to it, a link between a sales order and a blanket order can be established by selecting a corresponding number of the associated blanket order in the **Blanket Order No.** field on the sales line.

---

### Sales Orders

The sales order is a cornerstone of sales management functionality in Microsoft Navision. This section elaborates on various features that comprise this functionality. Features that support both the most common tasks found in sales management and more specific tasks are described.

Consider the following scenario:

#### Scenario 3 (continued from scenario 2)

A salesperson is to make a shipment of 250 units of item 70000 to customer 10000 – the first shipment out of a total of four on the blanket order. The shipment should be delivered to the customer’s subsidiary address rather than to the main address. The shipping agent to do the delivery is DHL, who provide the option of package tracking.

1. Browse to the sales order created earlier from the blanket order.

The **General** tab of the sales header specifies the default customer details and additional information for the customer, for example, salesperson and responsibility center. These are copied from the customer card when the order is created. The document dates and delivery dates are addressed in greater detail later in this training manual.

---

**NOTE:** Links to more information about the customer, such as alternate shipping addresses, comments, contacts, and credit, can be found on the right hand pane of the sales order, across from the sales order header. When the salesperson clicks on the Sales History link, the program displays a list of previous sales transactions for the customer. Lines from this list can be copied to the current sales order by pressing the **Copy to Doc** button at the bottom of the sales history form.

Links to information about the item can be found across from the sales lines. The salesperson can link directly to the item card and can access information about item availability, substitutions, sales prices, and sales line discounts by clicking on the available fields.

---

The fields on the **Shipping** tab provide the possibility to further detail all the shipping-related information, for example, the customer’s alternative shipping address, shipment terms, agents, advice, ship-from location, and so on. The values in these fields are copied as default by the program from the customer card.

2. On the sales order, click the **Shipping** tab.

According to scenario 3, the order must be delivered to the customer’s subsidiary, situated at a different address than the company’s main office.

3. In the **Ship-to Code** field, select DUDLEY. This is one of the alternative ship-to addresses that are set up for this customer. Click **OK** to accept all the information messages that appear.

As there is no default shipping agent specified in connection with this ship-to address, the shipping agent code must be selected directly on the sales header:

4. On the **Shipping** tab, in the **Shipping Agent Code** field, select DHL. Click **Yes** to update the lines.

At the time when the shipment is being picked up by the carrier, the assigned package tracking number can be entered on the **Shipping** tab in the **Package Tracking No.** field. The Internet address of the shipping agent can then be used to access the agent's package tracking scheme.

The contents of the **Outbound Whse. Handling Time** and **Shipping Time** fields relate to the program's calculation of various delivery dates. These fields together with the **Late Order Shipping** field are explained later in this training manual.

If the company has set up a default location (that is, a site where inventory is physically stored, such as a warehouse, service car, showroom, and so on) the appropriate code is copied to the sales order header in the **Location Code** field. Depending on the company, a default location for the order can be defined, for example, as their central warehouse, from where orders to all customers are shipped, or as a local warehouse, which serves customers within the nearby geographical area.

Now, when the sales order header is complete, the salesperson can continue with entering details relating to the contents of the order – items. The major aspects and properties of the order lines are described in the following sections.

### Order Line Type

In principle, a sales order can be used to register both a physical and financial transaction. The choice of transaction is defined by one of the following line type options: G/L Account, Item, Resource, Fixed Asset or Charge (Item). The line type Item represents a sale of physical goods. Sales defined by G/L Account, Resource, and Fixed Asset type are addressed in the Financial Management training manual. Transactions of a Charge (Item) type are explained in detail later in this manual.

### Location

The selection of a location code on the order line activates a number of features that can support various employees within a company with their respective tasks.

Salespeople can:

- Rely on the program to only check the item availability in a specified location (including the blank location).
- Get an overview of item availability per specified location or on other locations at the same time.

Inventory management employees and planners can:

- Use the requisition planning facility when considering replenishment and planning parameters set up on the item stockkeeping units.
- Carry out transfers of inventory between locations.
- Create inventory statistics per location.

Accountants can calculate inventory value and cost of goods sold per location.

Warehouse managers can use the bin management functionality associated with a location.

### **Quantity**

Upon entering the quantity amount in the **Quantity** field, the program checks if there are enough items on inventory in the specified location to fulfill the current sales order. If this is not the case, the program gives a stockout warning (the **Stockout Warning** field in the Sales & Receivables Setup window must contain a check mark). The program's mechanism of calculating item availability is explained in the Inventory Management training manual.

---

***NOTE:** The program supports the practice of creating sales lines with negative quantity. In essence, a negative sales line implies a reverse transaction to the one that the sales document is meant for. That is, a negative line in a sales order means a sales return.*

*Handling of sales lines with negative quantity is supported throughout all the functional areas of the program.*

---



### ***Unit of Measures***

The program automatically fills in the **Unit of Measure Code** field when the sales line is created. The value is copied from the **Sales Unit of Measure** field on the item card.

The unit of measure code is used by the program:

- When checking item availability.
- To determine the unit price amount.
- To validate if there are any alternative prices and/or line discounts applicable to the sale in question as based on the specified unit of measure.

### ***Unit Price***

Upon selecting the item in the **No.** field, the program also fills in the **Unit Price** field. The unit price is calculated and copied from either the item card or from the alternative sales prices applicable to the item and customer. The setup options and the mechanism of alternatives sales prices are addressed in greater detail later in this training manual.

In cases where companies are selling to retail consumers, they may want their sales document prices to include VAT information both on screen and when printed. To allow this option, the **Prices Including VAT** field on the Invoicing tab on the document header must contain a check mark. If the field is not checked, the program fills in the **Unit Price** and **Line Amount** fields excluding VAT amounts and the field names reflect this choice.

The Financials training manuals provide an in-depth setup description and explanation of the VAT functionality in Microsoft Navision.

### ***Item Tracking and Warehousing***

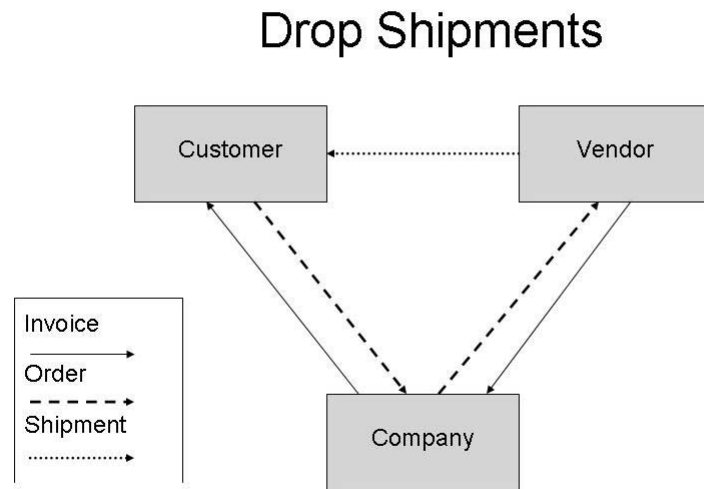
For many companies, registration of a sales order in the program must also include inventory management related information. These are the records of item serial/lot numbers as well as item physical placement (bin code) in a warehouse. As these aspects of a sales transaction are not directly associated with the customer interface but rather characterize the company's internal processes, they are addressed in the Inventory Management training manual.

### Drop Shipments

A drop shipment is the shipment of an item or a consignment of items from one of the company's vendors directly to one of their customers. Drop shipments are relevant in situations where a company wants to avoid actual handling of the order, such as stocking and delivering, but still wants to fulfill the customer's order request and include the transaction in a calculation of cost of goods sold and profit.

To ensure the efficient handling of drop shipped orders in the program, companies can benefit from using the facilities offered by the Drop Shipments granule. In addition to facilitating a process that involves many tasks and people, the program also ensures the correct inventory value and item cost calculation. The latter becomes particularly important as, even though the sales and purchase transactions of the drop shipment are registered in the program as any other regular order, the drop shipped items do not physically enter the company's inventory.

Handling of a drop shipment can be illustrated as follows:



Specifically, drop shipping includes the following tasks:

1. The customer places a sales order with the company.
2. The company, in turn, places a purchase order with the vendor.
3. The vendor delivers the ordered items directly to the customer.
4. The vendor invoices the company for the shipment.
5. The company invoices the customer.

The above process is illustrated in the following scenario:

### Scenario 4 (continued from scenario 3)

The work date is now 02/01/01 and just as Cronus' salesperson is ready to post the first shipment from the blanket order, the representative for customer 10000 calls again and orders 250 units of item 1984-W. The salesperson at Cronus notices that there is not enough quantity of this item on stock, and because he knows that Cronus is going to quit stocking it, he decides to tell the vendor to ship directly to customer 10000. Item 1984-W should be ordered from vendor 30000.

Enter the order details on the same sales order you made from the blanket order (according to scenario 3).

1. Create a new sales line for item 1984-W, and enter 250 in the **Quantity** field.
2. In the **Purchasing Code** field, click the **AssistButton** to open a list of purchasing codes. (Use the Show Column function to make the **Purchasing Code** and **Drop Shipment** fields visible).

The window contains a list of various purchasing codes that the company sets up to distinguish purchase situations that are different from regular purchase transactions.

Notice the special order code with the check mark in the **Special Order** field. This is the purchase transaction type that companies would use for handling non-stock items – items that are very seldom ordered, or items where there is a small variation as compared to the regular item, for example, color, stickers, and so on. (Read the appropriate topic in the online Help for more information about the individual fields in this window.)

3. In the Purchasing Codes window, select the DROP SHIP code that has a check mark in the **Drop Shipment** field and click **OK**.

The program places a check mark in the **Drop Shipment** field on the sales order line.

4. In the **Quantity** field, enter 250, and in the **Shipment Date** field enter 02/08/01.

This completes the drop shipment handling task on the sales side. The program does not allow posting of the sales order until it has been linked to a purchase order.

There are two ways to create the purchase order that is to be linked to the sales order for drop shipment:

- Manually, by creating an order directly.
- Automatically, through a requisition worksheet.

In the following, the manual method is described. As creating purchase orders for drop shipments through requisition worksheets is based on the same principles as when creating orders directly, it is not described here separately. Learn more about the mechanism behind requisition worksheets in Chapter 6, “Requisition Management,” of this manual.

After being informed about the drop shipment, a purchaser must place the order with vendor 30000, who will deliver the shipment directly to customer 10000.

To create the purchase order:

1. Select the Purchase menu option, then click ORDER PROCESSING→ORDERS.
2. Press **F3** to create a new purchase order.
3. Fill in the order details on the purchase header by selecting vendor 30000 in the **Buy-from Vendor No.** field.

Make a reference to the customer for a drop shipment:

4. On the **Shipping** tab, in the **Sell-to Customer No.** field, select customer 10000.

Now, the purchaser must establish a link between the purchase order and the sales order, and he must copy the sales lines to be drop shipped into the purchase order:

5. Click ORDER→DROP SHIPMENT→GET SALES ORDERS. The Order – Sales List window appears.

This sales list contains all the sales orders for customer 10000 – the customer specified in the **Sell-to Customer No.** field on the purchase header.

6. Select the relevant order (the first one on the list) and click **OK**.

Specific to scenario 3, before the purchaser can proceed, the program informs him that the purchase order must be shipped to a different ship-to address (rather than the customer's regular address) – the address specified on the associated sales order.

7. Click **OK** to the information message. On the **Shipping** tab of the purchase order, in the **Ship-to Code** field, select DUDLEY.
8. Repeat steps 3 and 4 above. The sales line selected for drop shipment is now transferred to a purchase line.

After being informed that the purchase order has been shipped to the customer, the purchaser can post the order as received. Posting of the purchase order as invoiced can only take place after the linked sales order was invoiced. Upon posting the purchase order as received, the program automatically posts the associated sales order as shipped. The salesperson can then post the sales order as invoiced. Posting the purchase order as invoiced completes the drop shipment handling.

---

***NOTE:** The posting process can also start from the sales order. Identical to the purchase order, when the sales order is posted as shipped, the program automatically posts the associated purchase order.*

---

Remember that before either the sales or purchase order is completely invoiced, the purchaser can see the related sales order for a drop shipment from the purchase order by clicking ORDER→DROP SHIPMENT→SALES ORDER. Similarly, the salesperson can view the related purchase order for a drop shipped sales order by clicking ORDER→DROP SHIPMENT→PURCHASE ORDER on the sales order. In both cases the documents are shown in uneditable mode.

To ensure that the transactions involved in drop shipment do not affect inventory quantity and value, the program:

- Creates the item ledger entries representing the sale and purchase in question simultaneously.
- Links them by automatically creating a fixed application between them.

---

***NOTE:** If serial/lot numbers were assigned on the corresponding sales order, the Get Sales Order function also copies the item tracking lines to the newly-created purchase order. Likewise, when a sales order does not have item tracking lines assigned, but they are assigned to the associated purchase order, the program offers the option of creating and synchronizing those lines on the sales order. Learn more about item tracking functionality in Microsoft Navision in the Inventory Management training manual.*

---

### Item Reservation

In sales situations, for example, those with a high volume of transactions, there is often a need to ensure that the required item quantity is available for a particular sales order to be shipped on the agreed date. In other words, there is a need to allocate existing or future inventory to the sale in question until the order shipment date, so that it is not used to fill other orders in the meantime. In Microsoft Navision, this allocation is done through reservations.

This section describes the workflow process for reservations.

It is important to note that it is the user who must assign a reservation because it is considered a conscious and intentional decision on the part of the user. The basic premise is that by reserving quantities, the user gains full ownership of and responsibility for these items. Reserved quantities are then not included when the program runs its planning routines.

Consider the following scenario:

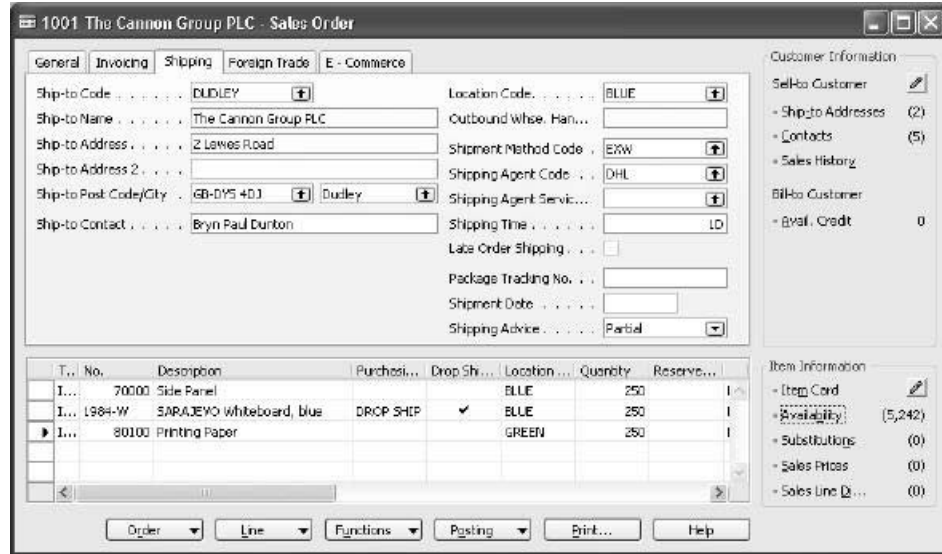
#### Scenario 5

The representative for customer 10000 informs Cronus' salesperson that she wants to place an order for 250 units of item 80100. The customer stresses the importance of getting this particular item on 02/08/01. As there is a risk of running out of stock, the salesperson at Cronus decides to reserve the 250 items for this order.

Create a sales order for 250 units of item 80100. Consider doing so in the same order created in scenario 2 and 3 by adding an extra sales line:

1. Make a new line for item 80100. In the **Location Code** field, select GREEN (the location where the item is stocked), and in the **Shipment Date** field, enter 02/08/01.

2. Enter 250 in the **Quantity** field.



Notice that the right hand pane shows the availability for the item on the selected line. This is the availability for the Shipping Date indicated and the Location Code selected, in this case, for the Green warehouse on 02/08/01.

---

**NOTE:** The **Availability** quantity shown on the right hand pane is in the Base Unit of Measure. This may not be the same as the Sales Unit of Measure, which is found on the Sales Order line. To see the Base, Sales, and Purchase units of measure that have been set up for this item, click on the **Item Card** on the right hand pane.

---

**NOTE:** Once you enter a quantity for the item on the selected line, the Availability amount is reduced by that quantity. In other words, the Availability is the amount remaining after the quantity on the line is filled.

---

Now the salesperson must make a reservation of this sales line in the existing or future inventory:

2. Click **FUNCTIONS**→**RESERVE** to open the Reservation window:

The window shows the quantities of item 80100 available to reserve.

Generally, the program provides the possibility to reserve items either from:

- existing stock (represented as item ledger entries on the line), or
- open purchase orders (or other inbound orders, such as transfer orders or production orders)

In the Reservation window, each option is represented by the corresponding line, summarizing the total unreserved and reserved quantities of all item ledger entries and all open purchase orders lines respectively. The program offers the possibility to view the list of individual entries that make up the total quantity:

3. In the Reservation window, select the line representing purchase orders and click **LINE→AVAILABLE TO RESERVE**. (Alternatively press **CTRL + F5**).

The Available – Purchase Lines window displays. This window contains general information about the purchase line as well as the specific quantity details on unposted line quantity and already existing reservations made for the purchase line. The **Current Reserved Quantity** field specifies the quantity that is being currently reserved.

4. Close the Available – Purchase Lines window to return to the Reservation window.

The **Quantity to Reserve** field on the header contains the quantity copied from the **Quantity** field on the line for which the reservation is being made. In the case where a partial shipment has already occurred, the quantity to reserve corresponds to the **Outstanding Quantity** field.

Notice that the **Quantity to Reserve** field contains 50 units rather than the 250 that are specified on the sales line. This is because, for reservations, the program operates with the base unit of measure – which are boxes in this case – and not the sales unit of measure (packs), specified on the sales order. Recalculation is based on one box containing five packs.

To reserve the items, the program offers the following three options:

- Auto Reserve – To automatically reserve items in the Reservation window.
  - Reserve from Current Line – To reserve the items from the selected reservation line. This is a manual reservation option.
  - Cancel Reservation from Current Line – To cancel reservation of the items from the selected reservation line.
5. In the Reservation window, click **FUNCTION→AUTO RESERVE**.



The program updates the **Reserved** and **Available Quantity** fields to reflect the reservation. When the automatic reservation function is used, the program reserves items from item ledger entries before it reserves items from the purchase order lines.

---

***NOTE:** To keep greater control over their inventory, it is recommended that users select the items themselves by using the Reserve from Current Line option rather than let the program do it for them.*

---

When a reservation is made, the program creates a reservation entry.

6. On the sales order, select the line for item 80110 and click  
LINE→RESERVATION ENTRIES.

The window that appears shows that the quantity has been reserved from the specified location.

This completes handling the tasks associated with scenario 5.

### Document Status

The **Status** field on a document is used to indicate whether the document is still open or released.

When the document has the Open status, it implies that it is still undergoing changes and has not been released to the next stage of processing, for example, the warehouse handling. The salesperson can set up batch posting to only post released orders. This allows separating the order entry and posting tasks.

The Released status indicates that the salesperson has completed entering the order details, and the order is now ready for the next stage of processing. Information (price, currency, quantity, and so on) in the released order cannot be changed without reopening the order.

An order can be released in two ways:

- Automatically, when a single shipment has been posted for the order.
- Manually, by using the release function (or alternatively, **CTRL + F11**).

Typically, releasing manually is relevant for companies that have a separate warehousing environment.

---

***NOTE:** The order document status does not have any connection to the availability calculations for the item on the order. In other words, even though an order has not been released, it is included in the overall availability calculations.*

---

### Posting Orders

Posting an order implies forwarding the financial value of a transaction to dedicated accounts in the general ledger. Additionally, quantity and financial information about the transaction is forwarded to the so-called subsidiary ledgers, such as customer and item entry ledgers (with associated value entries) that among other things are used to calculate various sales and inventory statistics.

As any sales transaction that involves selling items to a customer carries certain quantity and value (price and cost) information, in Microsoft Navision the posting function is correspondingly divided into two parts: shipment (quantity change) and invoice (value change) posting. When posting an invoice, the two parts happen simultaneously, with no option of separating them in time. Posting of an order, however, can be done by registering the order shipment first, while the order invoicing can take place at a later point in time. This gives companies a great deal of operational flexibility as well as allowing them to benefit from the program's functionality that supports this process.

This functionality includes:

- The possibility to combine several shipments in one invoice.
- The opportunity to undo a quantity record for an already posted but not yet invoiced shipment.

The following section provides a description of the sales posting procedure in Microsoft Navision, including posting partial shipments and combining shipments.

### Shipping

The **Qty. to Ship** and the **Qty. to Invoice** fields on a sales order represent the quantities that the posting function refers to. The values in these fields are filled in automatically by the program at the time when the quantity is entered in the **Quantity** field for a sales line.

---

***NOTE:** In situations where a location specified for a sales line is set up to use the warehouse management functionality (such as, for example, inventory/warehouse pick and put-away documents), the **Qty. to Ship** and the **Qty. to Invoice** fields remains blank and posting is not possible. This relates to the premise that the actual shipping and invoicing tasks are carried out in the warehouse, and it is from there that the order posting takes place.*

*To proceed with posting from the sales order, the salesperson must enter the quantities in the respective fields on the line manually.*

---

If necessary, the salesperson can reduce the quantities in the **Qty. to Ship** and **Qty. to Invoice** fields prior to posting, thereby shipping and invoicing the order partially. For the program to make the posting of a partial shipment (invoicing), the **Shipping Advice** field on the order header must contain the option Partial.

An order can have as many shipments and invoices as are necessary to complete the order. Upon partial order posting, the **Quantity Shipped** and **Quantity Invoiced** fields specify the completed portion of the order.

Consider the following scenario:

### Scenario 6

As a result of handling tasks described in scenarios 3-5, the sales order for customer 10000 is now ready to be shipped. At the last minute, however, the representative for the customer calls Cronus to say that they only want half of the shipment of item 70000 to be delivered at this point.

The salesperson must now do a partial shipment of the line. The other order lines should just be shipped as arranged.

1. Browse to the sales order for customer 10000 created earlier.
2. In the **Qty. to Ship** field for the first line, change the quantity from 250 to 25 (entered by mistake, instead of 125). In the **Qty. to Ship** field for the third line, enter 250 (this is in order to allow posting from the order rather than through a warehouse). Click **OK** to accept the warning message that appears.

Post the sales order as shipped, not invoiced:

3. Click **POSTING**→**POST** and select **Ship**.

Upon posting, the program creates a posted shipment document containing all the shipping details of the sales order:

4. From the **Sales & Marketing** menu, click **HISTORY**→**POSTED SHIPMENTS** and browse to the document that the program just created.

Upon realizing the mistake of entering and posting the incorrect quantity for the first sales line, the salesperson can now use the program's function to undo the wrongly posted quantity.

To correct the wrongly posted quantity:

5. In the posted sales shipment, select the line for item 70000 and click **FUNCTIONS**→**UNDO SHIPMENT**. Click **Yes** to confirm the action.

The program now inserts a corrective line with the same negative quantity as the one being corrected in the posted shipment document and selects both lines as corrective by placing a check mark in the **Correction** field. (Use the Show Column function to make the **Correction** field visible.)

At the same time, the quantity in the **Quantity Shipped** field on the sales order in question is set to zero, while the **Qty. to Ship** field again contains the same value as the **Quantity** field. This implies that the posting process for this line can be repeated.

6. Browse to the sales order. In the **Qty. to Ship** field for the first line, change the quantity from 250 to 125.
7. Post the order as shipped.

The program updates the **Qty. to Ship** field for the partially shipped line to indicate the remaining quantity.

In essence, posting of a shipment thus recognizes the fact that a certain item quantity has left the company's inventory. The financial value of the corresponding transaction, however, is not registered in the program until the sales order is posted as invoiced. In program terms, this implies that no G/L and customer ledger entries have yet been created, and the cost and price amounts on the created item ledger entries equal zero. You can learn more about inventory costing mechanism in the Inventory Costing training manual.

### ***Invoicing and Combined Shipment***

Posting orders as invoiced generally follows the same basic principles as posting order shipments:

- An order can be invoiced completely or partially.
- Upon posted as invoiced, order information is transferred to a separate document – a posted invoice.

Additionally:

- G/L, customer, and VAT entries are created.
- When completely invoiced, that is, when there is no outstanding quantity to invoice on any of the order lines, the order is deleted automatically. (This is with the exception of when an order is invoiced through a combined shipment.)
- Several shipments can be combined into one invoice.

Invoicing several shipments from one invoice is illustrated in the following example.

Consider a situation where a bookkeeper (sales administrator) wants to invoice all the orders that have lately been shipped to customer 10000:

1. To create a new invoice, select the Sales & Marketing menu and click ORDER PROCESSING→INVOICES. Press F3.
2. Enter the customer details on the header.

To retrieve all the posted shipment lines for the customer in question:

3. In the sales invoice, click FUNCTION→GET SHIPMENT LINES:
4. Select all the lines and click **OK**.

The program copies the shipment lines to the invoice:

5. Post the invoice.

The program updates the **Quantity Invoiced** fields on the corresponding lines of the related sales orders.

When an order is completely invoiced by means of combined shipment function, the program does not delete it automatically. This has to be done manually or by using the Delete Invoiced Sales Order batch job. This batch job, as well as other sales related batch jobs, is described in the appendix to this chapter.

If the company's bookkeepers need to post a large number of sales documents, they may consider batch posting the documents rather than posting the documents one by one. The Batch Post option can be found by clicking **Posting** on the sales document. There is more information about batch posting in the online Help.

## Test Your Skills – Handling Sales

**Scenario:** Cronus' customer 20000 places an order for 1200 units of item 70003. The customer requests that the order be delivered with 300 units every week during the month of February (starting on 02/01/01). The delivery should be shipped by FEDEX to the customer's subsidiary in Manchester.

At the time of shipping the first delivery of item 70003, the customer also orders 25 units of item 1968-W and 50 units of item 80100. Due to a number of considerations, the salesperson decides to drop ship the order for item 1968-W (from vendor 30000) and ensure that the 50 units of item 80100 are reserved for this sales order.

The customer also informs the salesperson that he only wants half of the ordered quantity of item 70003 in this shipment.

### All Levels

Your task is to handle the above scenario in the program using the sales management functionality. Assume 01/28/01 is the work date, that the order for item 70003 is to be shipped from the Blue location, and that the order for item 80100 is to be shipped from the Green location.

## Quick Interaction: Lessons Learned

Take a moment to write down three Key Points you have learned from this chapter:

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3.

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## CHAPTER 3: SALES PRICES AND DISCOUNTS

This chapter contains the following sections:

- Overview
- Sales Prices
- Line and Invoice Discounts

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### Overview

Companies – both producers and distributors – that find themselves operating in price sensitive markets with diverse customer bases often need to have pricing strategies that enable them to differentiate, attract, and retain their customers. One of the typical strategies is based on the practice of having a number of individual price agreements with large customers and offering standard prices and/or discounts to other customers within a specific market segment or across the segments. Similarly, one agreement may cover more than one individual customer if an agreement is entered into with a chain headquarters while items are sold to individual chain-members customers.

These strategies, however, imply that companies' sales and marketing departments are to develop and maintain comprehensive and complex price and discount structures. Additionally, complexity of price and discount structures increase as a result of companies undertaking internally-driven initiatives, such as special campaigns aimed at getting rid of soon-to-be-obsolete items or as a means of introducing new items to the market.

On the background of an ever-increasing number and diversity of items in companies' catalogs with an ever-decreasing lifetime, maintaining such flexible price and discount structures can appear to be a tedious and resource-demanding task. In the absence of proper price management tools, price agreements and special sales prices are stored in private folders, spread sheets, binders, and so on. This often creates problems related to price consistency, where the customer is faced with price confusion or even being billed the wrong price. No doubt, this eventually leads to customer dissatisfaction and lost sales or at least unnecessary rework for the company.

Moreover, as Internet is becoming a preferred form of shopping alongside conventional channels, such as call center, mail, and fax, the same requirements of segment-tailored prices must be met in a consistent manner regardless of the channel used.

The Sales Line Pricing and the Sales Line Discounting granules offer comprehensive pricing functionality to companies that want to have flexible price structures allowing them to focus their efforts on increasing sales.

Specifically, the application provides a functionality that is characterized by the following key features:

- Target specific customer segments
- Consistent and transparent pricing
- Minimized maintenance costs

This chapter demonstrates the above-mentioned key features of the pricing functionality of Microsoft Navision. As the pricing functionality is based on the distinction between sales prices and discounts, the chapter is divided into two major sections:

- Sales Prices
- Discounts, including line and invoice discounts

To explain how the program supports companies in their tasks of managing sales prices and discounts, comprehensive scenarios and examples are used throughout the chapter. For an overview of typical procedures associated with setting up, using and maintaining sales prices and discounts, it is recommended that you read the respective topic in online Help.

### Sales Prices

With the possibility to specify price information for each individual item on the item card, companies are given a functionality that significantly facilitates the task of sales price management. The program automatically retrieves price information stored on an item card in order to copy it to the sales order line for the item in question. This price information is, however, of a universal nature – it is the same in all sales situations regardless of whether individual price agreements exist between the company and its customers or whether there are different pricing policies applied toward different customer profiles. These agreements and policies may be based on a number of conditions such as the item variant and quantity bought, currency paid, order date, and so on. To manage and maintain these alternative sales prices, the company's salespeople need an extended pricing functionality that goes beyond the standard item card.

In Microsoft Navision, the Sales Line Pricing granule offers such comprehensive pricing functionality. This section includes explanations of the following subjects:

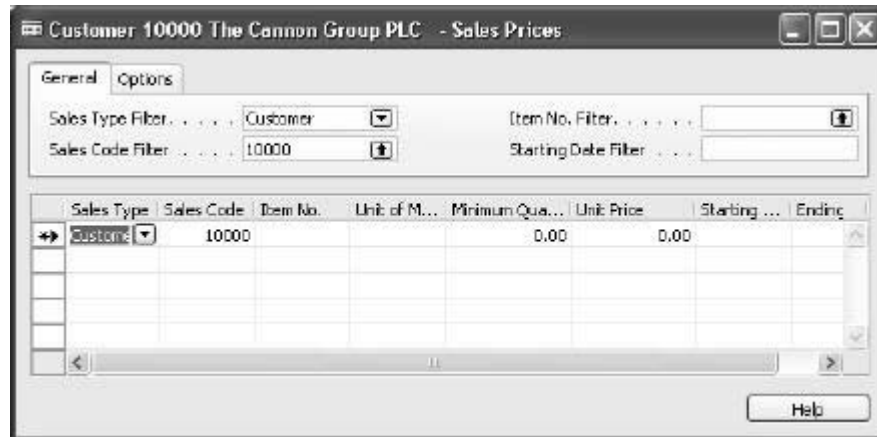
- Setting up alternative sales prices
- Using the pricing mechanism
- Maintaining sales prices

#### Setting up Alternative Sales Prices

To record alternative sales prices that the company has established with their customers/group of customers or uses to strategically segment their customer base, sales people must use the Sales Prices table.

The Sales Prices window can be accessed from both the customer card and the item card.

From the Sales & Marketing menu, click **Customers** and browse to customer card for customer 10000. Click SALES→PRICES to open the Sales Prices window:



In this window, a sales person can specify the conditions that must be met before a customer can be offered an individual unit price for a specific item. For example, the conditions can require that the customer belongs to a particular customer price group or a purchase is made within a certain period. A special sales price can also depend on a unit of measure, item variant, minimum quantity, and currency.

In addition, the sales price table provides the option for defining whether the specified alternative prices should be combined with line and invoice discounts when a sales price is offered. (Controlling the combination of sales prices and discounts is described in more detail in the section “Allowing/Disallowing Discounts” later in the chapter.)

Because this window was accessed through the customer card, the **Sales Type** defaults to Customer and the **Sales Code** defaults to the customer number on the customer card. These can be edited. The **Sales Type** options are:

- Customer
- Customer Price Group
- All Customers
- Campaign
- None

The Sales Code options depend on the selection in the **Sales Type** field.

The following scenario illustrates a situation where a company needs to set up individual prices based on both:

- A price agreement reached with one of its key customers concerning some selected items
- A pricing decision targeting a specific customer segment.

### Scenario 1

Cronus' sales to customer 40000 have been increasing lately. Until now, the customer has made purchases, which have been based on Cronus' normal price rates. Now they would like to purchase items at more favorable prices. Based on the agreement, a salesperson decides that the customer can save 50 LCY for any purchase of item 1976-W if the quantity is at least 10 units.

At the same time, as part of a long-term marketing strategy, a sales manager decides that the company's high performing wholesale customers should be granted, as a group, a favorable price of 800 LCY when buying item 1972-W during the month of February, 2001.

A salesperson must set up these decisions in the program.

As mentioned previously, the alternative sales prices are entered in the Sales Prices window.

1. Open the customer card for customer 40000. Click SALES→PRICES.

In the Sales Prices window, enter the conditions under which the customer can get a favorable price rate (Notice that the **Sales Type** and the **Sales Code** fields are already filled in with the relevant values; this is done by default as based on the respective filters in the window's header).

2. In the **Item No.** field, select 1976-W, in the **Minimum Quantity** field enter 10, and in the **Unit Price** field, enter *206.10* (or alternatively, *256.10-50*), which is the reduced unit price.

Assume that the price agreement with this customer should take effect from the current date, which is 01/25/01:

3. In the **Starting Date** field, enter *01/25/01*.

In this case, the salesperson may not need to enter an ending date as a condition in the price agreement with the customer. If an agreement is re-negotiated at a later date, a new sales price line is entered with a new starting date, which then takes over the previous agreement.

To implement the pricing decision in relation to the company's wholesalers, the sales manager must consider grouping the wholesalers together and applying the price reduction to the entire group. Such an approach would appear to be an efficient way of managing the sales prices as compared to recording individual prices for each customer.

### Setting up Customer Price Groups

After the company has decided on how its customers can be categorized in relation to price rates, the groups are to be set up in the program in the Customer Price Groups table:

1. From the Sales & Marketing menu, click ORDER PROCESSING→SETUP→CUSTOMER PRICE GROUPS.

In this table, the user can assign a code to each customer price group. When the price group code is entered in the Sales Prices window, the program copies the information from the customer price group table to the corresponding fields in the Sales Prices table.

Assume that the sales manager wants to create a group consisting of the company's key wholesalers, to whom a reduced price rates will be offered:

2. In the Customer Price Groups window, in the **Code** field, enter *Wholesale1*, and in the **Description** field, enter *Wholesalers, Key Performers*.

The **Allow Line Disc.** and **Allow Invoice Disc.** fields offer the user the possibility to combine the alternative price rate that they are setting up for the specific customer group with two other discount types that may be applicable to customers in this group in certain sales situations. The program copies the status of these two discount-related fields to the corresponding fields on the line with the customer price group code selected in the Sales Prices window. The user can, however, always change the allowed discount combinations.

3. In the Customer Price Groups window, make sure that the **Allow Line Disc.** and **Allow Invoice Disc.** fields contain check marks.

Now assume that customers in the Wholesale1 group are to buy, among others, item 1972-W for the price of 800 LCY:

4. In the Customer Price Groups window, click CUST. PRICE GROUP→SALES PRICES.
5. In the **Item No.** field, select item 1972-W, and in the **Unit Price** field, enter *800*. In the **Starting Date** and the **Ending Date** fields, enter *02/01/01* and *02/28/01* respectively.

As before and after this period the customers are offered a regular price of 850 LCY (which is still a special one compared to the one on the item card), this fact must be reflected in the program by creating a separate line in the Sales Prices window.

6. On the next line, select item 1972-W again. In the **Unit Price** field, type 850. For this line, leave the starting and ending dates blank.

---

***NOTE:** Entering this record relates to the general assumption that customers buying the Sales Line Pricing granule would be recording and maintaining all their price-related information in the Sales Prices window without additional use of the standard pricing functionality on the item card.*

*For customers moving from the standard pricing to the Sales Line Pricing granule, this may require transferring all the item price information from item cards to the sales prices table. This can be done by means of using the Suggest Item Price on Worksheet batch job, which is described in detail later in the chapter.*

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Assume that among Cronus' key wholesalers is customer 40000. Assign this customer to the price group you have just created:

7. Open the customer card for customer 40000. On the **Invoicing** tab, in the **Customer Price Group Code** field, select Wholesale1.

This completes the implementation of pricing decisions according to scenario 1 in the program.

### **Sales Prices Including/Excluding VAT**

The principles of including/excluding VAT into the unit price calculation when using the sales prices table instead of the standard item card to store pricing information are explained in the Financial Management course material and is not repeated here.

### **Using the Pricing Mechanism**

As established earlier, the purpose of setting up alternative prices in the program is to support the salespeople in their task of always offering the customers the best prices. The best price is defined as the lowest possible price with the highest possible line discount on the order date.

When a salesperson creates an order for a specific customer, the program checks whether:

- there are alternative sales prices set up for the customer in question and, if yes,
- that the sales header and line details meet the conditions for applying an alternative price

If all the conditions are met, the program copies the applicable price from the Sales Prices window to the **Unit Price (Excl./Incl. VAT)** field on the sales line. The mechanism of how the program selects the best price in situations where more than one alternative price is set up for a customer is described in detail in online Help in the topic “Best Price.”

If there are no alternative sales prices recorded in the program or the conditions for applying an alternative price are not satisfied, the program uses the regular unit price specified on the item card as a suggestion on the sales document.

Consider the following scenario:

### Scenario 2

A representative of Cronus' customer 40000 calls a salesperson to place an order for 8 units of item 1976-W and 5 units of item 1972-W. The order date is of 01/28/01. While on the phone, the customer inquires about the unit price of their purchase.

The salesperson must create a sales order and inform the customer about the price. In addition, the salesperson may also investigate whether there are other conditions that the customer may want to accept in order to get a better price.

Create a sales order for customer 40000.

1. Enter the header information, order date, and the two sales lines.

The **Sales Prices** field on the right hand pane shows the salesperson whether there are alternative prices for the item on the line that are applicable to the customer in question. If the field contains a number in parentheses, the salesperson may want to investigate the conditions on which more favorable prices can be offered to the customer.

2. Select the first sales line and click the **Sales Prices** field.

The Get Sales Price window contains the details of all the prices of item 1976-W that the customer 40000 is entitled to under different conditions.

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**NOTE:** The Get Sales Price window can also be accessed by selecting the line and clicking **FUNCTIONS**→**GET PRICE**.

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In this case, if the customer agreed to buy two more units of the item, they would reach a quantity break after which their purchase is based on a reduced unit price.



3. Select the second sales line and click the **Sales Prices** field. The details for all of the prices and conditions for item 1972-W display.

The salesperson could notify the customer that they would get a better price for their purchase if they were to postpone their order until February 1.

Assume that the customer accepted the new conditions in order to get better prices for both products:

4. Enter the sales order details as based on the agreement with the customer.
5. After changing the order date, select the second sales line and click the **Sales Prices** field.
6. Select the line in the Get Sales Price window that shows the discount for buying in February. Click **OK** to update the price on the line.

You can view the discounted price for each line in the **Unit Price** field.

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## Test Your Skills – Managing Alternative Sales Prices

### All Levels

**Scenario:** You have decided to restructure your prices for item 70200 and item 1928-S according to the following conditions:

1. Item 70200: If any of Cronus' customers buys this item in boxes (containing 100 pieces) instead of pieces, you offer 30 LCY off the regular price.

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**HINT:** Add a new unit of measure BOX, containing 100 pieces, to the item's units of measure list.

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2. Item 1928-S: When Cronus' overseas customer 31505050 buys this item and pays in local currency (EUR), you offer 1 LCY off the item's regular price.

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**NOTE:** The sales price for an item can be found on the **Invoicing** tab of the item card.

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## Test Your Skills – Creating Sales Prices for a Campaign

### All Levels

**Scenario:** If you are familiar with Microsoft Navision Relationship Management functionality, you may want to try the following exercise:

Cronus' sales manager has decided to clear out the stock of item 766BC-A within the period 02/01/01 to 02/28/01.

1. The sales price of item 766BC-A is 4000 LCY. The offer should go out to all business relations who are customers and whose job responsibility is purchasing.

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**HINT:** To find the Sales Prices window, go to the Sales & Marketing menu and click **MARKETING**→**CAMPAIGNS**. Click the **Campaign** button in the Campaign card window. Use the wizard to create the segment. Remember to check Campaign Target on the **Campaign** tab of the Segment window.

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2. Activate the campaign by clicking **FUNCTIONS**→**ACTIVATE SALES PRICES/LINE DISCOUNTS**.
3. To check that they get the right price, make a sales quote for one of the contacts.

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## Maintaining Sales Prices

Adjusting and changing item prices is a necessary task that sales managers and salespeople must carry out periodically as a result of changing market conditions, new agreements with customers, and new sales initiatives.

As established earlier, depending on the scope of their pricing policy, companies would typically store price information on item cards where the price structure is simple, while in the case of more complex structures, individual sales prices are specified and stored in the sales prices table. Using a combination of the two is also commonplace. In the program, salespeople have two basic tools that assist them in preparing and adjusting sales prices. Which one they use depends on the preferred pricing setup.

The Sales Price Worksheet is used to enter changes to the alternative sales prices that are recorded in the Sales Prices table and are applicable to an individual customer, a group of customers or all customers under specified conditions. The Adjust Item Costs/Prices batch job is used to update the cost- and price-related values in the corresponding fields on the **Invoicing** tab of the item card. The outcome of this batch job does not affect the alternative sales prices, but it does enter into force immediately upon completion of the batch job.

### Sales Price Worksheet

The main function of the sales price worksheet is to allow salespeople to work with sales prices in a similar way as they would do in an Excel spreadsheet or by other conventional means. Specifically, by providing an overview of the existing pricing structure (either based on the item prices or alternative sales prices) the worksheet is a convenient space where a salesperson can simulate, rearrange, and update the price information in a consistent and efficient way.

Sales prices entered in the worksheet are only the suggested prices, which do not take effect until they are implemented (by means of running the Implement Price Change batch job).

Generally, suggestions in the worksheet for changing the existing sales prices can be created in two ways either manually or automatically.

To fill in the worksheet automatically, the user must run one of the following batch jobs:

**Suggest Sales Price on Worksheet.** With this batch job, salespeople can suggest unit sales prices based on sales prices specified in the Sales Prices window. They can change sales prices that have already been set up or create new prices.

**Suggest Item Price on Worksheet.** With this batch job, salespeople can suggest unit sales prices based on the prices in the **Unit Price** field on the item cards. For example, to give a particular customer group a unit price that is lower than the regular price. The price in the **Unit Price** field on the item card is not changed by this batch job.

Both batch jobs end by displaying the newly calculated unit prices in the Sales Price Worksheet. Here the users can change unit prices that are not satisfactory or delete lines they don't want.

Consider the following scenario where sales prices that are valid for one customer group should also be applicable for another customer group under an additional condition:

### Scenario 3

At present, Cronus offers their key wholesale customers special (reduced prices) on item 1972-W. In the program, these customers are categorized into a price group and the reduced price is applied to the entire group. Now, a salesperson would like to grant other wholesalers the same price offer, however, on condition that the quantity of their purchase exceeds 15 units.

The salesperson's task is now to create new sales prices for the specified customers.

The efficient way of performing the task in scenario 3 is to copy the existing sales prices from one customer group to another and then make the necessary modifications. This procedure can be conveniently done by using the Sales Price Worksheet.

1. From the Sales & Marketing menu, click INVENTORY & PRICING→SALES PRICE WORKSHEET.
2. In the worksheet, click FUNCTIONS→SUGGEST SALES PRICE ON WKSH.

In the request form for the batch job, the user can define what is included in the batch job by setting filters. By filling in the **Sales Price** tab, the user determines how they want to filter the records of the existing sales prices when copying them to the worksheet. Entering filters on the **Options** tab determines the suggestion as to whom (a customer, customer group, all customers) and on what conditions the sales prices (as specified on the **Sales Price** tab) are to be applied to. Read the online Help for the purpose and definition of each specific field on the request form.



As pointed out earlier, the contents of the fields in the worksheet are temporary until they are deleted or transferred to the Sales Price table:

10. Click **FUNCTIONS**→**IMPLEMENT PRICE CHANGE**. Select **Yes** to the message that appears asking if you want to rename the record. Click on the request form to start the batch job.
11. Click **Yes** to delete the suggested price changes.

The batch job now creates alternative sales prices for the new customer group in the Sales Prices window and deletes the suggestion lines in the price worksheet.

Verify that the new sales prices have been created for the customer group Wholesale2:

12. From the Sales & Marketing menu, click **ORDER PROCESSING**→**SETUP**→**CUSTOMER PRICE GROUPS**. Select the Wholesale2 group and click **CUSTOMER PRICE GROUPS**→**SALES PRICES**.

This completes the handling of scenario 3.

The working of and the options provided for the Suggest Item Price on Worksheet batch job, which is also available from the sales prices worksheet, are identical to that just described for the Suggest Sales Price on Worksheet batch job. The only difference is that the suggested unit sales prices are retrieved from the **Unit Price** field on the item cards, rather than from the Sales Price window.

Remember that this batch job does not change the amounts in the **Unit Price** field on the item card. This is the function of another batch job called Adjust Item Costs/Prices.

### **Adjust Item Costs/Prices**

When the salespeople need to update the pricing information stored on item cards they can use the Adjust Item Costs/Prices batch job.

In contrast to the batch jobs that update alternative sales prices recorded in the Sales Prices window, there is no worksheet associated with the Adjust Item Costs/Prices batch job. This means that changes specified for the batch job are implemented directly on the item cards upon completion of the batch job. In addition, this also implies that the price information on the item card is simply replaced, and thus no historic records of the original information are kept. With this in mind, users must make sure that the information in the request form of the batch job is correct before running the job.

## Test Your Skills – Updating Sales Prices

**Scenario:** You have decided to make the modifications to your current prices as follows:

- Due to changed market conditions, you have to increase the prices you offer to all your customers for selected items (from 70100 to 70104) by 10%. The new prices should take effect on 02/01/01. You also consider rounding the new prices to the nearest whole LCY.
- As Cronus' overseas customer base expands, you want to extend the offer of reduced price for item 1928-S (if the purchase is paid in EUR) valid for customer 31505050 to all your foreign customers.

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*HINT: Consider grouping your overseas customers.*

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### All Skill Levels

Implement the above modifications in the program by using the appropriate batch jobs.



## Line and Invoice Discounts

Companies' pricing policies may include different kinds of discounts offered to the customers. It is common to distinguish three discount types:

- **Item-related discounts:** In Microsoft Navision, these discounts are referred to as line discounts and are managed with the Sales Line Discounting granule. As with alternative sales prices, line discounts can be granted to customers on the basis of some predefined conditions, such as minimum quantity of a purchase, unit of measure, currency paid etc. Similarly, discounts can be offered to individual customers, group of customers or all customers. In addition, discounts can be applied to both individual items and group of items.
- **Invoice discounts:** Invoice discounts are granted on the basis of the total invoice amount independent of the item(s) being sold. Line and invoice discounts can be combined.
- **Payment discounts:** Payment discounts are only granted to a customer if the customer pays the total invoice amount within a specified time period. Further information on payment discounts is provided in the Financial Management training manual and, is not discussed here.

Setting up and working of line and invoice discounts is described in the following sections. First, however, the setup defining the general rules of how discounts are posted and invoice discounts are calculated is briefly explained.

### General Discount Setup

Before using the line and invoice discount mechanism in the program, the company must make a decision as to how they want discounts to be posted and whether invoice discounts are to be calculated automatically by the program when the sales document is created or the user is to use the calculating function to calculate discounts.

These decisions are implemented in the Sales & Receivables Setup window. This window is found in the Sales & Marketing menu, by clicking **SETUP→SALES & RECEIVABLES SETUP**.

The **Discount Posting** field on the **General** tab offers four options for defining the way invoice and line discounts are to be posted to the general ledger:

- No Discounts
- Invoice Discounts
- Line Discounts
- All Discounts

In principle, by making a selection in this field, the user can specify whether and what the type of sales discounts are to be posted to the G/L separately. For a detailed definition of each option, read the online Help for the field.

If the option determining that a specific (line or invoice) discount or both discounts are to be posted separately is selected, the user must ensure that:

- First, a dedicated account(s) is (for example, Sales Invoice Discount account) created in the chart of accounts.
- Second, it is set up in the General Posting Setup window.

When posting sales documents, the program uses the general business posting group of the customer and the general product posting group of the item to retrieve the account set up in the General Posting Setup window.

If discounts are not set up to be posted separately, they become part of a sales amount posted to the Sales account.

### **Line Discounts**

#### ***Setting up Line Discounts***

To record price discounts that the company has agreed with their customers/group of customers or uses to strategically segment their customer base, sales people must use the Sales Line Discount table. It can be accessed from both the customer card and the item card.

Analogous to the sales prices table, the Sales Line Discount window enables a sales person to specify the conditions that must be met before a customer can be offered a discount price. For example, the conditions can require that the customer buys a certain quantity or a purchase is invoiced in a specified currency before a discount can be granted. Similar to alternative sales prices, line discounts can be applied to an individual customer, customer group and all customers. Unlike sales prices, however, discounts can be extended from a single item to a number of items grouped on the basis of some common characteristics.

The following scenario illustrates a situation where a company has set up price discounts for certain item categories based on a pricing decision that targets a specific customer segment.

### Scenario 4

With a view to managing the company's discount structure, Cronus' sales manager has categorized the customers in two major groups, Large Account and Retail customers. As typically the purchase volume differs from one customer group to another, the price discount to be offered to customers must also differ to reflect the difference.

At the same time, price discounts are offered depending on what item category the customer is purchasing: higher discounts for raw materials, and lower discounts for finished and retail items.

Take a look at how the sales manager has set up this discount structure in the program.

The discount groups for customers are set up in the Customer Disc. Groups window:

1. From the Sales & Marketing menu, click ORDER PROCESSING→SETUP→CUSTOMER DISC. GROUPS.

A code that identifies a customer discount group can then be assigned to a customer to indicate that this customer is entitled to receive a discount price specified for the group. This is done by selecting an appropriate code in the **Customer Disc. Group** field on the customer card:

2. Open the customer card for customer 30000. Click the **Invoicing** tab.  
Note that customer 30000 belongs to the discount group of large accounts.

Now, take a look at what sales conditions must be fulfilled before the group of large accounts can receive a discount:

3. On the customer card, click the **AssistButton** in the **Customer Disc. Group** field to open the customer discount groups list. Select the Large Account group and click CUST. DISC. GROUPS→SALES LINE DISCOUNT.

Note that customers belonging to the discount group in question can get three different discounts depending on the item group: FINISHED, RAW MAT, and RESALE.

Categorizing items into discount groups is based on the same principles as categorizing customers: first, the user must set up an item discount group by giving it a code, which is then assigned to the individual item for which the user wishes to apply a discount.

At Cronus, there have been five item discount groups set up:

4. From the Sales & Marketing menu, click ORDER PROCESSING→SETUP→ITEM DISCOUNT GROUPS. The Item Disc. Groups window displays, showing the item discount groups that have been set up.

As mentioned, to use the line discount functionality in the program, it is not mandatory to assign customers and items to respective discount groups, as discounts can be set up for a combination of individual customers and items.

Create a line discount for customer 30000 offering 20 % discount when buying at least 15 units of item 1972-W:

5. On the customer card for customer 30000, click SALES→LINE DISCOUNTS.
6. In the Sales Line Discounts window, create a line with a **Sales Type** of Customer and **Sales Code** of 30000. In the **Type** field, select Item and select 1972-W in the **Code** field.
7. Type 15 in the **Minimum Quantity** field. In the **Line Discount %** field, type 20.
8. Close the window.

### ***Using the Line Discount Mechanism***

The purpose of setting up a line discount in the program is to support the salespeople in their task of always offering the customers the best prices,.

After the line discounts and the associated terms have been set up, when a salesperson creates an order/invoice for a specific customer, the program checks whether:

- there are line discounts set up for the customer in question and, if yes,
- that the sales header and line details meet the conditions for applying a discount price.

If all these conditions are met, the program copies the applicable discount percentage from the Sales Line Discounts window to the **Line Discount %** field on the sales line and enters the calculated discount price in the **Line Amount Excl./Incl. VAT** field. In situations where more than one discount percentage is set up for a customer, the program selects the highest discount in order to comply with “the best price” rule (which is described in detail in the online Help topic “Best Price”).

If there are no discounts recorded in the program, or the conditions for applying a discount are not satisfied, the program will use the regular unit price specified on the item card as a suggestion on the sales document (unless there is a special sales price set up for the customer).

As highlighted earlier, in general terms, the best price is defined as the lowest possible price with the highest possible line discount on the order date. This mechanism is illustrated in the following scenario:

The **Sales Line Discounts** field in the right pane shows the number of discounts available in parentheses. Click this field to see the available line discounts.

**Scenario 5**

A representative of Cronus' customer 30000 calls a salesperson to place an order for 20 units of item 1972-W. The order date is of 01/25/01. While on the phone, the customer inquires about the total price of their purchase and also the granted discount (if any).

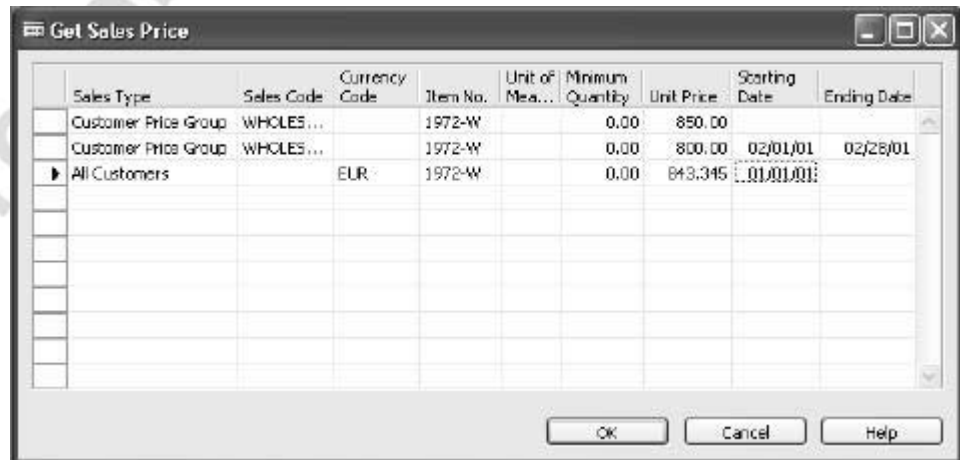
The salesperson must create a sales order and inform the customer about the price. In addition, the salesperson may also investigate whether there are other conditions that the customer may want to accept in order to get a better price. Before handling scenario 5, assign customer 30000 to a customer price group Wholesale1.

Create a sales order for customer 30000. Enter 20 units of Item 1972-W on the lines.

By looking at the values in relevant fields, the salesperson can inform the customer that the total price for the 20 pieces of the item is going to be 13,600 LCY (based on the unit price of 850 LCY and a discount of 20%). This is the best price that the customer can receive considering the terms of this sale.

At the same time, as indicated by the numbers in parentheses next to the **Sales Prices** and the **Sales Line Discounts** fields, the salesperson may want to check the terms that determine whether the customer is entitled to an even better price/discount.

1. Click **Sales Prices**.



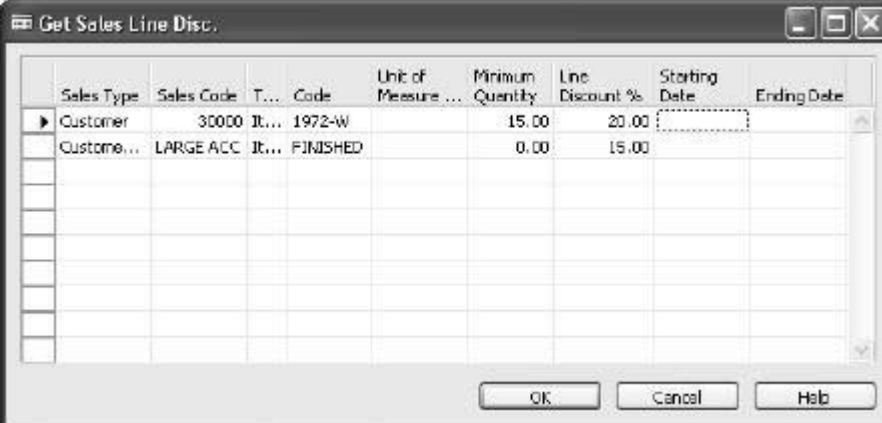
The Get Sales Price window suggests that if the purchase of item 1972-W was paid in euros rather than the local currency, the unit price would be more favorable (assuming the exchange rate of 1 euro = 0.63 LCY). Assume that the customer accepts this condition:

2. On the **Foreign Trade** tab of the sales order, in the **Currency Code** field, select EUR. Click **Yes** to the message that appears.

The program now copies the unit price from the sales prices table to the **Unit Price** field on the sales line and recalculates the corresponding line amount value.

Now, check the line discounts that exist for a combination of the customer and item in question:

3. Click **Sales Line Discounts**:



The screenshot shows a window titled "Get Sales Line Disc." with a table containing the following data:

Sales Type	Sales Code	T...	Code	Unit of Measure ...	Minimum Quantity	Line Discount %	Starting Date	Ending Date
Customer	30000	It...	1972-W		15.00	20.00		
Custom...	LARGE ACC	It...	FINISHED		0.00	15.00		

The records in this window specify that the customer – being a part of large accounts discount group – is entitled to 15% discount when buying items in the group Finished (to which item 1972-W belongs). At the same time, there is also a line discount of 20% offered individually to customer 30000 when buying at least 15 units of item 1972-W. Following the “best price” rule, the program selected the higher discount for price calculation on the sales line. Note that the same rule also determined that since the line discounts do not have any currency code set up as a condition, the program selected the highest line discount available in local currency.

Finally, note that both the alternative sales price and line discount have been combined when calculating the total sales price. This is due to the condition associated with the sales price setup (the presence of a check mark in the **Allow Line Discount field**), which allows this combination.

## Test Your Skills – The “Best Price” Rule

### All Levels

**Scenario:** Your customer 50000 is ordering 200 pieces of item 70200.

Offer the customer the best (cheapest) price for their purchase.

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### Invoice Discounts

Independent of the line discounts, salespeople may also want to offer the customers an invoice discount, which is based on the whole invoice amount. Invoice discounts are given if the invoice is greater than a minimum amount.

#### **Setting up Invoice Discounts**

In contrast to line discounts, which are calculated by the program automatically as soon as the sales line is created, automatic calculation of invoice discounts is an option that companies may choose not to use.

This option can be set up in the general Sales & Receivables Setup window.

The **Calc. Inv. Discount** and the **Calc. Inv. Disc. per VAT ID** fields define whether and how the program automatically calculates the invoice discount amount in connection with sales documents.

To define the rules for discounts and service charges for different customers, the salespeople must use the customer invoice discounts table. In this table, they set up the invoice discount code for which a set of terms – a minimum amount, discount percentages and service charges – can then be specified.

The program fills in the code for the invoice discount in the **Invoice Disc. Code** field on the **Invoicing** tab of the customer card automatically when a new customer is created. The program uses the customer number as a default value when creating the invoice discount code since, typically, invoice discounts are granted to the customers on an individual basis.

1. Open the customer card for customer 10000. Notice that the value in the **Invoice Disc. Code** field matches the customer number.

The user can also set up several discount groups to group the customers with the same invoice discount type by replacing the default code with a different code. This code must then be entered in the **Invoice Disc. Code** field for each customer who is to receive the same invoice discount.

2. Open the customer card for customer 49633663. Click the **Invoicing** tab.

Rather than the customer number, the invoice discount code is specified as A.



After the invoice discount code is specified, the terms under which a discount can be granted are specified in the Cust. Invoice Discounts window:

3. On the customer card for customer 49633663, click SALES→INVOICE DISCOUNTS.

Note that the conditions for customers in group A to receive an invoice discount of 5% are based on one minimum invoice amount in local currency and another minimum invoice amount in a specified foreign currency.

The Cust. Invoice Discounts window also allows the user to specify a service charge amount that the customer must pay on a purchase whose total amount is below a specified minimum amount.

### ***Utilizing the Invoice Discount Mechanism***

After the invoice discount code and the associated terms have been set up, the program enables the user to calculate the invoice discount when invoicing a specific customer.

As mentioned previously, depending on the specifications on the Sales & Receivables setup, this calculation can be initiated manually by the user or performed automatically by the program.

To initiate the calculation of the invoice discount, the user must use the function called Calculate Invoice Discount, which is situated on the sales order/invoice. The calculated amount of the invoice discount can be verified in the Sales Order Statistics window.

### **Allowing/Disallowing Discounts**

As demonstrated earlier, the program enables the user to combine alternative (often reduced) sales prices with line and invoice discounts. The option of allowing line discounts is available on the customer card, a line in the Customer Price Groups window, and a price line in the Sales Prices window.

The status of the **Allow Line Disc.** field on a price line in the Sales Prices window has priority over the setting of the same field in the Customer Price Groups window and on the customer card. For example, the line discount will be granted to the customer – even if it is disallowed for the customer in question – if the sales price that they are entitled to justifies the line discount.

According to this rule, if the user wants to stop offering line discounts to a specific customer, they have the following alternatives:

Where alternative sales price records exist:

- Remove the check mark in the **Allow Line Disc.** field in the Sales Prices window for the lines that entitle the customer to a special price.

OR

- Assign the customer to a customer price group for which a line discount is disallowed in relation to all sales prices.

Where no alternative sales prices records exist:

- Remove the check mark in the **Allow Line Disc.** field on the customer card for a specific customer.

Similar principles are applied when controlling invoice discounts, with the difference that 1) the option of (dis)allowing invoice discounts is associated with the item (and thus found on the item card), and 2) the option can be (de)activated on the sales line (or sales price line if such one exists).

## Test Your Skills – Creating Sales Line Discounts for a Campaign

**Scenario:** If you are familiar with the Microsoft Navision Relationship Management functionality, you may want to try the following exercise:

### All Levels

Cronus' sales manager wants item 1988-S introduced to a larger range of customers, and has decided to make an offer of an introductory discount to a range of the prospective new customers. This should be valid if they purchase the items between 01/28/01 – 02/28/01.

1. The line discount on item 1988-S will be 20% if the customer purchases at least 5 units. The offer should go to prospective customers with the job responsibility of Purchase.

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**HINT:** To find the Sales Line Discount window, click the **Campaign** button in the Campaign window. Use the wizard to create the segment. Remember to check Campaign Target on the **Campaign** tab of the Segment window.

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2. Activate the campaign by clicking FUNCTIONS→ACTIVATE SALES PRICES/LINE DISCOUNTS.
3. In order to check that they get the right discount percentage, make a sales quote for one of the contacts.

## Quick Interaction: Lessons Learned

Take a moment to write down three Key Points you have learned from this chapter:

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2.

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3.

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## CHAPTER 4: CUSTOMER SERVICE FEATURES

This chapter contains the following sections:

- Overview
- Item Substitution
- Item Cross Reference
- Nonstock Items

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## Overview

In Microsoft® Business Solutions–Navision®, the following three granules make up the customer service features:

- Item Substitution
- Item Cross Reference
- Nonstock Items

### Item Substitution

With the Item Substitution granule, companies can link items with the same or similar characteristics. This allows companies to offer substitute items to customers in situations:

- of stock shortages, thus avoiding a loss of sales  
or
- where lower-priced alternatives are requested, thus providing an extra service to the customer

When the number of an item, with substitute(s), is entered on a sales line, the program notifies the user that a substitute(s) exists. If a substitute is chosen, the sales line fields are automatically updated with the substitute-related information.

### Item Cross Reference

With the Item Cross Reference granule, companies can identify the items that a customer is ordering on the basis of item numbers other than their own. When an external item number (used by, for example, the customer or vendor) is entered, the program retrieves a company's own internal item number and fills in the relevant fields on a document line with the corresponding information. Customer specific cross-reference descriptions are then printed on all external sales documents (order confirmation, delivery note, and invoice).

### Nonstock Item

With the Nonstock Item granule, companies can handle the sale of items that are not maintained as part of their inventory.

The nonstock item functionality allows the user to enter an item on sales lines by selecting it from an existing list of nonstock items (the list can be created manually or imported into the program by using a dataport for a vendor catalog). When a nonstock item is entered on a sales line for the first time, the program automatically creates an inventory item with a unique item number and processes it just like any regular item on the company's inventory list.

The sale of a nonstock item is usually handled in one of two ways:

- **Drop Shipment:** The items are shipped from the vendor directly to the customer. In this way, items are bought and sold but are not handled, stocked, or delivered by the company.
- **Special Order:** The company purchases a nonstock item from the vendor especially for a customer. The special order is then received at the company's warehouse and shipped to the customer, either by itself or in combination with other items on the sales order.

This chapter describes the functionality of each of these three granules.

### Item Substitution

Companies frequently offer products of similar quality and function as substitutes for one another. The purpose of this is twofold:

- First, a company can offer a variety of styles, brands, and prices of goods. This allows their customers to select the goods that best suits their individual needs and budgets.
- Second, by allowing customers to purchase inventory items of comparable quality, function, and price, companies can maintain customer satisfaction in the face of a stock shortage.

The Item Substitution feature allows a company to link items that have the same or similar properties to one another. The substitution can be either one-way (from item x to item y, but not from y to x), or two-way. If the substitution is two-way, the items are considered to be interchangeable. If one item is interchangeable with another, the program automatically creates a "reverse substitution" entry for the other item during the setup of the substitution information.

Once substitution information is set up, every time the number of the item with a substitute(s) is entered on the sales line, the number of substitutions that have been set up displays in the **Substitution** field on the right hand pane of the sales order. In addition, when the quantity of items requested on the sales line exceeds the quantity available from inventory, the program displays a check mark in the **Substitutes Exist** field in the stockout message box.

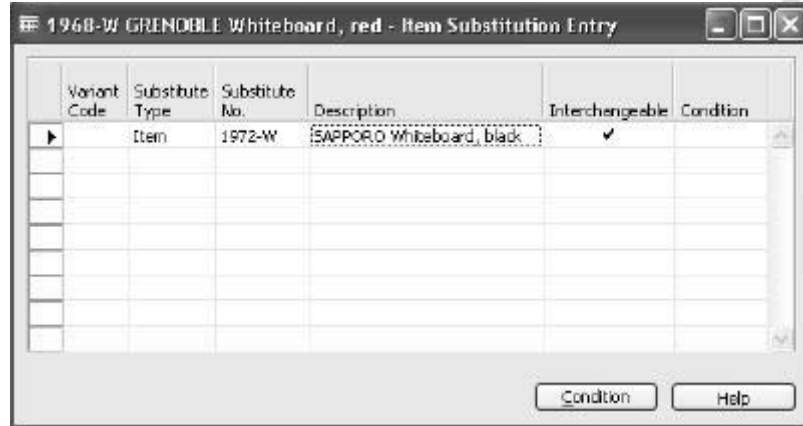
If a substitute is chosen, the program updates the relevant fields on the sales line.

#### Setting up Item Substitution

To use the item substitution functionality, a company must create and set up corresponding item substitution entries.

At Cronus, a number of item substitution entries have already been set up. Take a look at the entry made for item 1968-W:

1. From the Sales & Marketing menu, click INVENTORY & PRICING→ITEMS. Browse to the item card for item 1968-W.
2. In the Item Card window, click ITEM→SUBSTITUTIONS.



The fields in the Item Substitution Entry window specify information about the substitute item(s). The item number for the substitute item is entered in the **Substitute No.** field.

An item can be substituted by either another item on the company's inventory list or by a nonstock item. The type of the item that is used as a substitute is selected in the **Substitute Type** field. Interchangeability of these items is defined by the check mark in the **Interchangeable** field.

To enter comments about the conditions required to make substitutions for an item, the user must click **Condition** to open the Condition window. If a condition has been entered, the program automatically inserts a check mark in the **Condition** field of the Item Substitution Entry window.

Once a substitution entry is created for an item, the program indicates this by inserting a check mark in the **Substitution Available** field on the sales line for this item.

## Creating a Sales Order with Substitutions

Consider the following scenario:

### Scenario 1

Cronus customer 10000 orders three units of item 1968-W.



A salesperson creates an order for the customer and finds out that the quantity of the requested item is not available. However, item 1968-W can be substituted by another item. With the customer's agreement, the salesperson decides to ship a substitute item.

Create a sales order of item 1968-W for customer 10000 (do not enter the quantity at this point).

**NOTE:** The **Substitution Available** field on the sales lines is still available. By default, this field is not visible as the information is now available on the right hand pane. To make the **Substitution Available** field visible on these lines, right-click on the field names pane above the lines, select **Show Column**, and insert a check mark next to **Substitution Available**.

The screenshot shows a 'Sales Order' form for 'The Cannon Group PLC'. The form is divided into several sections:

- General:** Contains fields for Order No. (1023), Posting Date (01/25/01), Order Date (01/25/01), Document Date (01/25/01), Requested Delivery Date, Promised Delivery Date, External Document No., Salesperson Code (PS), Campaign No., Responsibility Center (BIRMINGHAM), Status (Open), and No. of Archived Versions (0).
- Customer Information:** Includes 'Sell-to Customer' (The Cannon Group PLC), 'Ship-to Addresses' (2), 'Contacts' (5), 'Sales History', 'Bill-to Customer', and 'Avail. Credit' (0).
- Item Information:** Includes 'Item Card', 'Availability' (0), 'Substitutions' (1), 'Sales Prices' (0), and 'Sales Line Di...' (0).
- Table:** A table with columns: T... No., Description, Location, Quantity, Reserve..., Unit of M..., Unit Pric..., L. The first row shows: 1968-W, GRENOBLE Whiteboard, red, BLUE, (empty), (empty), PCS, 974.80.

Notice that the **Substitutions** field has a number one in parentheses, indicating that one item has been set up as a substitute for the item on the line.

1. In the **Quantity** field, enter 3 and press **Enter**. A stockout message appears.

In the message box, the **Substitutes Exist** field contains a check mark.

2. Click **Yes**.

To see the substitute item for the item on the sales line:

3. Click **Substitutions** on the right hand pane.

The Item Substitution window specifies the relevant logistical information about the substitute item(s). The header information is copied from the related sales line. The **Inventory** and the **Quantity Avail. on Shpt. Date** fields specify the respective quantities of the substitute item.

4. Select the line for item 1972-W and click **OK**.

On the sales line, the program replaces the originally entered item 1968-W with 1972-W.

5. Post the sales order shipment.

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## Test Your Skills – Handle Items with Substitutes

**Scenario:** Cronus customer 40000 places an order for seven units of item 1980-S.

This customer's shipments are usually made from the Yellow warehouse.

### All Levels

Your tasks are as follows:

1. Create a sales order for the customer.
2. Find out whether the requested item 1980-S can be substituted by another item.
3. Ship the requested quantity of a substitute item.

---

**NOTE:** Because the Yellow location requires picking, the program requires you to process the shipping through the warehouse. You can skip this process by entering the corresponding amounts in the **Qty. To Ship** field on the sales lines and then by accepting the warning messages given by the program.

---

## Item Cross Reference

With item cross reference, a company can use another company's item number (used, for example, by the customer or vendor) and the program refers this number to the company's own internal item number. When the external item number in the **Cross Reference No.** field is entered, the program automatically fills in the internal item number and corresponding information on the sales order.

Item cross reference allows the following types of item numbers to be set up for cross reference:

- Blank
- Customer
- Vendor
- Bar Code

The following section explains how to set up item cross references and illustrates how items with cross references are handled in the program.

### Setting Up Item Cross Reference

To use item cross reference, a company must make corresponding item cross reference entries.

Consider the following scenario:

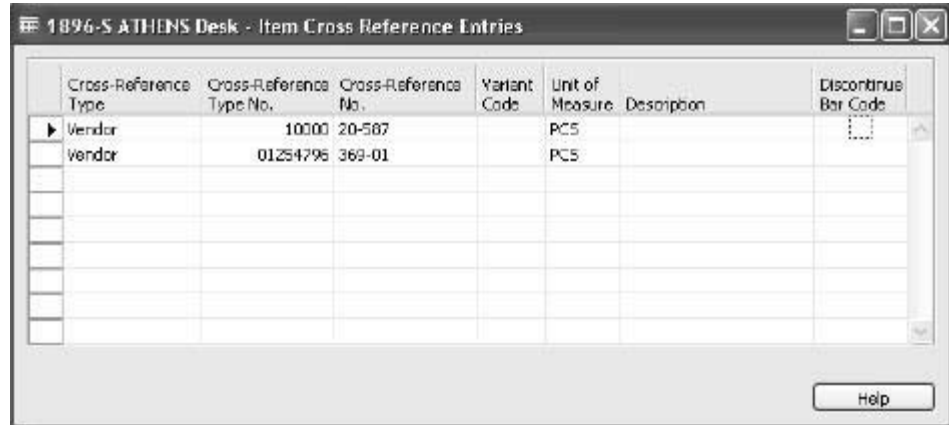
#### Scenario 2

The Cronus employee responsible for managing customer relationships must set up cross references for a number of selected items.

Item 1896-S is among those items. The condition is that when sold to customer 40000, the customer's item reference (instead of the item number used at Cronus) is used on the sales documents.

1. From the Sales & Marketing menu, click INVENTORY & PRICING→ITEMS. Browse to the item card for item 1896-S.

2. Click ITEM→CROSS REFERENCES.



In the Item Cross Reference Entries window, the user can specify cross-reference details for the item. Options in the **Cross-Reference Type** field define for whom (customer or vendor) or for what (bar code) the cross reference is used. It is possible that one item has different reference number for the customer, vendor, and bar code. Option Blank means that any cross-reference number (for example, an internal reference used for informational purposes) can be entered and used to identify the item.

Depending on the selection made in the **Cross-Reference Type** field, the user can enter either a customer or vendor number or a bar code name in the **Cross Reference Type Number** field. A cross-reference number of up to 20 characters can be entered in the **Cross-Reference No.** field. The **Description** field allows entries of up to 30 characters.

The user can use the **Discontinue Barcode** field for informational purposes when the **Cross-Reference Type** field is set to Bar Code and that particular barcode is no longer valid.

3. In the **Cross-Reference Type** field, select Customer, and in the **Cross Reference Type No.** field, select 40000.
4. In the **Cross-Reference No.** field, enter ED6DR3660, in the **Unit of Measure** field, select PCS, and in the **Description** field, enter Executive Desk, 6 Dr; 36x60.
5. Close the Item Cross Reference Entries window.

You have now created an item cross reference entry for item 1896-S.

## Creating a Sales Order with a Cross Reference

Consider the following scenario:

### Scenario 3

Cronus customer 40000 places a sales order for ten units of item 1896-S. The customer gives the salesperson his own item number - ED6DR3660.

The salesperson must create a sales order that reflects the item number used by the customer.

Create the sales order for customer 40000 (do not enter the item number at this point).

---

**NOTE:** By default, the **Cross-Reference No.** field on the sales lines is not visible. To make it visible, right-click on the field names pane above the lines, select **Show Column**, and insert a check mark next to the **Cross-Reference No.**

---

1. In the **Cross-Reference No.** field, click the **AssistButton** to open the Cross Reference List window.
2. Select the cross-reference number ED6DR3660 and click **OK**.  
Notice that the cross-reference number and description now appear on the sales line.
3. Click **Print**, then **Preview**, to see a preview of the order. The document shows item No. 1896-S and the description of the cross-reference number.
4. Complete and post the sales order.

The principles behind the procedures for setting up and using cross references when purchasing items from vendors are the same as described above.

## Test Your Skills – Handle Items with Cross Reference

**Scenario:** Cronus customer 10000 places a sales order for eight units of item 1900-S. The customer gives the salesperson his own item number – 22-786.

### All Levels

Your tasks are as follows:

1. Set up an item number used by customer 10000 as a reference for item 1900-S (the item description is “Chair, lounge, black”).
2. Create a sales order that reflects the item number used by the customer. Post the order.

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## Nonstock Items

Nonstock processing allows companies to order, ship, and invoice items that are not normally part of their inventory.

Nonstock processing includes many areas of operation, but the primary users of this functionality are purchasing/inventory management personnel and sales representatives.

Nonstock item processing allows the user to enter an item on a quote, sales order, and/or invoice. The item can be selected from an existing list of item numbers received from one or more vendors and imported into the program. Once the relevant vendor item has been selected, the program automatically creates an inventory item with a unique item number. The inventory item is then processed just like a normal “stocked” inventory item.

Reports are provided to help companies to decide whether or not certain nonstock items should be carried as stocked items.

The following section explains how to set up nonstock items and illustrates how the sale of nonstock items can be handled in the program.

### Setting Up Nonstock Items

The program allows the user to set up the numbering sequence and format for nonstock items. To prepare the program to process nonstock items, click SETUP→NONSTOCK ITEM SETUP from the Sales & Marketing menu. The Nonstock Item Setup window appears.

The two fields in this window specify the format of the nonstock item number that appears on the item card. The number is generated by the program when the user enters a nonstock item on a document line for the first time.

The **No. Format** field contains four options for how the program formats the nonstock items. (Press **F1** to read the definitions of each option.)

The program can format item numbers of nonstock items using the entry number, vendor item number, and/or the manufacturer code. For the next scenario, the Vendor Item No. should be selected.

The **No. Format Separator** field contains the character that serves as a separator between the elements of a nonstock item number format when a format using both a code, and a number is chosen in the **No. Format** field.



### Creating Nonstock Items

To use nonstock processing, a company must first create items that the program recognizes as nonstock goods. The program provides two methods for creating nonstock items:

- Manually: Creating the nonstock item from the nonstock item card.
- Importing a vendor catalog: Bringing in a volume of nonstock items using a dataport.

In the following, each of these methods is described.

#### ***Creating a Nonstock Item Manually***

To create a nonstock item manually, the user must enter the item-related information in the appropriate fields on the nonstock item card. This is similar to creating a regular item card.

Cronus has set up a number of nonstock items. Take a look at the setup details for one of them.

1. From the Sales & Marketing menu, click **INVENTORY & PRICING**→**NONSTOCK ITEMS**. The Nonstock Item Card window appears.

Item information of a general nature can be entered on the **General** tab. To read the definitions of each field, click the field and press F1.

The fields on the **Invoicing** tab specify cost and posting details about the nonstock item.

To be able to handle the nonstock items in the program, the user must at least fill in the **Vendor No.**, the **Vendor Item No.** and the **Item Category Code** fields. The item category code is critical, since this determines the posting groups and costing methods that are used when the nonstock item is used in a transaction.

The first time a sales order for a nonstock item is created and posted, the program automatically adds the item record to the company's inventory list by creating an item card. To create an item card for a nonstock item before using it in a transaction, the user must run the Create Item function accessible from the nonstock item card.

Create an item card for nonstock item with entry No. NS0001:

2. In the Nonstock Item Card window, click **FUNCTION**→**CREATE ITEM**.

The program creates the corresponding item card, adds a record in the item vendor catalog, and provides confirmation.

Notice that the program assigns the newly created item the number with the format (Vendor Item No.) specified in the Nonstock Item Setup window.

Open the new item card:

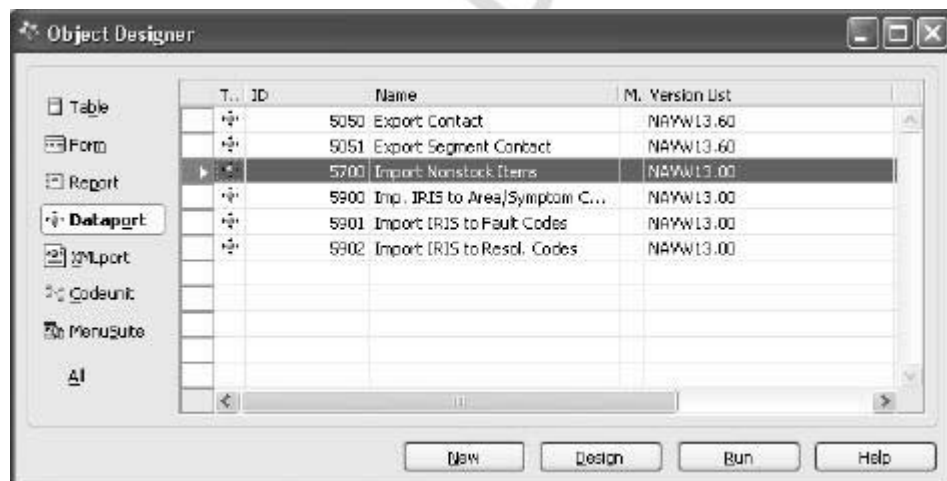
3. From the Sales & Marketing menu, click INVENTORY & PRICING→ITEMS. Browse to the item card for item 2100.

Notice that the **Created from Nonstock Item** field contains a check mark, which indicates that this was a nonstock item that was converted to a stocked item.

### **Importing Vendor Catalogs as Nonstock Items**

Vendors often make their catalogs available via an electronic file. The program provides a dataport (object number 5700, import nonstock items) designed to import the following comma-delimited format. To open the dataport:

1. On the menu bar, click TOOLS→OBJECT DESIGNER. Click **Dataport**.



2. Select the object number 5700 and click **Run**. The Import Nonstock Items window appears.

On the **Nonstock Item** tab of this window, the user can set up filters for the information they want to receive from the catalogs. The path to the file containing the vendor's catalog must be entered in the **File Name** field on the **Options** tab.

---

**NOTE:** Typically, the file with the vendor catalog does not contain company specific information, such as item category code. For the program to handle the nonstock items, however, a nonstock item card must contain an item category code. The easiest way to enter this information is by using the Find and Replace function under the **Edit menu** button.

---

Companies can create additional dataports tailored to address formats that are unique to a specific vendor.

---

**NOTE:** When using a dataport, the user needs to make sure that the manufacturer code, vendor number, unit of measure code, item category code, and product group code specified in the dataport have already been set up in the program. This can be checked by opening a nonstock item card and making sure that the records in the tables related to the corresponding fields already exist.

For example, if in a dataport, the manufacturer code is specified as ACME, then there must be a code ACME set up in the manufacturer code list.

---

### Handling Nonstock Items

Nonstock items are normally sold to customers as drop shipments or special orders. Drop shipments are sent directly from the vendor to the customer, while special orders are sent to the company's warehouse before they are sent on to the customer.

By choosing drop shipment, companies buy and sell the item but avoid handling, stocking, and/or delivering the item. When companies want to make a shipment to a customer that contains both regular and nonstock items, or want to maintain a uniform interface with customers, they might choose to handle the sales order as a special order.

In this section, handling the sale of nonstock items is illustrated using the example of drop shipment. The principles behind the procedures for handling sales orders selected as special orders are similar to the ones for handling drop shipments.

Consider the following scenario:

#### Scenario 4

Cronus' customer 10000 places an order for ten units of item 3100.

Because item 3100 is a nonstock item, a salesperson decides to deliver the order by using drop shipment. The item must, therefore, be purchased from a vendor (vendor 30000) who ships the order directly to the Cronus customer.

First, create a sales order for a nonstock item.

---

**NOTE:** Creating sales orders for nonstock items requires entries in the **Purchasing Code** field. In addition, the **Nonstock** field is an information field indicating when an item is a nonstock. These fields are, however, not shown in the standard layout. To insert these fields, use the **Show Column** function.

---

1. Fill in the fields on the sales header.

To enter the nonstock item number, the salesperson can choose either:

- to select the item from the nonstock items list, or
  - to select the item from the regular item list (provided that the nonstock item has been added to the inventory list).
2. Click **FUNCTIONS**→**NONSTOCK ITEMS**.
  3. Select item 3100 and click **OK**.
  4. In the **Purchasing Code** field, select **DROP SHIP** and in the **Quantity** field, enter 10.
  5. Release the order by selecting **FUNCTIONS**→**RELEASE** or by pressing **CTRL + F11**.

The purchaser must now create a purchase order for the nonstock items that Cronus sells to customer 10000.

Purchase orders for drop shipments can be created in two ways:

- Indirectly: as a part of regular planning activity by using the requisition worksheet.
- Directly: from the purchase order.

To learn about the procedures related to each of the above methods, read the topics called “Create Purchase Orders for Drop Shipments Indirectly” and “Create Purchase Orders for Drop Shipments Directly” in online Help.

Now suppose that the purchaser creates a purchase order for drop shipments directly.

Create a new purchase order for vendor 30000:

6. Fill in the fields on the purchase header. Include a Vendor Invoice Number.
7. Click the **Shipping** tab. In the **Sell-to Customer No.** field, select 10000.
8. Click **ORDER**→**DROP SHIPMENT**→**GET SALES ORDER**. The Order – Sales List window appears.

The lines in this window specify the sales orders created for the customer selected in the **Sell-to Customer No.** field.

9. Select the line with the sales order created in scenario 6 and click **OK**.

The program fills in the fields on the purchase line with the information copied from the selected sales order.

The program has also created a link between the sales order, which will be drop shipped, and the associated purchase order. With this link, the program allows the user to view the associated sales order directly from the purchase order and vice versa:

10. In the Purchase Order window, click ORDER→DROP SHIPMENT→SALES ORDER.

The associated sales order appears. To view the purchase order from the sales order, the user must use the Drop Shipment, Purchase Order function.

11. Release the purchase order.

To complete the drop shipment, process the related purchase and sales orders according to the rules defined for drop shipment:

12. Post (ship and invoice) the sales order.

The program automatically runs the Receive function on the linked purchase order and updates the **Quantity Received** field.

13. Post (invoice) the purchase order.

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***NOTE:** You cannot post the sales order with lines selected for drop shipment until it has been linked to a purchase order.*

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***NOTE:** The program has been set up to require you to enter a Vendor Invoice No. before invoicing the purchase order. Enter some characters of your choice in this field.*

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## Test Your Skills – Handling the Sale of a Nonstock Item by Means of Special Order

**Scenario:** Cronus' customer 10000 places an order for three units of item 4100. Item 4100 is a nonstock item, which must be purchased from vendor 40000.

### All Levels

Your tasks are as follows:

1. Create a sales order for customer 10000, and select it as a special order.
2. Create the purchase order for this nonstock item.
3. Receive and invoice the purchase order.
4. Ship and invoice the sales order.

## Quick Interaction: Lessons Learned

Take a moment to write down three Key Points you have learned from this chapter:

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## CHAPTER 5: PURCHASE ORDER MANAGEMENT

This chapter contains the following sections:

- Overview
- Setting Up Purchases
- Managing Purchase Transactions
- Purchase Prices and Discounts

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### Overview

Timely purchases made at the best price not only improve the efficiency of the company's inventory management and reduce requisition costs but also have a direct impact on the company's ability to keep their own customers satisfied.

It is with this attitude in mind that companies need to ensure each purchase transaction is based on the most favorable terms, such as delivery time and price and that the associated inventory and financial information is registered correctly. Moreover, as many aspects of a future purchase agreement with a vendor are negotiated and agreed upon in the pre-purchase stage, it is helpful for purchasers to be able to record the relevant agreement details once and then simply reuse this information when making an actual purchase.

There are several granules in Microsoft® Business Solutions–Navision® that support purchase transaction handling, offering a basic solution to companies that strive to achieve high operational efficiency. These granules are:

- **Purchase Order Management:** This granule includes documents, such as quotes, blanket orders, and purchase orders that support purchasers in efficiently managing purchases. The granule provides the facility for partial order receipt, separation between receiving and invoicing, and combined invoicing.
- **Alternative Order Addresses:** This granule facilitates handling purchase orders towards vendors with several alternative shipping addresses.
- **Alternative Vendors:** This granule supports purchase situations where the same item is supplied by several different vendors.
- **Salespeople/Purchasers:** This granule allows collection of purchase statistics at an individual purchaser level.
- **Purchase Line Pricing:** This granule helps maintain and manage alternative purchase prices negotiated and agreed upon with individual vendors.
- **Purchase Line Discounting:** This granule helps maintain and manage purchase discounts that are percentage-based, negotiated, and agreed upon with individual vendors.

This chapter demonstrates the key features of the purchase management functionality in Microsoft Navision. The two main sections of this chapter focus on the most common aspects of purchase transaction handling and cover the following topics:

- quote and purchase order
- order posting
- managing purchase prices and discounts

The chapter starts with a section describing the setup of the above-mentioned granules, except for the Purchase Line Pricing and Purchase Line Discounting granules, which are addressed in a separate section.

A list of purchase batch jobs, reports, and purchase documents is included in Appendix A.

To explain how the program supports companies in managing the tasks involved in purchase handling processes, scenarios and examples are used throughout the chapter. For an overview of typical procedures associated with handling specific purchase management tasks, it is recommended that you read the relevant topic in the online Help. To learn more about payables functionality in Microsoft Navision, it is recommended that you refer to the Financials training materials.

### Setting Up Purchases

This chapter elaborates on different setup options that define the functionality of purchase order management. This is done with the most common tasks found in purchase management in mind and with focus on the physical flow of purchase transactions rather than on the financial flow. The latter is addressed in greater detail in the Financials training materials.

The purchase setup consists of the following elements:

- **Purchases & Payables setup:** Based on their established practices, companies must specify how they want the program to support them in managing different aspects of their purchase transactions. These are the general setup options that the program applies to all purchase transactions irrespective of which item and vendor are involved.
- **Vendor setup:** Managing vendor information is an important part of managing the total purchases and finances of a company. Basic information (such as name, address, and so on) and details (such as credit limit, invoicing, discount and payment terms, currencies, list of regularly supplied items, and so on) are recorded for each individual vendor on a vendor card.

The setup of vendor posting groups defines a connection between a specific vendor and the accounts in the general ledger. This is done by assigning a vendor to a posting group for which balance sheet and income statement accounts are then set up.

## Setting Up Purchases & Payables

Consider Cronus' operational practices within the area of purchases that must be supported by the respective setup options:

### Scenario 1

At Cronus, management wants to have a registration of all the receipts that enter their inventory. In the same way, they want the program to automatically create a shipment note when they have to return items to the vendor. They also want to ensure that no purchase document can be posted unless a number of a corresponding external document is entered on the document.

These business requirements have led to the following Purchases & Payables setup for Cronus.

1. On the Purchase menu, click **SETUP**→**PURCHASES & PAYABLES SETUP**.

Setup of the fields on the **General** tab specifies the program's facilities for purchase order management.

Check marks in the **Receipt on Invoice** and **Return Shipment on Credit Memo** fields indicate that the company wants the program to automatically create posted receipt and posted return shipment documents at the time of posting purchase invoices and purchase credit memos respectively. If these fields are not check marked, the program only creates posted invoices/credit memos. (This setup option is only relevant in situations where, in addition to the Purchase Invoicing granule, a company also uses the Purchase Order Management and Return Order Management granules.) The check mark in the **Receipt on Invoice** field is necessary if item charges are used because they are applied to the receipt. There is more information about item charges later in this training manual.

A check mark in the **Ext. Doc. No. Mandatory** field indicates that it is not possible to post any purchase document (order, invoice, and a credit memo) as invoiced without an external document number in the **Vendor Invoice No.** field on a purchase header.

A check mark in the **Exact Cost Reversing** field indicates that the company wants the program to automatically align the cost of every item they return to their vendors with the original purchase entry.

The definition and setup options of all other fields on the **General** tab of the Purchases & Payables Setup window can be found in the online Help. In addition, fields determining costing reversing options are described in detail later in this training manual.

### Setting Up Vendors

The vendor card and the type of information and vendor details that can be recorded are covered in other courses and is not repeated here.

This section explains additional setup options available in the program to further facilitate vendor data management. This is followed by an explanation of the vendor posting group setup considerations.

### Setting up Receiving Options

A situation where a vendor may have alternative sites in addition to their main business address from which they deliver items to their customers is not uncommon. For example, companies may have various warehousing and production sites with addresses different from their main office address.

The Alternative Order Address granule supports companies when dealing with such vendors. If the company receives their orders from different vendor addresses, those addresses can be recorded as alternative order addresses in the program and then chosen by the purchaser when making an order/invoice for the vendor in question.

Alternative order addresses are entered in the Order Address table, which can contain an unlimited number of addresses for each vendor. A code representing information such as vendor number and name is linked to each address.

Cronus' vendor 10000 has two alternative order addresses, which were set up in the program:

1. From the Purchase menu, click ORDER PROCESSING→VENDORS.
2. Open the vendor card for vendor 10000. Click VENDOR→ORDER ADDRESSES and press **F5**. The Order Address List displays.
3. Select the second address line, and click **OK** to see the address details.

When the code is selected in the **Order Address Code** field on orders (invoices and credit memos), the order address information appears on document printouts.

All other receiving setup options are found on the **Receiving** tab of the vendor card.

4. Open the vendor card for vendor 10000, and click the **Receiving** tab.

For a number of reasons, for example to ensure that certain types of items are stored in the same warehouse, companies may choose to pursue a decentralized location strategy. Such a strategy suggests that shipments from vendors are received in local warehouses rather than in a central one. To reflect these considerations in the program, a company can decide to link certain vendors to specific locations. This is done by specifying a default location in the **Location Code** field for the individual vendor. Further information on the multiple locations setup is included in the *Inventory Management* training manual.

Depending on their profile, industrial practices, and location, vendors and customers may have different agreements as to who transports orders to customers (vendors themselves, shipping agents, or customers) and according to which terms. The program offers the possibility to record all the different terms of purchase and shipment methods (often based on Incoterms) that can then be associated with each specific vendor.

Cronus has set up a number of shipment methods in the program:

5. From the Purchase menu, click ORDER PROCESSING→SETUP→SHIPMENT METHODS.

When assigned to a vendor, the shipment method code is copied to purchase documents towards that vendor.

The two other setup options on the **Receiving** tab affect the way the program calculates different purchase order receipt dates.

The program uses the value in the **Lead Time Calculation** field to calculate the order planned and expected receipt dates, provided that there is no lead time calculation value set up on the card for the item being purchased or in the item vendor catalog. The two calendar fields relate to the program's facility to calculate various receiving and delivery dates on the purchase documents. These setup options are described in detail later in this training manual.

### **Setting up Alternative Vendors**

In situations where the company has more than one vendor typically supplying the same item, purchasers may want to have these vendor-item combinations registered in the program. To do so, they must create a Vendor Item Catalog listing items that are being regularly purchased from a specific vendor.

At Cronus, vendor 30000 is among those vendors that have a vendor item catalog created for them:

1. Open the card for vendor 30000. Click PURCHASES→ITEMS.

In addition to specifying items typically purchased from the vendor in question, the vendor item catalog also contains information on the delivery lead time and whether there are any special price and/or discount agreements with that vendor. The setup and functionality of the latter is described in the section "Purchase Prices and Discounts" in this chapter.

To complete the vendor setup, the following describes the setup details of vendor posting groups.

**Vendor Posting Groups**

The financial value of any purchase transaction must be posted to dedicated accounts in the general ledger. Where companies do not find it feasible to establish accounts per each vendor, they can put several vendors into one posting group and then specify accounts per such a group.

After the company has decided on criteria for how its vendors can be grouped, the respective groups must be set up in the program in the Vendor Posting Group table.

In this table, the user can assign a code to each identified posting group and then specify general ledger accounts for different amount categories, such as payables, service charges, payment discount amounts, interest, additional fees, and so on.

Cronus’ accountants have set up two vendor posting groups: domestic and foreign.

1. From the Financial Management menu, click SETUP→POSTING GROUPS→CUSTOMER.

Code	Receivables Account	Service Charge Acc.	Payment Disc. Debit Acc.	Payment Disc. Credit Acc.	Interest Account	Additional Fee Account	Invoice Rounding Account	Debit Curr. Appn. Rndg. Acc.	Credit Curr. Appl.
▶ DOMESTIC	2310	6810	9250	9255	9120	9120	9140		9150
FOREIGN	2320	6810	9250	9255	9120	9120	9140		9150

Entering an appropriate code in the **Vendor Posting Group** field on the **Invoicing** tab of a vendor card implies that the vendor is assigned to a specific posting group:

2. Open the vendor card for vendor 10000, and click the **Invoicing** tab.

Remember that each vendor can only be assigned to one vendor posting group.

When a purchase transaction (order, invoice, or credit memo) involving this vendor is being posted, the program uses the accounts specified for the posting group to which the vendor belongs.

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**NOTE:** Accountants must also assign general business posting groups to vendors. The business group code is then used in combination with a general product posting group code in the general posting setup to specify the accounts to which certain transactions are posted. You can learn more about general setup rules in the Financials training materials.

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Each vendor posting group can have different general ledger accounts or the same accounts set up for it. An advantage of having different groups with the same accounts is that it gives accountants flexibility as to how they group vendors together for reporting and analysis purposes. For example, a total payables amount can be presented and analyzed per two groups representing domestic and foreign vendors.

### Setting Up Purchasers

If several purchasers work in the same company, they can each be set up and assigned a code. The codes can be used to prepare statistics and to filter information in printed reports.

To set up purchasers in the program, follow the procedure for setting up salespeople explained in the “Setting up Sales Management” section of this training manual.

## Managing Purchase Transactions

In previous courses, you learned how to create and process a simple purchase order. This section elaborates on the program’s facilities that support the most common tasks in purchase transaction management. The section takes you through a workflow, from making a quote to posting the actual order.

### Purchase Quotes

A purchase quote can be described as a “draft order” in which purchasers can register the vendor’s offer specifying price, terms of sale, and description of items. If the offer matches the purchasers’ requirements and they actually want to buy the items on the quote, they can convert it into an order. Similarly, where there is a need to replenish items on stock, inventory managers may send a request to the purchasing department, who create a quote (which is later submitted to a vendor as a purchase order).

Consider the following scenario:

#### Scenario 2

Cronus is interested in purchasing 100 units of items 70010 and 70011, respectively. To do so, the purchaser wants to get quotes from three different vendors in order to find the best offer. He calls up vendors 10000, 30000, and 40000 to hear what they have to offer. Considering the quantity to be purchased, the prices are as follows:

Vendor 10000    Item 70010: quantity 100-500 at 24.00 LCY per unit  
                    Item 70011: quantity 100-500 at 35.00 LCY per unit

Vendor 30000    Item 70010: quantity 100-1000 at 26.00 LCY per unit  
                    Item 70011: quantity 100-1000 at 34.00 LCY per unit

Vendor 40000:    Item 70010: quantity 50-200 at 24.50 LCY per unit  
                    Item 70011: quantity 50-200 at 35.00 LCY per unit



Start by making a purchase quote for each of the vendors so the offers are registered in the program, and the total purchase prices can be compared. Note that in addition to a quoted unit price, total purchase prices may also include invoice discounts, currency calculation, and so on.

1. From the Purchase menu, click ORDER PROCESSING→QUOTES. Press F3 to make a new quote, and enter the vendor information for vendor 10000 on the quote header. Leave the **Order Date** field blank.
2. Now, create a line for 100 units of item 70010 and a line for 100 units of item 70011, filling in the **Direct Unit Cost Excl. VAT** field with the prices quoted above.

Create quotes for vendors 30000 and 40000 respectively.

From the total amount, it is clear the vendor 10000 gives the best offer. The purchaser converts the quote for vendor 10000 into a purchase order:

3. Click **Make Order**. Click **Yes** in the information message to confirm the action.
4. Note the purchase order number.

### Purchase Orders

The purchase order is a cornerstone of purchase management functionality in Microsoft Navision. In parallel with sales orders, the program supports the purchasers in their task of purchase transaction processing by automatically copying the default setup information to the order header and lines, performing necessary calculations, and ensuring correct update of the company's financial records. Also, most of the properties of the purchase order header and lines – such as delivery details, location, quantity, unit of measure, and so on – are, in essence, identical to those on the sales order.

With this in mind, only the features distinctive to the purchase order processing tasks are addressed in the following.

Consider the following scenario:

#### **Scenario 3 (continued from scenario 2)**

Meanwhile, Cronus' purchaser has realized that not only does vendor 10000 have the best offer; they also have a warehouse very close to Cronus. As this is not the location from where they usually ship their orders, the purchaser has agreed with the vendor to get the items shipped from that alternative location.

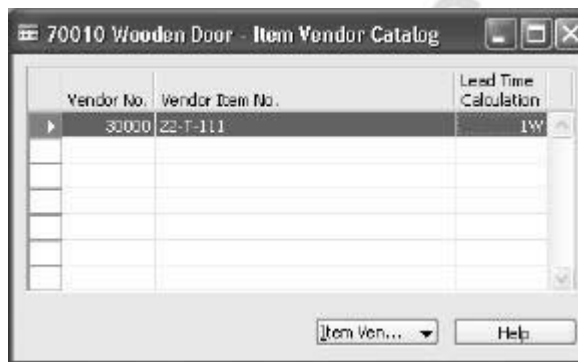
The purchaser will be working on the purchase order created in scenario 2:

1. Browse to the purchase order created in scenario 2.
2. Click the **Order Address Code** field, and select HOPE.

The program updates the buy-from address details on the header respectively.

In situations where the company has more than one vendor typically supplying the same item, the purchaser may want to check if that is the case when creating and processing an order for specific items. Records of item-vendor combinations are stored in the Item Vendor Catalog, accessible from the item card:

3. In the purchase order, in the **No.** field on the first purchase line, click the **AssistButton** to open the list of items. Click PURCHASES→VENDORS.



In addition to specifying a typical vendor(s) for the item in question, the item vendor catalog also contains information about whether there are any special price and/or discount agreements with that vendor. This information can be accessed by pressing the **Item Vendor** buttons on the delivery lead time.

### ***Planning Flexibility***

By selecting a certain value in the **Planning Flexibility** field on the purchase order line (use the Show Column function to make the field visible), the purchaser defines whether the order in question should be included in program's planning calculations. The value must be set to None, if the purchaser does not want the program to alter either the receipt date or the quantity of the ordered items. On the other hand, if the purchase order was initially created as a result of the requisition planning (and must therefore remain available for possible changes), the **Planning Flexibility** field must be set to Unlimited. This makes it possible for the program to change or move the order date and adjust the quantity as long as the order has not been posted. The default selection is Unlimited. Learn more about purchases planning and managing later in this training manual.

### **Posting Orders**

The purchase order posting principles and mechanism are identical to those applied to the sales orders (described in detail and illustrated earlier in this training manual) and is not described here. However, the key points are recapitulated in the following list with regard to purchases:

- The posting function consists of two parts: receipt (quantity change) and invoice (value change) posting.
- The **Qty. to Receive** and the **Qty. to Invoice** fields on a purchase order represent the quantities that the posting function refers to.
- Orders can be received/invoiced partially.
- When posting an invoice, the two parts happen simultaneously, with no option of separating them in time.
- Posting of an order can be done by registering the order receipt first, while the order invoicing can take place at a later point in time.
- Related to the previous point are the program's facilities: (a) to combine several receipts in one invoice; (b) to undo a quantity record for an already posted but not yet invoiced receipt.

### **Purchase Prices and Discounts**

With the possibility to specify cost information for each individual item on the item card, companies are given a functionality that significantly facilitates the task of purchase price management. The program automatically retrieves information about the last direct cost stored on an item card in order to copy it to the purchase order line for the item in question. This direct cost information is, however, of a universal nature – it is the same in all purchase situations regardless of whether individual price and/or discount agreements exist between the company and its vendor. These agreements and policies may be based on a number of conditions, such as the item variant and quantity bought, currency paid, order date, and so on. Maintaining these alternative purchase prices and discounts to ensure that purchases are made at the most favorable price becomes a challenge for the company's purchasing department.

The Purchase Line Pricing and Purchase Line Discounting granules offer a pricing functionality that goes beyond the standard item card. The functionality of these granules is described in this section. As it is based on the distinction between purchase prices and discounts, the section is divided into two parts:

- Purchase Prices
- Line Discounts

### Alternative Purchase Prices

This section includes an explanation of the following:

- Setting up alternative purchase prices
- Using the pricing mechanism

#### Setting up Alternative Purchase Prices

To record alternative purchase prices that the purchasers have agreed upon with their vendor/group of vendors, they must use the Purchase Price table.

The Purchase Prices window can be accessed from both the vendor card and the item card.

1. From the Purchases menu, click ORDER PROCESSING→VENDORS, and browse to the vendor card for vendor 10000.
2. Click PURCHASES→PRICES to open the Purchase Prices window.



In this window, a purchaser can specify the conditions that must be met before a vendor offers an individual unit price for a specific item. For example, the conditions can require that a purchase is made within a certain period. A special purchase price can also depend on a unit of measure, item variant, minimum quantity, and currency.

The following scenario illustrates a situation where a company needs to set up individual prices based on a price agreement reached with one of its vendors concerning some selected items.

### Scenario 4

Cronus' purchases from vendor 40000 have been increasing lately. Up until now, Cronus has made purchases that have been based on vendor 40000's normal price rates. Now they would like to purchase items at more favorable prices. Based on an agreement, Cronus gets a deal saying that they can save 50 LCY for any purchase of item 1976-W if the quantity is at least ten units.

A purchaser at Cronus must set up these decisions in the program.

As mentioned previously, the alternative purchase prices are entered in the Purchase Prices window.

1. Open the vendor card for vendor 40000. Click PURCHASES→PRICES.

In the Purchase Prices window, enter the conditions under which Cronus can get a favorable price rate.

2. In the **Item No.** field, select 1976-W, in the **Minimum Quantity** field enter 10, and in the **Direct Unit Cost** field, enter 206.10 (or alternatively, 256.10-50), which is the reduced unit price.

Assume that Cronus' price agreement with this vendor should take effect from the current date, which is 01/25/01:

3. In the **Starting Date field**, enter 01/25/01.

In this case, the purchaser may not need to enter an ending date as a condition in the price agreement with the vendor. If an agreement is re-negotiated at a later date, a new purchase price line is entered with a new starting date, which then takes over the previous agreement.

### ***Using the Pricing Mechanism***

As established earlier, the purpose of setting up alternative prices in the program is to support the purchasers in their task of always buying at the best prices. The best price is defined as the lowest possible price with the highest possible line discount on the order date.

When a purchaser creates an order from a specific vendor, the program checks whether:

- there are alternative purchase prices set up for the vendor in question and, if yes,
- that the purchase header and line details meet the conditions for applying an alternative price.

If all the conditions are met, the program copies the applicable price from the Purchase Prices window to the **Direct Unit Cost (Excl./Incl. VAT)** field on the purchase line.

If there are no alternative purchase prices recorded in the program or the conditions for applying an alternative price are not satisfied, the program uses the regular unit cost specified on the item card as a suggestion on the purchase document.

## Test Your Skills – Managing Alternative Purchase Prices

### All Levels

**Scenario:** You have managed to get a deal from vendor 10000 on items no. 1900-S and 1920-S according to the following conditions:

1. Item 1900-S: If Cronus buys this item in pallets (containing ten pieces) instead of pieces, you get ten LCY off the regular price.

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**HINT:** Add a new unit of measure *PALLET*, containing ten pieces, to the item's units of measure list.

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2. Item 1920-S: When Cronus buys this item and pays in local currency (EUR), you get 15 LCY off the item's regular price.

It is your job to enter these purchase prices in the Purchase Prices window and to check that the program uses them by creating a purchase order for two pallets of item 1900-S and five units of item 1920-S.

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**HINT:** Items can be accessed without leaving the Purchase menu. Click *INVENTORY COSTING*→*ITEMS*.

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### **Line Discounts**

Setting up and working with line discounts is described in the following section. First, however, the setup defining the general rules of how discounts are posted is briefly explained.

#### **General Discount Setup**

Before using the line discount mechanism in the program, a company must make a decision about how they want discount amounts to be posted. These decisions are implemented in the Purchases & Payables Setup window.

The **Discount Posting** field on the **General** tab offers four options for defining the way the line discounts are to be posted to the general ledger:

- No Discounts
- Invoice Discounts
- Line Discounts
- All Discounts

In principle, by making a selection in this field, the user can specify the type of purchase discounts to be posted to the general ledger (if any) and whether they should be posted together or separately. For a detailed definition of each option, read the online Help for the field.

If the option determining that a specific line discount is to be posted separately is selected, the user must ensure that:

- first, a dedicated account(s) is created in the chart of accounts (for example, a Purchase Line Discount account), and
- second, that it is set up in the General Posting Setup window.

When posting purchase documents, the program uses the general business posting group of the vendor and the general product posting group of the item to retrieve the account set up in the General Posting Setup window.

If discounts are not set up to be posted separately, they become part of a purchase amount posted to the Purchase account.

#### **Setting up Line Discounts**

To record price discounts that purchasers have agreed upon with different vendors, they must use the Purchase Line Discount table. It can be accessed from both the vendor card and the item card.



Analogous to the purchase prices table, the Purchase Line Discount window enables a purchaser to specify the conditions that must be met before a vendor offers a discount price. For example, the conditions can require that the purchaser buy a certain quantity or a purchase is invoiced in a specified currency before a discount can be granted. Similar to alternative purchase prices, line discounts are applied to an individual vendor.

### ***Using the Line Discount Mechanism***

As is the case with alternative purchase prices, the purpose of setting up a line discount in the program is to support the purchasers in their task of consistently purchasing items at the best prices.

After the line discounts and the associated terms have been set up, when a purchaser creates an order/invoice for a specific vendor, the program checks whether:

- there are line discounts set up for the vendor in question and, if yes,
- that the purchase header and line details meet the conditions for applying a discount price.

If all of these conditions are met, the program copies the applicable discount percentage from the Purchase Line Discounts window to the **Line Discount %** field on the purchase line and enters the calculated discount price in the **Direct Unit Cost Excl./Incl. VAT** field.

If there are no discounts recorded in the program or the conditions for applying a discount are not satisfied, the program uses the last direct cost specified on the item card as a suggestion on the purchase document (unless there is a special purchase price set up for the customer).

Setup and use of the purchase line discount is similar to the setup and use of purchase prices.

## Test Your Skills – Managing Purchase Line Discounts

### All Levels

**Scenario:** The purchaser at Cronus has made an agreement with vendor 30000 that on items in the item range 70100-70104 purchased after 01/30/01, Cronus will get the following discount:

- 1-99 items: 10%
- 100-499 items: 15%
- 500 or more items: 25%

It is your job to enter these line discounts in the Purchase Line Discounts window and to check that the program uses them by creating a purchase order for 250 units of item 70102 and 600 units of item 70104.

## Quick Interaction: Lessons Learned

Take a moment to write down three Key Points you have learned from this chapter:

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## CHAPTER 6: REQUISITION MANAGEMENT

This chapter contains the following sections:

- Overview
- Requisition Management Setup
- The Requisition Worksheet
- Additional Worksheet Features

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### Overview

Procuring materials and supplies in optimal quantities and scheduling timely receipt of them into inventory are the primary functions of purchasing. These activities, when performed effectively, contributes to a company's smooth operation, timely fulfillment of sales orders, and resulting cost efficiencies, especially in the area of inventory control.

In Microsoft® Business Solutions–Navision®, the Requisition Management granule provides the functionality to automate these tasks and enables the purchaser to perform these basic purchasing activities efficiently and confidently.

The requisition worksheet – the central processing tool – offers the following features:

- Calculates a current and detailed purchase order proposal plan.
- Creates actual purchase orders from order proposal lines.
- Handles stockkeeping units that are replenished by transfer and creates the corresponding transfer orders.
- Automatically handles designated purchase order lines from other areas of the application.
- Handles manually created purchase order proposal lines.
- Controls the flow of relevant information between concerned departments.
- Provides a practical overview of the individual processes involved.

Note that the planning functionality found in the requisition worksheet is the same as that found in the planning worksheet in the manufacturing application area. The difference is that the requisition worksheet plans for items that are replenished by purchase and transfer, while the planning worksheet plans for items that are manufactured, as well as purchased and transferred.

## Requisition Management Setup

Successful use of the Requisition Management granule requires some setup in the following areas:

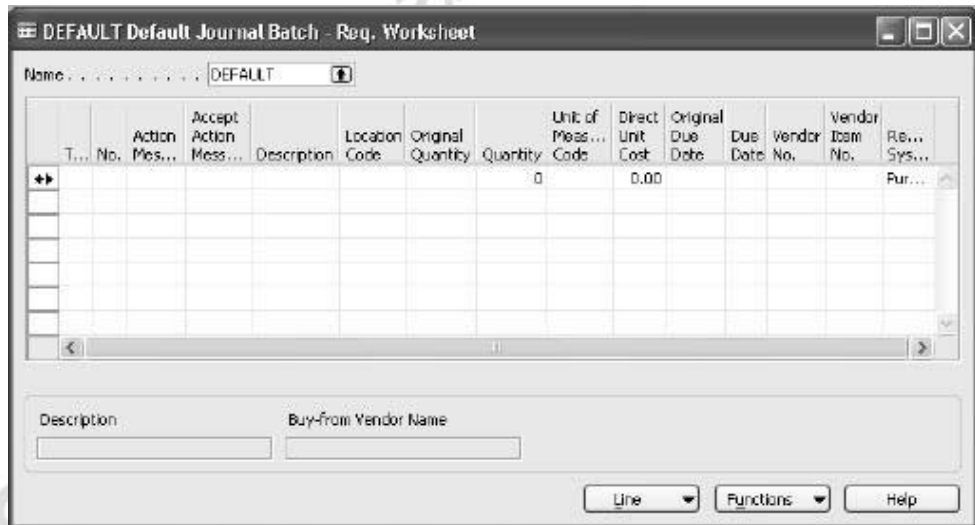
- The requisition worksheet template.
- The planning parameter fields on items and stockkeeping units.

### The Requisition Worksheet Template

To set up a requisition worksheet, you must first create a template for it in the Purchase menu, PLANNING→SETUP→REQ. WORKSHEET TEMPLATES.

Cronus has set up a worksheet template for requisitions to handle items that are purchased and transferred.

Once you have set up a requisition worksheet template, you can create different worksheets. For example, this could be a worksheet that is the responsibility of a particular purchaser or a worksheet that handles specific items. When you open a requisition worksheet under PURCHASES→PLANNING→REQUISITION WORKSHEETS, it is empty.



## The Planning Parameters

The planning parameters refer to a group of fields that are located on the **Replenishment** and **Planning** tabs of the item and stockkeeping unit cards.

Seen from a business aspect, the planning parameters should be set up to reflect the optimal inventory levels that a company wants to maintain with respect to market-preparedness, warehouse efficiency, and costs. As such, they take into consideration various market factors such as replenishment lead time, seasonal demand, pricing discounts for quantity, freight weights, and delivery schedules, plus a company's internal policy with respect to inventory management and control.

Seen from a technical aspect, the planning parameters control the replenishment calculation. Their primary functions are:

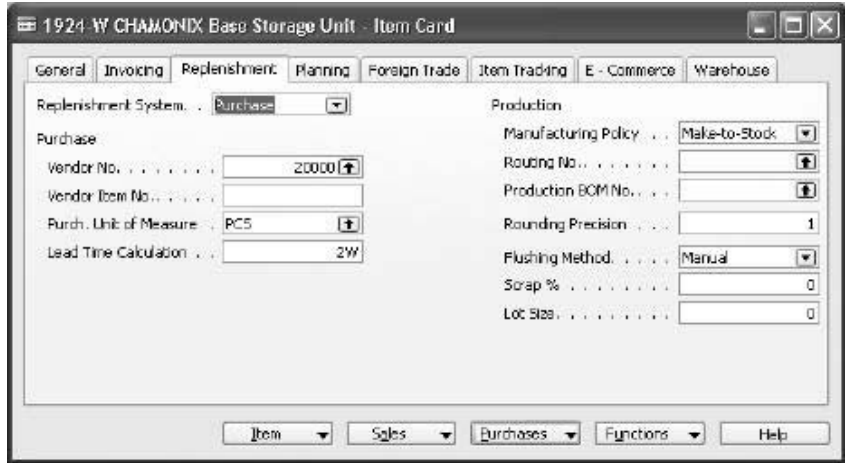
- **Setting the Time Bucket**  
The period of time defined by the **Reorder Cycle** field determines which requirements and which existing replenishment orders participates in the availability calculation and which replenishment orders could potentially be used to fill additional requirements. This, in turn, determines which action message is issued.
- **Setting the Inventory Level**  
The inventory level, as defined by the **Reorder Point** and **Safety Stock Quantity** fields, determines when to replenish the item. When projected availability falls below the inventory level, the program recognizes the need for replenishment.
- **Determining Order Quantity**  
The program calculates order quantities to cover all gross requirements. This includes demand from forecast, sales orders, and also replenishment of the inventory level.  
At a minimum, order quantity will be sufficient to replenish the inventory level.  
If there are additional requirements, the program uses the value in the **Reordering Policy** field and the related fields to calculate order quantity. The order modifier fields adjust the final quantity afterwards.

You can read an in-depth description of the role of the planning parameters in the planning calculations in the Planning White Paper. The main fields are described briefly below. However, it is advisable to read the online Help for further guidelines on how to effectively set the parameters.



**Replenishment tab**

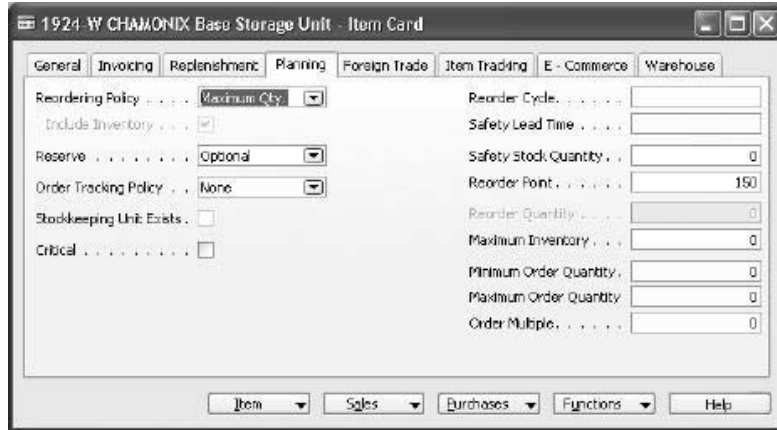
1. Browse to the item card for item 1924-W, and click the **Replenishment** tab:



<b>Replenishment System</b>	This field indicates how the item is replenished and which type of order or order proposal the program creates. Purchase Production
<b>Lead Time Calculation</b>	This is the amount of time that it takes to replenish the item. The program uses this field to calculate the date fields on order and order proposal lines:  On the purchase order line, the Order Date + Lead Time Calculation = Planned Receipt Date.

**Planning tab**

2. On the item card for item 1924-W, click **Planning** tab:



<p><b>Reordering Policy</b></p>	<p>The program uses the reordering policy to calculate replenishment order quantity.</p> <p><i>Fixed Reorder Quantity</i> - The program uses the quantity in the <b>Reorder Quantity</b> field as the standard lot size.</p> <p><i>Maximum Quantity</i> - The program uses the quantity in the <b>Maximum Inventory</b> field to calculate the order quantity.</p> <p><i>Order</i> - The program generates an order for each individual requirement, and does not use the Reorder Cycle.</p> <p><i>Lot-for-Lot</i> - The program generates an order proposal with a quantity that meets the sum of the requirements that come due within the Reorder Cycle.</p> <p><i>Blank</i> - The program does not calculate order proposals for the item. The user may plan for the item manually.</p>
<p><b>Reorder Cycle</b></p>	<p>This is the planning time bucket for the item.</p> <p>Requirements that are due within the reorder cycle are grouped together.</p> <p>A replenishment order that is due within the reorder cycle may be rescheduled to fulfill a requirement.</p>
<p><b>Safety Lead Time</b></p>	<p>This is a buffer period that protects against delays in the purchase replenishment lead time. When calculating order and order proposal lines, the program adds the safety lead time to the lead time.</p> <p>On the purchase order line, the Planned Receipt Date + Safety Lead Time + Inbound Warehouse Handling Time = Expected Receipt Date.</p>

<b>Safety Stock Quantity</b>	<p>This is a quantity of stock that you want to have in inventory to protect against fluctuations in demand and supply during the replenishment lead time for the item.</p> <p>When the projected inventory falls below the safety stock quantity, the program creates an order proposal that, at the minimum, replenishes the safety stock quantity.</p>
<b>Reorder Point</b>	<p>This is a quantity that sets the inventory level below which you want to replenish the item.</p> <p>When the projected inventory falls below the reorder point, the program recognizes the need to replenish the item and creates an order proposal that at a minimum, replenishes the reorder point.</p>
<b>Reorder Quantity</b>	<p>This is a standard quantity to be used for all order proposals. This field is used with the reordering policy Fixed Reorder Quantity.</p>
<b>Maximum Inventory</b>	<p>This is a quantity that you want to use as a maximum inventory level. The program calculates order quantity as the maximum inventory minus the safety stock.</p> <p>This field is used with the reordering policy Maximum Quantity.</p>
<b>Minimum Order Quantity</b>	<p>Once the order quantity has been calculated, it can be modified by a minimum allowable quantity for an order.</p>
<b>Maximum Order Quantity</b>	<p>Once the order quantity has been calculated, it can be modified by a maximum allowable quantity for an order.</p>
<b>Order Multiple</b>	<p>Once the order quantity has been calculated, it can be modified by an order multiple.</p>

## The Requisition Worksheet

The requisition worksheet is a powerful tool that can greatly facilitate the purchaser's job by calculating a plan that states which items need to be ordered, what quantities to order, and when to order. The worksheet features two main batch jobs: one that calculates the plan and one that creates actual orders based on the plan.

### **Calculate Plan Batch Job**

The Calculate Plan – Req. Wksh. batch job calculates a requisition plan for those items or stockkeeping units that are set up for replenishment by purchase and transfer order.

#### ***Item Availability***

An analysis of what needs to be ordered starts with an investigation of projected item availability. This is a fairly straightforward task, which involves summarizing the entire demand and supply situation for an item at any point of time within the defined period. This is calculated by using the following equation:

$$\text{Projected Available Balance} = \text{Inventory} + \text{Scheduled Receipts} + \text{Planned Receipts} - \text{Gross Requirement.}$$

The result of the availability calculation, if negative, states a net requirement, which represents the item quantities that must be replenished to fulfill outstanding demand.

#### ***Replenishment Proposal***

The batch job calculates the most efficient way to replenish the item and create a requisition worksheet line, which is a purchase or transfer order proposal accompanied by a corresponding action message. The action message suggests how to replenish, while the order line provides the details – which item, what quantity, and the relevant dates.

The order proposal lines are based on the accumulated data that exist at the time. The proposed plan should be considered as a starting point from which the purchaser can review and make necessary adjustments according to personal knowledge, experience, and the expediency of the moment.

### Action Messages

The program uses five action message options to suggest how to replenish an item. They are:

- **Change Quantity:** Change the quantity on an existing replenishment order to cover a changed or new requirement.
- **Reschedule:** Reschedule the due date on an existing replenishment order.
- **Reschedule and Change Quantity:** Reschedule the due date, and change the quantity on an existing replenishment order.
- **New:** Create a new order. If a requirement cannot be filled by point 1, 2, or 3 above, the program suggests creating a new order.
- **Cancel:** Cancel an existing replenishment order.

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***NOTE:** The user can designate an existing purchase order line as being firm and unchangeable. This means that the program does not calculate action messages for the line during the planning calculations. See the **Planning Flexibility** field on the purchase order line.*

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### Carry Out Action Message Batch Job

Once the purchaser has made any necessary adjustments to a requisition worksheet line and approved its contents, the Carry Out Action Msg. – Req. batch job converts the order proposal line to an actual purchase or transfer order line.

Note that a check mark is placed by default in the **Accept Action Message** field. The check mark indicates that the line is included in the Carry Out Action Msg. – Req. batch job and that the batch job converts it to an order line. The check mark can be cleared.

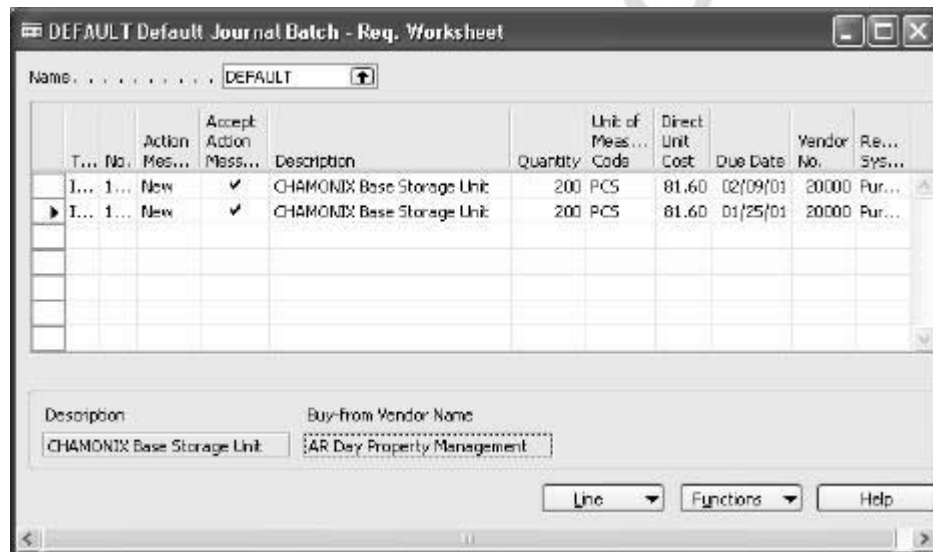
#### Scenario 1

A salesperson calls the purchasing department with a rush order for an important customer. The purchaser sees that inventory on the item is low and calculates a replenishment plan.

1. Open the item card for item 1924-W.  
For Cronus item 1924-W, note that there are 26 units currently on inventory, and the reorder point is set to 150.
2. On the **Planning** tab, enter the following additional information:  
Reordering Policy = Fixed Reorder Quantity and Reorder Quantity = 200.

3. Create a sales order for customer 10000 for 100 units of item 1924-W using the program work date of 01/25/01.
4. From the Requisition Worksheet window, click FUNCTIONS→CALCULATE PLAN to open the request form.
5. On the **Item** tab, set a filter for item 1924-W. On the **Options** tab, in the **Order Date** field, enter 01/25/01, and in the **Ending Date** field, enter 01/31/01.
6. Click **OK**.

The program calculates a plan and presents the order proposal lines in the Requisition Worksheet window.



The program has calculated the need for two new purchase orders. They can be explained as follows:

- The current inventory is 26 units. This gives a requirement of 74 units. Since the reorder quantity is 200, the program suggests creating a new order of 200 units to cover this requirement. Note that the due date has been calculated as 01/25/01 to accommodate the sales order Shipment Date of 01/25/01.
- Once the requirement of 74 units has been filled, there will be 126 units in inventory. However, the value in the **Reorder Point** field states 150. The program suggests creating another new order to replenish the reorder point. The new order must also meet the reorder quantity of 200. Note that the due date has been calculated as 02/09/01. The program has added the lead time calculation to the order date.

### Scenario 2

The purchaser proceeds to create orders from the requisition worksheet lines even though it is not possible to ship the items on the date that the salesperson has requested.

1. From the Requisition Worksheet window, click **FUNCTIONS**→**CARRY OUT ACTION MESSAGE** to open the request form.
2. Click **OK**.
3. The lines are removed from the Req. Worksheet, and a purchase order is created.
4. Browse to the newly-created purchase order:

The first order line shows a planned receipt date of 01/25/01 and an order date of 01/10/01. Due to the immediate requirement, the program has backward scheduled the order from the due date on the requisition worksheet line by subtracting the lead time calculation of 2W.

The order date is problematic as it occurs in the past, but the purchaser plans to call the vendor to see if there is any way to expedite this important order.

The second order line shows a planned receipt date of 02/09/01 and an order date of 01/25/01. Since there is no immediate requirement, the program has forward scheduled the order.

## Additional Worksheet Features

There are several other functions on the requisition worksheet that may be of interest depending on what types of transactions a company performs in its daily business.

### Drop Shipment Lines

A drop shipment is a transaction in which the vendor delivers sold goods directly to the customer. The company does not receive the items into their inventory and avoids handling time and activities. A company can record a drop shipment by creating a purchase order based on the sales order.

From the Requisition Worksheet window, a purchaser can conveniently access drop shipment-designated sales order lines and create the corresponding purchase order.

### Scenario 3

Let's use a similar situation as described in Scenario 1. A salesperson calls the purchasing department with a rush order for an important customer. The purchaser sees that inventory on the item is low and that the replenishment lead time is long. The salesperson and purchaser agree to arrange a drop shipment to reduce the delivery time to the customer.

1. Reuse the sales order that you created in Scenario 1, but assign it for drop shipment as described earlier in this manual and in the online Help.
2. Open a requisition worksheet and go to **FUNCTIONS**→**DROP SHIPMENT**→**GET SALES ORDERS**. The Get Sales Orders batch job request form opens.
3. You can set a filter if you want. Click **OK**.

The batch job copies the drop shipment sales order line to the requisition worksheet. It appears as a purchase order proposal.

Once the purchaser has approved the line, it is a simple task to convert the line to an actual purchase order line by using the Carry Out Action Msg. – Req. Wksh. batch job.

### Planning Worksheet Lines

This feature is relevant for a large manufacturing company that is likely to have separate departments that handle production planning and purchasing.

In the manufacturing application area, a production planner uses the planning worksheet to calculate an item replenishment plan for all items, whether they are manufactured, purchased, or transferred.

From the planning worksheet, the planner can then select the order proposal lines for items that are replenished by purchase or transfer and conveniently forward them to the requisition worksheet by using the Carry Out Action Msg. – Plan. batch job. You can read more about the batch job in the online Help.

This function, although initiated from the manufacturing application area, results in order proposal lines appearing in the requisition worksheet. From there, the purchaser can edit, approve, and convert the lines to actual purchase or transfer order lines by using the Carry Out Action Msg. – Req. Wksh. batch job.

### Manually Created Lines

It is also possible to create lines manually in the requisition worksheet. This could be practical in a situation where individual persons or departments use a worksheet to list items that are needed. It could then be the responsibility of the purchaser to approve order proposal lines and create orders using the Carry Out Action Msg. – Req. Wksh. batch job.



## Test Your Skills – Calculating a Replenishment Plan from the Requisition Worksheet

1. For Cronus item 1330, change the value in the **Reorder Quantity** field from 100 to 300, so that it has the following setup:

Inventory = 100

Reordering Policy = Fixed Reorder Quantity

Reorder Cycle = 1M

Reorder Point = 100

Reorder Quantity = 300

2. Create the following sales order lines:

40 units with a shipment date 5 days after the work date.

60 units with a shipment date 10 days after the work date.

70 units with a shipment date 20 days after the work date.

3. Create the following purchase order line:

50 units with an expected receipt date 15 days after the work date.

Calculate a plan from the requisition worksheet and explain the resulting order proposal lines.

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## Quick Interaction: Lessons Learned

Take a moment to write down three Key Points you have learned from this chapter:

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2.

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3.

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## CHAPTER 7: ITEM CHARGES

This chapter contains the following sections:

- Overview
- Setting Up Item Charges
- Purchase Item Charges
- Sales Item Charges
- Purchase and Sales Allowances

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### Overview

Accurate and relevant cost accounting information is an essential prerequisite to efficient and competent decision-making in any trading company. At a minimum, companies register and analyze cost records derived from invoice information of their purchase and sales transactions.

However, as the cost of distributing, handling, and transporting goods has in many industries started to represent a larger share in the total inventory cost compared to direct purchase and manufacturing costs, there emerges a strong need to account for these costs. Examples of these additional costs are insurance, freight cost, custom duties, or any other costs associated with delivering and transport services.

Moreover, the possibility to collect detailed cost statistics at the item level becomes relevant when both determining cost of goods sold and accounting for additional sales expenses that affect profit calculations. In the first case, the company's cost structure must have the facility to allow allocation of additional acquisition cost representing expenses (inventoriable costs) related to the purchase. In the second case, additional costs incurred as part of a sale transaction must be directly linked with the sale in question as expenses (non-inventoriable cost) in order to accurately calculate profit.

In Microsoft® Business Solutions–Navision®, to account for both inventoriable and non-inventoriable cost incurred in connection with purchase and sale transactions respectively, accountants can use the Item Charges granule. Item charges represented by, for example, the cost of a purchase invoice from a transport agent for delivering a shipment from a supplier can be assigned to a receipt document. Identified by its own category, when posted, this item charge becomes a part of the total landed cost of the item(s) to which the charge was assigned.

Furthermore, the item charges solution is flexible enough to incorporate a facility that allows the user to register and post additional cost independently of the posting time of the associated purchase or sales document. That is, item charges can be assigned to the delivery after it has been posted as received and invoiced and even after the respective items have been sold. The program's costing mechanism then ensures that these costs are rolled into the inventory value and cost of goods sold calculations. The granule's functionality supports allocating the charge cost amount based on quantity and amount.

In addition to its primary goal of supporting companies in identifying and accounting for additional landed and sales-related cost, the functionality of the Item Charges granule is so versatile that it can be drawn upon when handling other sales and purchase situations. For example, in a sales return situation where items are not required to be physically returned to the company, an item charge can be used to easily register and post an allowance amount (in the form of a credit memo). Another example is represented by the practice of charging (selling) a customer transportation fees in relation to delivering shipments or charging restock fees in connection with returns.

This chapter demonstrates the multiple possibilities incorporated in the Item Charges granule and explains how the program can support companies in their objective of achieving optimal cost control and creating a reliable basis for informed decision-making.

Most important usage scenarios included in this chapter are grouped under the following headings:

- Purchase item charges
- Sales item charges
- Purchase and sales allowances

To learn more about posting principles and the mechanism behind item charges, refer to the *Inventory Costing* training manual.

### Setting Up Item Charges

The item charges setup is part of the general Finance setup. Companies can set up different item charge numbers to distinguish charge types that they want to account for and for which they want to create cost and sales statistics.

Cronus has set up a number of different item charges that are typical for their business operations. From the Financial Management menu, click INVENTORY SETUP→ITEM CHARGES. The Item Charges window displays.

Like an item, an item charge must have a general product posting group and VAT product posting group specified in order for the program to determine which account to post the charge amount to.

Once set up, an appropriate item charge type can then be selected on a purchase (sales) document line. There are no limits as to what companies can include in the category of item charges.

## Purchase Item Charges

When purchasing goods from suppliers, companies often incur additional costs, such as freight, handling charges, import taxes, and so on, which make up the purchase's total landed costs and thus must be included in the calculation of inventory value and cost of goods sold.

On the other hand, depending on the nature of their sales agreements, companies may also pay these costs when delivering shipments to the customers. In this case, these costs represent expenses that are non-inventoriable and that affect the company's overall profit calculation.

In both situations, accountants can use the program to register the additional costs as a separate cost category and link them directly to the items that they relate to. In Microsoft Navision, these costs are referred to as item charges. Registering item charges can be done in two ways:

- As a separate document (purchase order/invoice)  
Typically, this is a feasible option when the invoice for the cost amount arrives some time after the original purchase document has been posted or when the charge must be assigned to a sales document.
- In the same purchase document  
This option can be chosen when the charge amount is known at the time of posting the receipt of items to which the charge relates.

As an additional help, the program can also suggest an assignment of the item charge to the selected document lines, which can then be modified if needed.

### Handling Additional Direct Cost as an Item Charge

Consider the following scenario:

#### Scenario 1

Following the earlier shipment delivery from vendor 10000 (document no. 106006), Cronus' accounting department receives an invoice for 100 LCY from the same vendor for the transportation services they provided in connection to this delivery.

The accountants must now register these additional landed costs in the program and assign them to the purchase in question.

As the purchase order with the mentioned delivery has already been posted, the associated freight charges must be registered in a separate invoice:

1. Open a purchase invoice and fill in the header with the vendor details.
2. On the line, in the **Type** field, select **Charge (Item)**. In the **No.** field, select P-FREIGHT as a charge type representing freight-related cost.
3. In the **Quantity** field, enter 1, and in the **Direct Unit Cost** field, enter 100. This way of entering charge details is appropriate where the total invoice amount applies to the entire order delivery.

The charge must be assigned to the posted purchase order (order number 106006):

4. Select the item charge line, and click **LINE**→**ITEM CHARGE ASSIGNMENT**. (Alternatively, click the **AssistButton** in the **Qty. to Assign** field on the purchase line.)

The Item Charge Assignment (Purch) window appears empty. This signifies the fact that an item charge is being assigned to an already posted document rather than to an order line created in the same document as the item charge. In the latter case, the order line(s) would appear in the Item Charge Assignment (Purch) window.

In order to assign a charge amount to a posted document, the user has to retrieve it by using the Get Line functions. As, according to scenario 1, the freight invoice relates to a purchase order, the user must retrieve respective posted receipt lines:

5. In the Item Charge Assignment (Purch) window, click **FUNCTIONS**→**GET RECEIPT LINES**. The Purch. Receipt Lines window appears.

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***NOTE:** Item charges can be assigned to any posted outbound (return shipment and sales shipment) and inbound (return receipt and transfer receipt) documents.*

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6. Browse to the order number 106006 (posted receipt number 107023), select all four order lines, and click **OK**.

The program copies the selected lines into the Item Charge Assignment (Purch.) window. Now the user can choose to assign the charge amount manually by entering the values in the **Qty. to Assign** field for all the lines or use the program's function to make assignment automatically. In the second case, the total charge amount can be assigned either equally among the lines or proportionally as based on the line amount.

Automatically assign the charge by amount:

- Click FUNCTIONS→SUGGEST ITEM CHARGE ASSIGNMENT. Select Amount and click **OK**.

The charge amount of 100 LCY is now distributed proportionally among the purchase order lines.

Note that at the bottom of the Item Charge Assignment (Purch) window, there are status fields that show the total charge amount to assign, how much of this has already been assigned, and how much is left to be assigned by both quantity and amount.

- Close the Item Charge Assignment (Purch) window.

The **Qty. to Assign** field on the purchase invoice line is now updated.

- Because the program is set up to require a vendor invoice number, enter characters of your choosing in the **Vendor Invoice No.** field.
- Post the invoice. As a result of this posting, the program created a link between the items from the selected purchase order and the item charge. More specifically, as the cost value (total landed cost) of the earlier purchased items has now increased by the charge amount without the actual quantity being increased, the program created an additional value entry that it linked to the item ledger entry of the posted purchase receipt.

View the value entries related to the item ledger entry for item 1928-W that was created as a result of posting the purchase order (receipt number 107023) and the freight charge:

- From the Purchase menu, click HISTORY→POSTED RECEIPTS.
- Browse to the posted purchase receipt no. 107023. Navigate to the item ledger entries:

Posting Date	E... T...	Document No.	Item No.	Location Code	Invoiced Quantity	Remaining Quantity	Cost Amount (Actual)	Cost Amount (Non-Invtbl.)
01/17/01	P...	107023	1924-W	GREEN	5	5	408.00	0.00
01/17/01	P...	107023	1924-W	YELLOW	15	15	1,224.00	0.00
01/17/01	P...	107023	1928-W	GREEN	20	20	3,840.00	0.00
01/17/01	P...	107023	1928-W	YELLOW	41	41	7,872.00	0.00

The quantity has not changed.



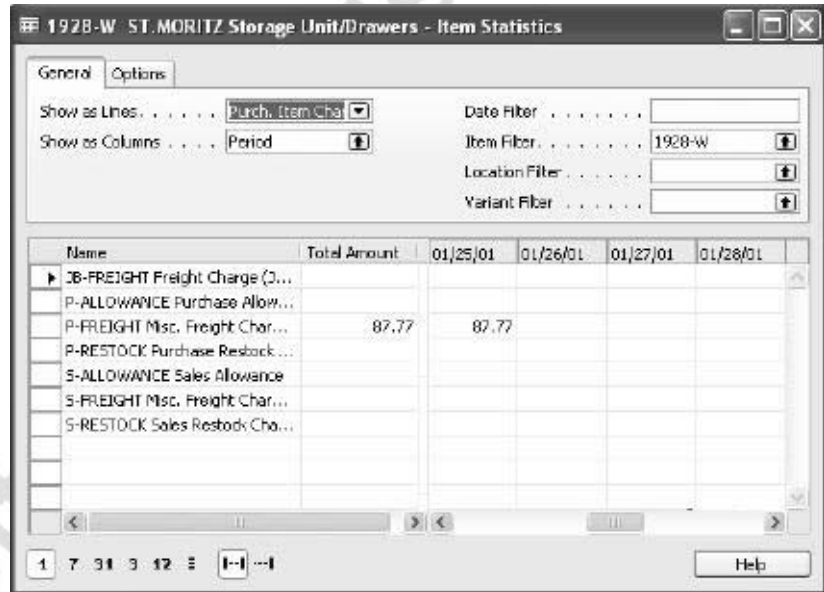
13. Select the first item ledger entry for item 1928-W (posted for the Green location), and open the related value entries (press CTRL + F5).

A new value entry of the type Direct Cost representing the additional cost of the freight invoice was created.

**NOTE:** You can learn more about the principles of inventory accounting in Microsoft Navision in the Inventory Costing training manual.

Based on the value entry, the charge amount is now included in the cost and profit calculations. If required, the accountants can also collect statistical information specified per each item charge category.

14. In the Item Statistics window, in the **Show as Lines** field, select Purchase Item Charge Spec.



**NOTE:** Because an item charge assignment changes the item cost amount without changing the quantity of the posted entry, item charges can be used for correcting value-related errors that often occur in the starting phase of program implementation.

### Handling Non-inventoriable Costs as Item Charges

In addition to having detailed statistics on their inventory landed cost, many companies may find it important to account for non-inventoriable costs. This cost category becomes particularly relevant in situations where companies incur freight-out costs that affect the profit calculations, or they deal with vendor- or headquarters-owned inventory, and thus financially do not carry any inventory on their own (the accounting model used in this case is often referred to as retail-minus).

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***NOTE:** The retail-minus model can be illustrated by the scenario where a company's subsidiary operates as a sales office and does not carry any inventory at its own premises. All sales could be done by means of drop shipment, with the sales revenues being posted at the subsidiary. The headquarters would then on a regular basis send the subsidiary purchase invoices for the cost price of the items sold. Posted as item charges related to sales, these costs would be recorded as sales expenses (non-inventoriable cost) and the subsidiary's profit calculated respectively.*

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As mentioned earlier, to account for non-inventoriable cost incurred in connection with sale transactions, accountants can use item charges functionality. The registering and posting procedure is essentially the same as the one described in the previous section with the only difference being that the item charge amount is assigned to outbound documents (posted sales and return shipments).

## Test Your Skills – Handling Item Charges

**Scenario:** You have an open purchase order from vendor 10000. The order number is 106009. In connection with this order, you additionally receive an invoice from the same vendor for freight service for the amount of 150 LCY.

### All Levels

Your task is to register these additional invoices in the program, ensuring that inventory costs are updated correctly.

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## Sales Item Charges

### Handling Sales Item Charges

The previous section introduced the functionality of item charges and illustrated how it can be used to handle additional (direct and non-inventoriable) costs – freight costs, packing, insurance, customs, and so on – that a company may incur as part of a purchase and/or sale transaction

When these additional costs are to be paid by a customer, this can be considered as a regular sales transaction with no physical items involved. The company can then record the cost amounts as sales item charges and link them to the relevant outbound document, that is, sales shipment and sales return receipts. In this way, the company can create detailed statistics of its sales and revenue figures.

The principles of recording, assigning, and posting sale item charges are identical to those applied for purchase item charges and is not repeated here in greater detail.

The following scenario highlights the main points:

#### Scenario 2

After a number of shipments were made to customer 20000 in January, on 01/31/01, Cronus' shipping department informed the accounting department that on the customer's request they had insured all the shipments for the total amount of 40 LCY.

The accountant must now invoice the customer for the additional insurance costs for the order in question and make sure that these cost amounts are reflected in the sales statistics for the items to which insurance cost applies.

1. Add a new item charge category called Insurance to the company's item charge list. Set it up with the same General and VAT Posting Groups that the other Item Charges have.
2. Create a sales invoice, with a Posting Date of 01/31/01, for the insurance amount of 40 LCY to be charged to customer 20000.

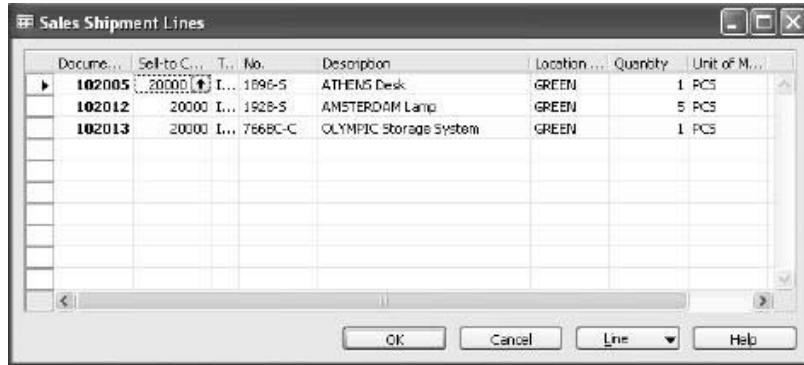
Observe that, as the charge is being sold to the customer rather than incurred by the company as cost, the charge amount must be entered in the **Unit Price Excl. VAT** field.

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***NOTE:** The program does not support the possibility of posting costs associated with a charge automatically as a part of posting a charge line from a sales document. Costs related to a charge must be posted directly to an appropriate G/L account as an expense or as an item charge from a purchase document.*

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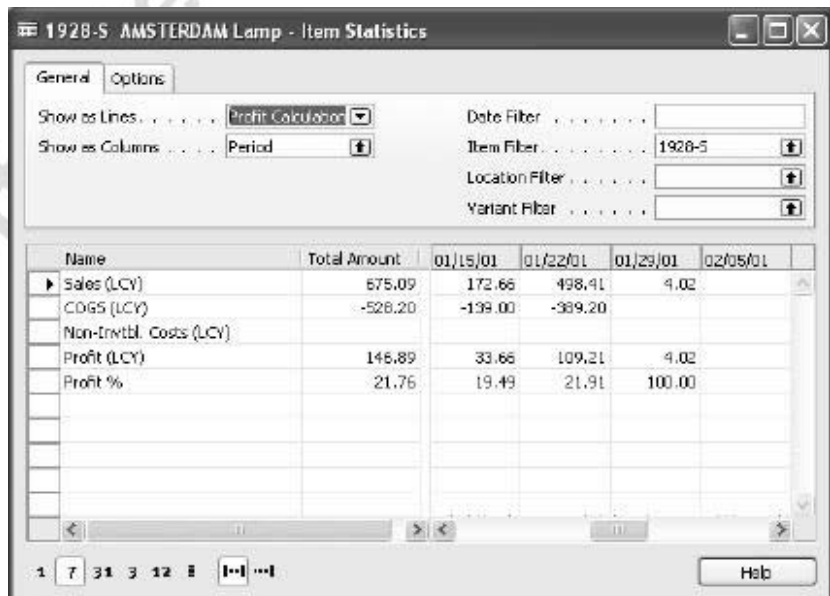
- Assign the insurance charge to all the sales lines shipped to customer 20000. Use the Get Shipment Lines function from the Item Charge Assignment (Sales) window to retrieve the lines.



- In the Item Charge Assignment (Sales) window, assign the charge to the lines based on the line amounts.
- Post the sales invoice.

As a result, the program creates value entries with a link to the item ledger entries for original sales and, based on that, the sales statistics for the previously sold items get updated.

- View profit calculation statistics for item 1928-S.



The amount of 4.02 LCY is now included in the revenues and profit calculations. If required, the accountants can also collect statistical information specified per each item charge category.

## Purchase and Sales Allowances

As mentioned in the introduction, one of the essential functions of the item charges granule is to facilitate registering changes to transaction costs and price amounts at the item level without affecting item availability information. As demonstrated in the previous sections, this underlying principle can find many diverse applications within managing financial flow of purchase and sales transactions.

This section illustrates the usage of item charges with regard to purchase and sales allowances. Allowance is a term often used in connection with returns. For example, in situations where items arrive to a customer in a damaged condition, the company may offer the customer the opportunity to keep the damaged items and pay a reduced price for them instead of physically returning the items back to them. The customer would then receive a sales allowance in a form of a credit memo for the reduced amount. Similarly, in order to correct a wrongly priced delivery (with no physical return of items involved), a vendor would issue an allowance to the company, who would register this amount as a purchase credit memo of an item charge type. To learn more about sales and purchase returns, refer to Chapter 9 “Returns Management” in this training manual.

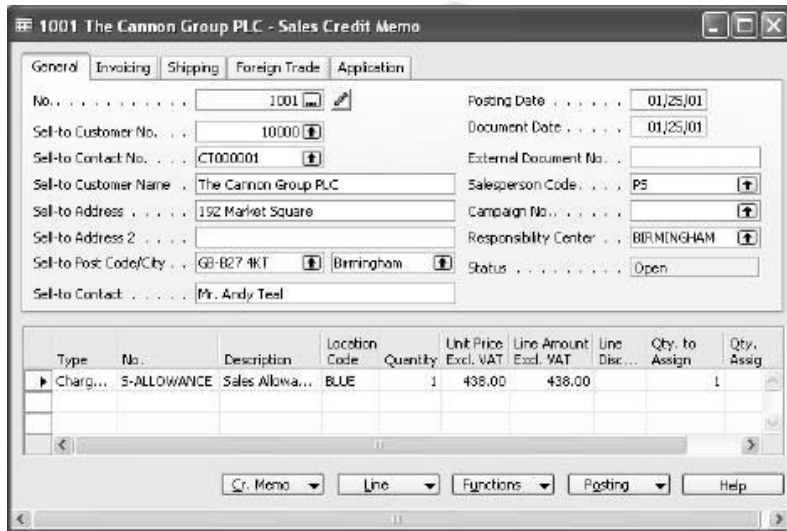
Consider the following scenario:

### Scenario 3

After a shipment was delivered and invoiced to customer 10000, the salesperson at Cronus has discovered that item 1964-W in the shipment was priced incorrectly – 15% higher than the agreed price. The shipment number is 102030. The customer should now be compensated for the difference. As the items are in perfect condition, they will not be returned to Cronus.

An accountant must now issue a credit memo of an item charge type:

1. From the Financial Management menu, click RECEIVABLES→CREDIT MEMO to create a new credit memo.
2. Enter the header details for customer 10000. Enter the charge line details. (You may want to use the Copy Document function to retrieve the price information from the shipment document.)
3. Select Sales Allowance as the type of the item charge.
4. In the **Quantity** field enter 1, and in the **Unit Price Excl. VAT** field, enter 438 (15% of the total order price of 2,920 LCY).
5. Assign the charge to the sales line for item 1964-W in the posted shipment number 102030.



6. Post this credit memo.

The customer and item sales statistics have now been updated without the original shipment quantity (and thus item availability) being changed.

## Test Your Skills – Handling Purchase Allowance

**Scenario:** Upon receiving and invoicing a shipment (No. 107019) from vendor 10000, the inventory manager discovers that two units of item 70011 had a slight fault on the glass surface. The inventory manager contacts the vendor about the problem, and the vendor offers Cronus the opportunity to keep the items for a reduced price (by 40%). Cronus receives a credit memo from the vendor.

### All Levels

Your task is to register this agreement in the program ensuring that the transaction is reflected at the item statistics level.



## Quick Interaction: Lessons Learned

Take a moment to write down three Key Points you have learned from this chapter:

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2.

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3.

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## CHAPTER 8: ORDER PROMISING

This chapter contains the following sections:

- Overview
- Promising Orders to Customers
- Estimating Purchase Order Receipt
- Estimating Transfer Order Receipt

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### Overview

As e-technology increases the number and speed of transactions, many companies find themselves managing many small orders and dealing with demanding and selective customers. Under these circumstances, the ability to provide customers with accurate information about order delivery and to estimate the receipt of orders shipped by the vendors becomes very important.

In Microsoft® Business Solutions–Navision®, the date calculation functionality and the Order Promising feature are the cornerstone of managing the sales orders. The program calculates the delivery and shipment dates that meet the dates requested by customers based on availability dates.

The program operates with two concepts:

- Available to Promise (ATP) and
- Capable to Promise (CTP)

ATP is used in connection with the date calculation functionality and is based on the inventory reservation system. When the ATP function is used, the program performs the availability check of the uncommitted (unreserved) portion of a company's inventory in terms of planned production, purchase, transfers, and sales returns. Based on the availability date of the items, the delivery date for the customer is calculated.

CTP is used to perform “what if” scenarios. If no items are available in inventory and there are no inbound orders scheduled, the program can calculate the earliest date that items can be available if they are produced, bought, or transferred from another location. From the availability date of the items, the program calculates the delivery date at the customer, creates order lines for this date, and reserves the inventory. The CTP function includes capacity constraint issues in the calculation, and it may be integrated to production scheduling, manufacturing, transfer and purchase planning. The level of CTP greatly depends on the model selected in the capacity-scheduling engine.

With the date calculation functionality, companies can also make estimates concerning the expected dates for order receipts from their vendors.

The possibilities of the program to support companies in promising orders to customers and estimating purchase and transfer order receipts are explained and illustrated in the following sections.

To follow the suggested scenarios, remember to install the clean database. Otherwise, your results may vary from those described here.

## Promising Orders to Customers

In this section, you see how Microsoft Navision can help sales personnel provide customers with accurate information about sales order delivery. As described in the previous section, to perform this task, sales people can use the date calculation functionality, which relates to the available-to-promise situation. They can also supplement it with the Order Promising feature, which relates to the capable-to-promise situation.

The date calculation functionality builds on series of calculations, which are based on a number of dates and times. To better understand this functionality, we suggest that first you familiarize yourself with the terms and definitions of the key dates and times used and calculated by the program. Then you can learn about a set of calculations, which are based on the interrelations between those dates and times.

With this understanding in place, you can proceed to learn:

- How to set up the program to be able to use the date calculation functionality and the Order Promising feature.
- How the program supports sale personnel in managing their sales order promising process, depending on customer requirements and item availability.

### Definitions

**Requested Delivery Date:** The date that the customer has asked for the order to be delivered at their address. This date must be entered manually in order to affect the date calculation.

**Promised Delivery Date:** The date that the company has promised the order to be delivered at the customer's address. This date must be entered manually in order to affect the date calculation.

**Planned Delivery Date:** The date that the company has planned for the order to be delivered at the customer's address. This date is calculated by the program. If a requested delivery date exists, the planned delivery date will be the same.

**Planned Shipment Date:** The date on which the picking process is finished, and the items are shipped from the warehouse. This date is calculated by the program.

**Shipment Date:** The date on which an item must be available in inventory. The picking process can start on this date. This date is calculated by the program.

**Outbound Warehouse Handling Time:** The time it takes to pick, pack, and label the items of an order.

**Shipping Time:** The time between the items being shipped from the warehouse to being delivered at the customer's address.

### Calculations

With the date calculations functionality, a salesperson can provide a customer with an accurate date for when her orders will be delivered at her address. The program supports a salesperson in two ways:

- It calculates the earliest possible delivery date when the customer has not requested a delivery date, taking into account item availability.
- It verifies whether the delivery date requested by the customer/promised by the salesperson is realistic, taking into account item availability.

To carry out these two actions, the program performs a set of calculations, which are based on the dates entered by the salesperson and information set up in the program. The relationship between the dates and times used in calculations is illustrated in the following scheme:



To calculate the earliest delivery date for the orders for which a customer has not requested a delivery date, the program sets the shipment date equal to the current working date and bases the availability date on that. If items are available on that date, the program makes a forward calculation to determine the date when the order can be delivered to the customer's address. These calculations can be represented by the following formulas:

$$\text{Shipment Date} + \text{Outbound Warehouse Handling Time} = \text{Planned Shipment Date}$$

and

$$\text{Planned Shipment Date} + \text{Shipping Time} = \text{Planned Delivery Date}$$

To verify whether the delivery date requested by the customer/promised by the salesperson can be met, the program sets a planned delivery date equal to the requested/promised delivery date and makes a backward calculation to determine the date when the items must be available to meet the customer's request/salesperson's promise.

These calculations can be represented by the following formulas:

Planned Delivery Date - Shipping Time = Planned Shipment Date

and

Planned Shipment Date - Outbound Warehouse Handling Time = Shipment Date

The program uses the shipment date, which is the calculated availability date, to make the availability check. If items are available on this date, the program confirms that the requested/promised delivery date can be met by setting the planned delivery date equal to the requested/promised delivery date. In this way, the interface between the time functionality and the availability check lies at the shipment date.

If the program determines that items are not available on the current working date (when there is no requested/promised delivery date) or on the calculated availability date (when there is a requested/promised delivery date), then a salesperson can choose to use the CTP functionality of the Order Promising feature. Based on the new dates, the program recalculates all other related dates according to the formulas defined above.

The program also recalculates all the related dates if a salesperson chooses to manually change any of the dates involved in date calculations.

There is an order of priority for how the program uses the dates entered on the sales header when calculating all the related dates on the lines. These priorities are illustrated in the following table:

	<b>Promised Delivery Date</b>	<b>Requested Delivery Date</b>	<b>Shipment Date</b>
<b>Priority 1</b>	✓		
<b>Priority 2</b>	is not entered	✓	
<b>Priority 3</b>	is not entered	is not entered	✓

The program takes the date with the highest priority as a starting point for the calculation.

## Setting up Date Calculation for Sales Orders

The setup for date calculations on the sales side consists of the following three elements:

- The Outbound Warehouse Handling Time setup: This is the time it takes to pick, pack, and label the items of an order before shipping. The program uses the outbound warehouse handling time in calculating the planned delivery date or shipment date.
- The Shipping Time setup: This setup can include definitions of the types of services the company's shipping agent can offer and the corresponding shipping times.
- The Availability Test Interval setup: This is the period within which the program makes the availability calculation.

## Setting up Outbound Warehouse Handling Time

Companies can set up the outbound warehouse handling time:

- On the inventory setup card.  
OR
- On the location card. If a company has more than one location, they must set up the handling time for each location. This setup has priority over the setup on the inventory setup card.

Now, set up the outbound warehouse handling time for the Blue warehouse:

1. From the Warehouse menu, click **SETUP**→**LOCATIONS**.
2. Browse to the location card for the Blue warehouse, and click the **Warehouse** tab.
3. In the **Outbound Whse. Handling Time** field, enter 1D.

This specifies that it takes one day for the warehouse personnel at the Blue location to handle the picking, packing, and labeling procedures.



### **Setting up Shipping Time**

Because the shipping time can depend on the type of shipping services companies' shipping agents offer, they can choose to set up the shipping time per shipping agent service. With the shipping agent services and shipping times set up, they can link them to the customers. Then, every time a salesperson makes a sales order for a specific customer, the program uses the shipping time associated with the shipping agent service set up for this customer to calculate the planned delivery date for this order.

Companies can also choose to set up a shipping time for each individual customer, independently of the specific shipping agent service. They do so by entering the information in the **Shipping Time** field on the **Shipping** tab of the customer card. In this case, they overwrite the shipping time associated with a specific shipping agent service.

To make the program use the shipping time depending on what shipping agent and services they choose, companies must first set up shipping agents and define their services.

At Cronus, there are four shipping agents set up in the program:

1. From the Sales & Marketing menu, click ORDER PROCESSING→SETUP→SHIPPING AGENTS.

For each of the shipping agents, the company sets up a number of services that differ in terms of shipping time.

2. Select DHL shipping agent and click LINE→SHIPPING AGENT SERVICES. The Shipping Agent Services window appears.

The following is the procedure for how to link a shipping agent service to a specific customer.

Set up the FEDEX shipping agent and the Next Day shipping service for customer 20000:

1. From the Sales & Marketing menu, click ORDER PROCESSING→CUSTOMERS. Browse to the customer card for customer 20000, and click the **Shipping** tab.
2. In the **Shipping Agent Code** field, select FEDEX and press Enter.
3. In the **Shipping Agent Service Code** field, select NEXT DAY, and press Enter.

The program fills in the **Shipping Time** field with 1D.

The next time a salesperson makes a sales order for this customer, the program copies the information about the shipping agent services and shipping time from the customer card to the corresponding fields on the **Shipping** tab of the sales order.

### **Setting up an Availability Test Interval**

An availability test interval must be set up on the company information card. From the Administration menu, click APPLICATION SETUP→GENERAL→COMPANY INFORMATION. Click the **Shipping** tab.

Notice that the **Check-Avail. Period Calc.** field contains 90D and the **Check-Avail. Time Bucket** field contains Week. This means that when a salesperson runs the ATP function, the program checks item availability for a period of 90 days starting from the current day, checking one week at a time. The check-availability period typically reflects an agreement between a company and its customers, indicating the maximum time customers are willing to wait before their order requests can be met.

### **Setting Up the Order Promising Feature**

To set up the Order Promising feature, a company must specify certain parameters that the program must use in order promising calculations. These specify the time parameters that the program must use to calculate item availability and which worksheet the program must use to store the information.

Set up the Order Promising feature in the Order Promising Setup window.

You can read about how to set up parameters in the Order Promising Setup window in the topic called “Setting Up Order Promising” in online Help.

At Cronus, the order promising setup includes the following parameters:

From the Sales & Marketing menu, click SETUP→ORDER PROMISING SETUP to open the Order Promising Setup window.

Notice that the **Order Promising Template** field contains PLANNING. This means that by default the program creates replenishment proposals in the planning worksheet.

### **Promising Sales Order Delivery**

To illustrate the date calculation functionality and the functionality of the Order Promising granule, here are a number of different scenarios based on the example of Cronus. In these examples, the current day is assumed to be the 25th of January 2001 (01/25/01).

The screenshots illustrating the scenarios in this section do not represent the standard layout of the sales lines. The date related fields, which are the **Planned Delivery Date**, the **Planned Shipment Date** and the **Shipment Date** fields, are moved to the left and inserted next to the **Quantity** field.

**Promising Sales Order Delivery with no Delivery Date Requested**

The following two scenarios describe a situation where customers place orders with no delivery date requested. The two scenarios are as follows:

- Items are available for shipping on the day that the customer placed their order.
- Items are not available.

Consider the first scenario.

**Scenario 1**

Cronus customer 10000 places an order for 100 units of item 70002.

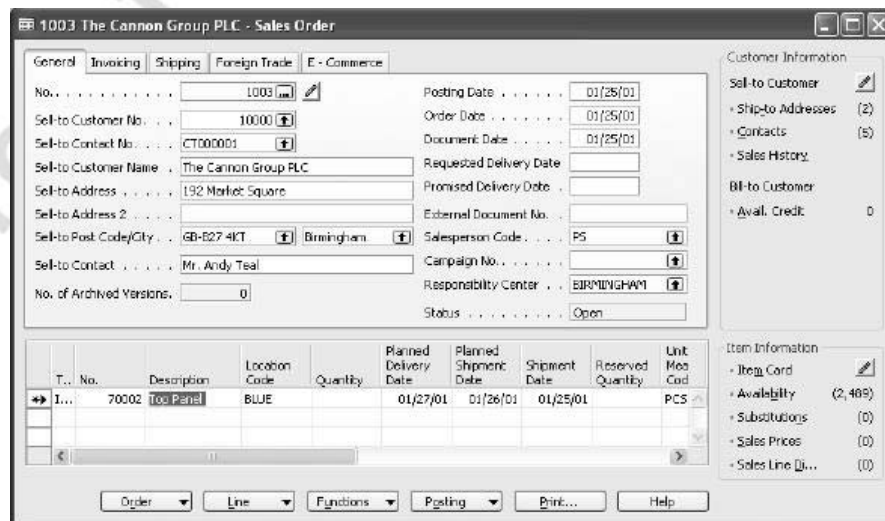
The customer does not request any specific date for delivery.

A salesperson at Cronus creates a sales order and tells the customer when he can expect his order to be delivered.

Create a sales order for 100 units of item 70002 for customer 10000:

1. From the Sales & Marketing menu, click ORDER PROCESSING→ORDERS. Press **F3**.
2. In the **Sell-to Customer No.** field, select customer 10000.
3. Leave the **Requested Delivery Date** field blank.
4. In the **No.** field, select item 70002, and in the **Quantity** field, enter 100.

Pay attention to the **Planned Delivery Date**, the **Planned Shipment Date** and the **Shipment Date** fields on the sales lines:



The program fills in these fields with dates from the forward calculation, when the shipment date is set equal to the order date, which is 01/25/01.

First, the program makes availability check for the required quantity of item 70002 at the Blue warehouse on the current date. When the availability check shows that items are available on the current date, the program performs forward calculation, taking this date as a starting point for calculations. Based on the information that the outbound warehouse handling time is one day for this location, and the shipping time is one day for this customer, the program correspondingly calculates the planned shipment date and the planned delivery date.

Based on these calculations, the salesperson can now inform the customer that the order will be delivered at their address in two days.

Now consider the scenario where items are not available for shipping at the current date.

### **Scenario 2**

Cronus customer 20000 places an order for 30 units of item 1968-S.

The customer does not request any specific date for delivery. The order will be shipped from the Green warehouse.

A salesperson at Cronus creates a sales order and tells the customer when he can expect his order to be delivered.

Create a sales order for 30 units of item 1968-S for customer 20000:

1. From the Sales & Marketing menu, click ORDER PROCESSING→ORDERS. Press **F3**.
2. In the **Sell-to Customer No.** field, select customer 20000.
3. Leave the **Requested Delivery Date** field blank. In the **Location Code** field of the **Shipping** tab, select GREEN.
4. In the **No.** field, select item 1968-S, and in the **Quantity** field, enter 30.

The program gives a stockout warning message.

Note that the **Earliest Availability Date** field on the warning card contains the date 01/30/01. This means that a transfer, production, or sales return order has been created for item 1968-S, and the expected receipt date for this order is 01/30/01. The salesperson can use this information to recalculate the date when the sales order can be delivered to the customer:

5. Click **Yes** on the warning card. In the **Shipment Date** field on the sales line, enter 01/30/01 and press Enter.

Now the program correspondingly recalculates the planned shipment date and the planned delivery date:

T. No.	Description	Location Code	Quantity	Planned Delivery Date	Planned Shipment Date	Shipment Date	Reserved Quantity	Unit Mes Cod
1...	1968-S	MEXICO SWM...	30	02/01/01	01/31/01	01/30/01		

Based on these calculations, the salesperson can promise the customer that the order will be delivered at their address on 02/01/01.

**NOTE:** Other than using the earliest availability date suggested by the program, the salesperson can run the CTP function. An example of how to do this is described in connection with Scenario 4.

If, for some reason, the salesperson decides to change the shipment date suggested by the program to a later date, the program recalculates all the related dates.

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**NOTE:** *If the user changes the shipment date on the header, and the availability check for existing sales lines shows that items are unavailable on the new shipment date, the program does not give a stockout message. The warning appears only when the shipment date is changed on the individual line.*

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In the sales order that you have created for customer 20000 for 30 units of item 1968-S, change the shipment date from 01/30/01 to 02/01/01:

6. In the **Shipment Date** field on the sales line, change the date to 02/01/01.

The program makes the forward calculations to determine the new planned shipment and planned delivery dates and fills in the corresponding fields on the sales lines.

Similarly, if the salesperson decides to change the planned delivery date, the program makes a backward calculation to determine on which date items must be available (that is the shipment date). Based on this new date and depending on item availability, the program performs forward calculations as described in connection with scenarios 1 and 2.

### **Promising Sales Order with a Requested Delivery Date**

The following three scenarios describe situations where customers place orders and request a specific delivery date. The three scenarios are as follows:

- The requested delivery date can be met.
- The requested delivery date cannot be met.
- To meet a requested delivery date, the shipment date must be before the current date.

Consider the first scenario.

#### **Scenario 3**

Cronus customer 50000 places an order for 25 units of item 70010. The customer requests that the order be delivered on 01/29/01. A salesperson at Cronus creates a sales order and checks whether the requested order delivery date can be met.

Create a sales order for 25 units of item 70010 for customer 50000:

1. From the Sales & Marketing menu, click ORDER PROCESSING→ORDERS. Press **F3**.
2. In the **Sell-to Customer No.** field, select customer 50000.
3. In the **Requested Delivery Date** field, enter 01/29/01.
4. On the **Shipping** tab, in the **Location Code** field, select Blue and press Enter.
5. In the **No.** field, select item 70010, and in the **Quantity** field, enter 25.

Pay attention to the **Planned Delivery Date**, the **Planned Shipment Date** and the **Shipment Date** fields on the sales lines:

- Planned Delivery Date – 1/29/01
- Planned Shipment Date – 1/27/01
- Shipment Date – 1/26/01

The program fills in these fields with dates from the backward calculation, when the planned delivery date is set equal to the requested delivery date. The program verifies that items are available for shipping on the calculated shipping date (01/26/01) and leaves the planned delivery date unchanged.

Based on these calculations, the salesperson can now confirm to the customer that their order will be delivered at their address on the requested delivery date of 01/29/01.

If, for some reason, the salesperson decides to change the shipping time and/or the outbound warehouse handling time, the program will correspondingly recalculate all the related dates.

In the sales order that you have created for customer 50000 for 25 units of item 70010, change the outbound warehouse handling time from one day to two days:

6. On the **Shipping** tab, in the **Outbound Warehouse Handling Time** field, overwrite 1D with 2D. Press Enter.
7. Click **Yes** on the message that appears.

The program now recalculates the shipment date and verifies that items are available for shipping on this date. The requested delivery date remains unchanged.

Now consider the scenario where the requested delivery date cannot be met.

### Scenario 4

Cronus customer 20000 places an order for 30 units of item 70200.

The customer requests that the order be delivered on 01/28/01.

A salesperson at Cronus creates a sales order and checks whether the requested order delivery date can be met. The sales order will be shipped from the Green warehouse.

Create a sales order for 30 units of item 70200 for customer 20000:

1. Create a new sales order.
2. In the **Sell-to Customer No.** field, select customer 20000.
3. In the **Requested Delivery Date** field, enter 01/28/01.
4. On the **Shipping** tab, in the **Location Code** field, select Green and press Enter.
5. In the **No.** field, select item 70200 and in the **Quantity** field, enter 30.

The program gives the stockout warning message.

This message appears because the program checks whether the needed quantity of the item is available for shipping on 01/26/01, which is the day when the order must be shipped to meet the requested delivery date of 01/28/01. The availability check shows that items are unavailable on that date.

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**NOTE:** *If the user changes the requested delivery date on the header, and the availability check for existing sales lines shows that items are unavailable on the calculated shipment date, the program does not give a stockout warning. The warning appears only when the requested delivery date is changed on the individual line.*

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Note that the **Earliest Availability Date** field on the warning window does not contain a date. This means that there are no transfer, production, or sales return purchase orders created for item 70200.

6. Click **Yes** on the warning card.



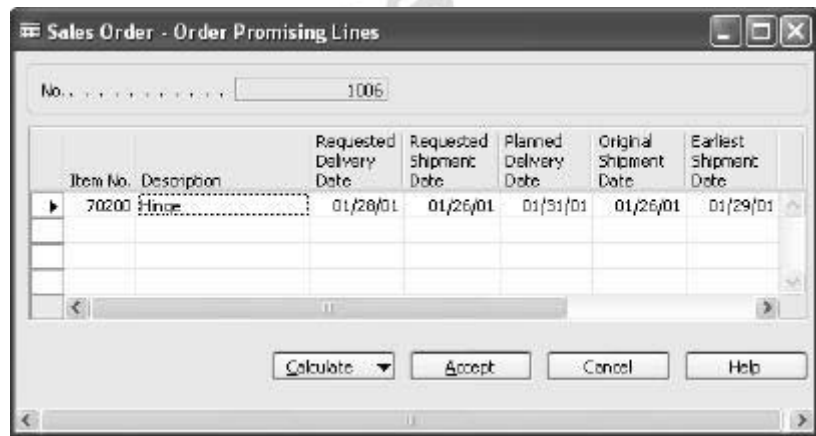
The salesperson can now choose to use the Capable-to Promise functionality of the Order Promising granule to calculate when the requested quantity can be available. The following is the procedure for how to use this functionality.

1. In the Sales Order window, click ORDER→ORDER PROMISING. The Order Promising Lines window appears.

The program copies information to the **Requested Delivery Date** field and the **Original Shipment Date** field from the sales order header and line, respectively.

2. Click CALCULATE→CAPABLE-TO-PROMISE.

The program now checks when the required item quantity can be available if they need to be produced, transferred, or purchased. It then fills in the **Earliest Shipment Date** field and, based on this date, recalculates the new planned delivery date.



3. Click **Accept**.

The program now copies the dates from the fields on the Order Promising Lines window to the corresponding fields on the sales lines.

Based on these calculations, the salesperson can now inform the customer that his requested delivery date cannot be met. At the same time, the salesperson can inform the customer that Cronus is capable of delivering the order three days later than initially requested, that is, on 01/31/01.

**NOTE:** After the user runs the CTP function, the program reserves the required quantity for a specific sales order and creates a requisition proposal line in the Planning Worksheet in Manufacturing. If the user changes the requested delivery date after she has run the CTP function, the lines in the planning (requisition) worksheet will not be updated.

If now, with the customer's agreement, the salesperson decides to move the requested delivery date to another date, the program recalculates all the related dates.

In the sales order that you have created for customer 20000 for 30 units of item 70200, change the requested delivery date from 01/28/01 to 02/01/01:

1. In the **Requested Delivery Date** field, change 01/28/01 to 02/01/01.
2. Click **Yes** to the message that appears.

The program now recalculates all the other dates in the manner described in scenarios 3 and 4 and fills in the corresponding fields on the sales lines.

Similarly, if the salesperson decides to change the planned shipment date, the program recalculates all associated dates. It makes a backward calculation to determine the new shipment date and a forward calculation to determine a new planned delivery date.

Finally, consider a situation where, in order to meet a customer's requested delivery date, a company has to ship the order before the current date.

### Scenario 5

Cronus' customer 50000 places an order for 20 units of item 1988-S.

The customer requests that the order be delivered on 01/27/01. The sales order will be shipped from the Yellow warehouse.

A salesperson at Cronus creates a sales order and checks whether the requested order delivery date can be met.

Create a sales order for 20 units of item 1988-S for customer 50000:

1. Create a new sales order.
2. In the **Sell-to Customer No.** field, select customer 50000.
3. In the **Requested Delivery Date** field, enter 01/27/01.
4. On the **Shipping** tab, in the **Location Code** field, select YELLOW.
5. In the **No.** field, select item 1988-S.

The program now performs calculations and gives a message that a shipment date is before the work date. By clicking **OK** you accept the suggested shipment date of 01/24/01.

6. In the **Quantity** field, enter 20.

Notice that the **Late Order Shipping** field on the **Shipping** tab contains a check mark. This indicates to the salesperson either that the shipment is delayed compared to the customer's requested delivery date or that the shipment date is before the work date. The program does not give a direct warning.

In this situation, the salesperson can choose:

- to accept the planned delivery date, and thus the requested delivery date, and find an internal solution to comply with it.

OR

- to set the shipment date equal to the current date and make the program recalculate all the associated dates and suggest a new planned delivery date.

### ***Promising Sales Order Delivery in Other Situations***

When creating sales orders, with or without requested delivery dates, salespeople may encounter situations where, for one reason or another, they would prefer to ship the orders on a different date than that calculated by the program. The practice of shipping orders on certain week days to a specific customer (and thus having a fixed routing schedule) could be one example of such a situation. Another example is when the shipping of various sales lines with different planned delivery dates on the same date is an optimal option for both a salesperson and the customer.

In these and similar situations, the sales people must first confirm the new delivery date with the customer and then, with the customer's agreement, regard this date as a promised delivery date. After this date is entered in the **Promised Delivery Date** field, the program sets the planned delivery date equal to the promised delivery date and calculates all the associated dates in the same way as in the case of the requested delivery date.

Consider the following scenario:

### Scenario 6

Cronus' customer 50000 places an order for ten units of item 1908-S, 15 units of item 1964-S, and 90 units of item 1906-S. The customer requests that the order be delivered on 01/28/01. The sales order will be shipped from the Green warehouse. A salesperson at Cronus creates a sales order and checks whether the requested order delivery date can be met.

1. Create the sales order for customer 50000.

When creating a sales line for item 1906-S, change the shipment date of 01/25/01 to 01/31/01, which is the earliest availability date for this item as suggested by the program in the stockout message.

The order now contains three sales lines with two different shipment dates.

In order to ship all three items on the same date, the salesperson obtains the customer's acceptance to deliver the order on 02/03/01.

2. In the **Promised Delivery Date** field, enter 02/03/01.
3. Click **Yes** on the message that appears.

The program now recalculates all the other dates and fills in the corresponding fields on the sales lines.

## Test Your Skills – Promise Order Delivery to a Customer

**Scenario:** Cronus customer 50000 places an order for 50 units of item 70040.

The customer requests that the order be delivered on 01/27/01. The sales order will be shipped from the Yellow warehouse.

### All Levels

Your tasks are as follows:

1. Create the sales order, and check whether the requested order delivery date can be met.
2. If the requested delivery date cannot be met, find out when you are capable of delivering the order. To do that, you may choose to run the CTP function.
3. Suppose that the customer is not satisfied with the new delivery date. You, however, promise the customer to deliver the order one day earlier and will find a solution for how you can fulfill the promise.

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## Estimating Purchase Order Receipt

In this section, you see how to use the Order Promising feature when estimating purchase order receipt.

To better understand the functionality of the Order Promising feature, we suggest that first you familiarize yourself with the terms and definitions of the key dates and times used and calculated by the program. Then you can learn about a set of calculations, which are based on the interrelations between those dates and times.

With this understanding in place, you can proceed to learn about:

- How to set up the program to be able to use the date calculation functionality.
- How the program supports purchase personnel in managing their purchase order receipt process.

### Definitions

**Requested Receipt Date:** The date on which the company requests a vendor to deliver the order at the company's address. This date must be entered manually in order to affect the date calculation.

**Promised Receipt Date:** The date on which the vendor promises that the order will be delivered to the company's address. This date must be entered manually in order to affect the date calculation.

**Planned Receipt Date:** The date on which the company plans to receive the order. This date is calculated by the program.

**Expected Receipt Date:** The date on which the company expects the put-away process to be finished and the items available for picking. This date is calculated by the program and affects item availability.

**Order Date:** The date on which the vendor must ship the items in order to meet the planned receipt date.

**Inbound Warehouse Handling Time:** The time that it takes to receive and put away the items of an order.

**Lead Time Calculation:** The time interval between the items being ordered at the vendor and the items being received at the company.

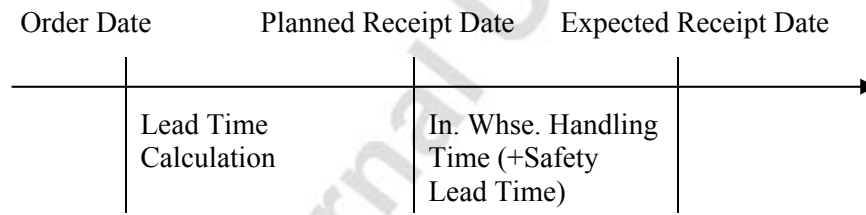
**Safety Lead Time:** The buffer period in case of delays in the production process. This affects the date on which the items become available for sale.

## Calculations

The date calculation functionality allows a purchaser to estimate the date when the orders will be received at the company. The program supports a purchaser in two ways:

- It calculates the expected receipt date for the orders for which a purchaser has not requested a receipt date, taking into account vendor's lead time.
- It calculates the date when the purchaser must make a purchase order in order to receive it on the requested date.

To perform these two actions, the program makes a set of calculations, which are based on the dates entered by the purchaser and information set up in the program. The relationship between the dates and times used in calculations is illustrated in the following scheme:



To calculate the expected receipt date for the orders for which a purchaser has not requested a receipt date, the program sets the order date equal to the current working date and then makes a forward calculation from this date to determine the date when the order will be delivered to the company. These forward calculations can be represented by the following formulas:

Order date + Lead Time Calculation = Planned Receipt date

and

Planned Receipt date + Inbound Warehouse Handling time + Safety Lead Time = Expected Receipt date

To calculate an order date for an order that is to be received on the requested date, the program sets the planned receipt date equal to the requested receipt date and makes a backward calculation to determine the date when the items must be ordered (the order date).

To calculate the expected receipt date for an order with the requested receipt date, the program sets the planned receipt date equal to the requested receipt date and makes a forward calculation. These calculations can be represented by the following formulas:

Planned Receipt date - Lead Time Calculation = Order date

and

Planned Receipt date + Inbound Warehouse Handling time (+Safety Lead time) =  
Expected Receipt date

The program also recalculates all the related dates if a purchaser chooses to manually change any of the dates involved in date calculations.

There is an order of priority for how the program uses the dates entered on the purchase header when calculating all the related dates on the lines. These priorities are illustrated in the following table:

	<b>Promised Receipt Date</b>	<b>Requested Receipt Date</b>	<b>Expected Receipt Date</b>	<b>Order Date</b>
<b>Priority 1</b>	✓			
<b>Priority 2</b>	is not entered	✓		
<b>Priority 3</b>	is not entered	is not entered	✓	
<b>Priority 4</b>	is not entered	is not entered	is not entered	✓

The program takes the date with the highest priority as a starting point for the calculation.



## Setting up Date Calculations for Purchase Orders

The order promising setup on the purchase side consists of the three following elements:

- The Inbound Warehouse Handling Time setup: When users set up the inbound warehouse handling time, they define the time it takes to receive and put away items. The program uses this time to calculate the planned receipt date or expected receipt date.
- The Lead Time Calculation setup: When users set up the lead time calculation, they define a date formula for the time it takes for the item to be delivered to the company. Alternatively, the user can define a date formula for the time it takes a vendor to deliver orders - from when the orders are placed to when they are received at the company. The program uses the formula to calculate the date on which the items/orders are planned to be received (when there is no requested receipt date) or the order date (when there is a requested receipt date).
- The Safety Lead Time setup: In the planning process, this time affects the date the items produced appear to be available for sale. The safety lead time can be considered a buffer period in case of delays in the production process.

### Setting up Inbound Warehouse Handling Time

Companies can set up the inbound warehouse handling time:

- on the inventory setup card.
- OR
- on the location card. If a company has more than one location, they must set up the handling time for each location. This setup has priority over the setup on the inventory setup card.

Set up the inbound warehouse handling time for the Blue warehouse:

1. From the Warehouse menu, click **SETUP**→**LOCATIONS**. Browse to the location card for the Blue warehouse, and click the **Warehouse** tab.
2. In the **Inbound Whse. Handling Time** field, enter 1D.

This specifies that it takes one day for the warehouse personnel at the Blue location to handle the receiving and putting away procedures before items are available in the warehouse for picking.

### **Setting up Lead Time Calculation and Safety Lead Time**

Companies can set up the lead time calculation:

- In the Item Vendor Catalog window
- On the item card (if the stockkeeping unit exists for the item, then on the SKU card)
- On the vendor card

The program uses the lead time calculation setup in the same order of priority as shown in the above list.

Companies can set up the safety lead time on either the item card or the Planning tab of the Manufacturing Setup window. Here the term “default safety lead time” is used. The program uses the default safety lead time set up on the Manufacturing Setup window only if it is not set up on the item card. Because this time is of relevance to manufacturing companies, it is recommended that non-manufacturing companies set up this time to zero on item cards or remove it from both the Manufacturing Setup window and the item card.

#### **Scenario 7**

Based on the purchasing practices and long-term relationships with the vendors, Cronus purchasers have a good idea of how long it takes a certain vendor to deliver each specific item. Similarly, they know the typical time that it takes vendors to deliver a specific item and for a specific vendor to deliver orders.

For example, it takes one week for item 70010 to be delivered to Cronus if shipped by vendor 30000, and it typically takes three days for vendor 40000 to deliver orders (regardless of the items) to the company. In addition, it takes any vendor two days to ship items 70011 and 1928-W.

The safety lead time is not relevant for Cronus business operations. Therefore, all items on the company’s inventory must have zero safety lead time.

First, have a look at how Cronus has set up the lead time calculation for item 70010 and vendor 40000. Then, set up the lead time calculation for items 70011 and 1928-W and the safety lead time for items 70010, 70011, 70040 and 1928-W in the program.

In the situation where several vendors ship the same items, companies can set up the vendors for each item. They must do it in the Item Vendor Catalog window:

1. From the Purchases menu, click **INVENTORY & COSTING**→**ITEMS**. Browse to item 70010, and click **PURCHASES**→**VENDORS**. The Item Vendor Catalog card displays.

Notice that the **Vendor No.** field contains 30000, and the **Lead Time Calculation** field contains 1W. This means that when item 70010 is purchased from vendor 30000, the program uses one week as a default lead time in date calculation for the purchase order.

The lead time for a specific vendor is set up on the vendor card:

2. From the Purchase menu, click **ORDER PROCESSING**→**VENDORS**. Browse to vendor 40000, and click the **Receiving** tab.

Notice that the **Lead Time Calculation** field contains 3D.

Now, set up the lead time calculation and safety lead time for items 70011 and 1928-W:

1. Click **INVENTORY & COSTING**→**ITEMS**. Browse to item 70011, and click the **Replenishment** tab.
2. In the **Lead Time Calculation** field, enter 2D.
3. Click the **Planning** tab and in the **Safety Lead Time** field, enter 0D.

Repeat Steps 1 through 3 for item 1928-W. Set up zero safety lead time for items 70010 and 70040.

### Estimating Purchase Order Receipt

To illustrate the date calculation functionality, here are a number of different scenarios based on the example of Cronus. In these examples, the current day is assumed to be the 25th of January 2001 (01/25/01).

The screenshots illustrating the scenarios in this section do not represent the standard layout of the purchase lines. The date related fields – the **Planned Receipt Date**, the **Expected Receipt Date** and the **Order Date** fields – are moved to the left and inserted next to the **Quantity** field.

### ***Estimating Purchase Order Receipt with no Receipt Date Requested***

Consider the following scenario:

#### **Scenario 8**

A purchaser at Cronus places an order for 25 units of item 70011 with vendor 10000 and does not request a specific receipt date.

The purchaser creates a purchase order and would like to estimate when the order will arrive at the Blue warehouse.

Create a purchase order for 25 units of item 70011 for vendor 10000:

1. From the Purchase menu, click ORDER PROCESSING→ORDERS. Press **F3**. In the **Buy-from Vendor No.** field, select vendor 10000.
2. Click the **Shipping** tab. **Leave the Requested Receipt Date** field blank.
3. In the **Location Code** field, select BLUE.
4. In the **No.** field, select item 70011, and in the **Quantity** field, enter 25.

The program calculates when the vendor can deliver the items to the warehouse and when they will be available for picking. Pay attention to the **Planned Receipt Date**, the **Expected Receipt Date** and the **Order Date** fields on the purchase lines.

Based on the lead time ( + safety lead time) set up for item 70011 and the inbound warehouse handling time set up for the Blue warehouse, the program calculates planned and expected receipt dates respectively. Based on these calculations, the purchaser can expect the ordered items to be available for picking in the Blue warehouse on 01/28/01.

If the purchaser now decides to change the order date, the program recalculates all related dates accordingly.

In the purchase order that you have created for vendor 10000 for 25 units of item 70011, change the order date on the purchase line from 01/25/01 to 01/30/01:

5. In the **Order Date** field, change the date to 01/30/01.

The program makes a forward calculation to determine the new planned receipt date and expected receipt date and fills in the corresponding fields on the purchase line.

The screenshot shows the 'Purchase Order' form for '106025 London Postmaster'. The 'Shipping' tab is selected. The form contains the following fields:

- No.: 106025
- Posting Date: 01/25/01
- Buy-from Vendor No.: 10000
- Order Date: 01/25/01
- Buy-from Contact No.: CT000066
- Document Date: 01/25/01
- Buy-from Vendor Name: London Postmaster
- Vendor Order No.:
- Buy-from Address: 10 North Lake Avenue
- Vendor Shipment No.:
- Buy-from Address 2:
- Vendor Invoice No.:
- Buy-from Post Code/City: GB-N12 5NY, London
- Order Address Code:
- Buy-from Contact: Mrs. Carol Philips
- Purchaser Code: RL
- Responsibility Center: LONDON
- No. of Archived Versions: 0
- Status: Open

The table below shows the purchase lines:

T. No.	Description	Location Code	Quantity	Planned Receipt Date	Expected Receipt Date	Order Date	Reserved Quantity	Unit of Measure Code
1...	70011 Glass Door	BLUE	25	02/01/01	02/02/01	01/30/01		PCS

Buttons at the bottom: Order, Line, Functions, Posting, Print..., Help.

If the purchaser changes the expected receipt date, the program makes a backward calculation from this date to first determine the new planned receipt date and then a new order date.

### ***Estimating a Purchase Order Receipt with a Receipt Date Requested***

Consider the following scenario:

#### **Scenario 9**

A purchaser at Cronus places an order for 30 units of item 70010 with vendor 30000 and requests that the order be delivered at the Blue warehouse on 02/02/01.

The purchaser creates a purchase order and would like to estimate the latest order date for it to arrive at the Blue warehouse on the requested date and when the items will be available for picking.

Create a purchase order for 30 units of item 70010 for vendor 30000:

1. Create a new purchase order. In the Buy-from **Vendor No.** field, select vendor 30000.
2. Click the **Shipping** tab. In the **Location Code** field, select BLUE.

3. In the **Requested Receipt Date** field enter 02/02/01.
4. In the **No.** field, select item 70010, and in the **Quantity** field, enter 30.

The program now calculates when the vendor can deliver the items to the warehouse and when they will be available for picking. Pay attention to the **Planned Receipt Date**, the **Expected Receipt Date** and the **Order Date** fields on the purchase lines.

The program sets the planned receipt date equal to the requested receipt date from which it subtracts the lead time (set up for this item to one week if purchased from vendor 30000) to calculate the order date. The program calculates the expected receipt date by adding inbound warehouse handling time (+ safety lead time) to the planned receipt date.

Based on these calculations, the purchaser can estimate that to receive the items on 02/02/01, the order must be placed on 01/26/01. If the purchaser now decides to change the requested receipt date, the program will recalculate all related dates accordingly.

In the purchase order that you have created for vendor 30000 for 30 units of item 70010, change the requested receipt date from 02/02/01 to 02/01/01:

5. In the **Requested Receipt Date** field on the purchase header, change the date to 02/01/01. Press Enter.
6. Click **Yes** on the message that you receive.

Based on the new requested receipt date, the program first makes a backward calculation from this date to determine the new order date and then a forward calculation to determine a new expected receipt date.

Now, consider a situation where in order to receive a purchase order on the requested receipt date, the order must have been placed before the current date.

### Scenario 10

A purchaser at Cronus places an order for 40 units of item 70040 with vendor 40000 and requests that the order be delivered at the Green warehouse on 01/27/01.

The purchaser creates a purchase order and would like to estimate the latest order date whereby the order will arrive at the warehouse on the requested date.

1. Create a purchase order for 40 units of item 70040 for vendor 40000 with the requested receipt date on 01/27/01.

When you have selected the item number in the **No.** field, the program gives a work date warning.

2. Click **OK**.

The program does not change the calculated order date that is before the work date.

In this situation, the purchaser can choose:

- To discuss with the vendor the possibility of receiving the items on the initially requested receipt date (thus leaving the dates on the line unchanged).
- OR
- To set the order date equal to the current date and make the program recalculate all the associated dates.

---

***NOTE:** If the user changes the requested receipt date on the header and the date calculation for existing purchase lines results in the order date being before the work date, the program does not give a warning. The warning appears only when the requested receipt date is changed on the individual line.*

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### **Estimating a Purchase Order Receipt in Other Situations**

When using the program to estimate the receipt of purchase orders, the purchasers accept the assumption that the delivery process adheres to time periods that are set up for this process in the program. However, the likely situation is that purchasers would like to confirm the delivery dates calculated by the program with their vendors. If a vendor indicates another date, the purchaser can regard it as a promised receipt date. After this date is entered in the **Promised Receipt Date** field, the program sets the planned receipt date equal to the promised receipt date and makes a forward calculation to suggest a new expected receipt date. The initially calculated order date remains unchanged.

Consider the following scenario:

#### **Scenario 11**

A purchaser at Cronus places an order for 20 units of item 1928-W with vendor 40000 and requests that the order be delivered to the Green warehouse on 01/28/01.

The purchaser creates a purchase order and uses the program to estimate the latest order date whereby the order will arrive at the warehouse on the requested date.

The purchaser then confirms the calculated receipt date with the vendor.

1. Create a purchase order for 20 units of item 1928-W for vendor 40000 with the requested receipt date of 01/28/01.

Notice that to calculate the order date the program uses the lead time set up for the item, which is two days for item 1928-W, rather than use the lead time set up for the vendor, which is three days for vendor 40000.

The vendor, however, cannot deliver the order on the requested date and promises instead to deliver two days later on 01/30/01.

2. In the **Promised Receipt Date** field, enter 01/30/01.
3. Click **Yes** to update the lines.

The program sets the planned receipt date equal to the promised receipt date and calculates forward to suggest a new expected receipt date. The initially calculated order date of 01/26/01 remains unchanged.

Microsoft Internal Use Only



## Test Your Skills – Order Promising

**Scenario:** A purchaser at Cronus places an order for 10 units of item 70011 with vendor 30000 and requests that the order be delivered at the Green warehouse on 02/05/01.

### All Levels

Your tasks are as follows:

1. Create the purchase order and estimate the latest order date whereby the order will arrive at the warehouse on the requested date.
2. Suppose that after talking to the vendor, they assured you that they could deliver the order three days earlier than you initially requested. Record this information in the purchase order.

Microsoft Internal Use Only

## Estimating Transfer Order Receipt

With the date calculation functionality, companies can estimate a date when transfer orders will be received at the transfer-to location. The program calculates the receipt date according to the following formula:

Shipment date + Outbound Warehouse Handling Time + Shipping time +  
Inbound Warehouse Handling Time = Receipt date

The shipping time can be either:

- The time that is associated with the shipping agent service set up for a specific transfer route.
- OR
- Entered manually on the transfer header.

You can learn more about estimating transfer order receipt in the Inventory Management training manual.

## Calendars

In our previous description of date calculations, we used the program without considering non-working days. In this section, we will explain how to set up the program to calculate days by using the Calendars feature.

Non-working days are when the company is closed for business, such as weekends or holidays. Working days can vary from one country/region to another and between companies. Companies base their scheduling on working and non-working days and acknowledge that their business partners may work with different calendars.

### Setting up and Assigning Calendars

The feature offered in the Calendars granule enables companies to set up the program to calculate working days based on specific calendars. In the calendar, companies can set up the specific days they want to be considered as working and non-working days. Calendars are then assigned to the company and to its different business partners.

When this has been done, the program will calculate all order lines according to the relevant calendar.

The program defines two different types of calendars:

- Base Calendar
- Customized Calendar

The Base Calendar is the calendar companies use to define the working and non-working days and is the basis for the customized calendars.

The Customized Calendar is a copy of a specific base calendar with added individual settings for the specific business partner it is assigned to.

The Base Calendar is created and maintained from the General Ledger Setup menu. Base calendars are by default created to consider all days as working days. Non-working days can be set up under functions.

You will find this procedure described in the online Help under Base Calendar.

Have a look at Cronus' base calendar:

1. From the Administration menu, click APPLICATION SETUP→GENERAL→COMPANY INFORMATION.
2. On the **Shipping** tab, click the **Assist** button on the **Base Calendar Code** field to open the base calendar list.
3. Select the line for the UK Base National Calendar, and click BASE CALENDAR→CARD.

Saturdays and Sundays are selected as nonworking days. When nonworking days, such as weekends, occur weekly or annually (for example, bank holidays, Christmas etc.), they can be set up in a separate table:

4. On the base calendar card, click FUNCTIONS→MAINTAIN BASE CALENDAR CHANGES.

The Base Calendar can be assigned and customized to specific business partners, and it can be assigned to the following areas:

- **Shipping** tab on the Customer Card.
- **Receiving** tab on the Vendor Card.
- **Warehouse** tab on the Location Card.
- Shipping Agent Services list.
- Service Management Setup.

---

**NOTE:** *If you do not assign a base calendar to a company or business partner, the program will calculate all dates as working days.*

*If you enter a blank location on an order line, the program will calculate all dates as working days.*

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## Quick Interaction: Lessons Learned

Take a moment to write down three Key Points you have learned from this chapter:

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2.

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## CHAPTER 9: RETURNS MANAGEMENT

This chapter contains the following sections:

- Overview
- Setting up Returns Management
- Managing Returns from Customers
- Managing Returns to Vendors

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### Overview

Superior customer service is a key strategic objective of companies that strive for a high level of customer loyalty. For many wholesalers and distributors, sales returns are a standard element of their customer service policy, which directly influences the customer's perception of the service level. Timely crediting for returned items, repairing/replacing a damaged item, and replacing a wrong item are among those aspects of handling returns that a customer associates with good service. The more seamless and efficient these return procedures appear to the customer, the more likely it is that the company retains the customer.

From the company's perspective, the internal handling of return-related processes can appear rather extensive. In most cases, companies need to adjust customer (and vendor) balances, account for additional costs, and update inventory quantities and values. Additionally, they may also need to inspect the returned items, send the returned items to the vendor for repair, and so on. The scope of these processes depend on a wide range of factors, such as the customer's request, reason for return, item type and value, causes of damage, and practices common in a specific line of business.

The handling of these processes involves different tasks that are performed by various groups of employees: sales people, warehouse personnel, bookkeepers, purchasers, and inspectors. Although logically related, those different tasks are not necessarily operationally dependent. For example, the replacement for a damaged item can be shipped to a customer before the damaged item has been returned. Similarly, a customer can be credited for a returned item before the company has inspected and approved the return. In such a multi-process environment, the challenge is to ensure that all return-associated processes are completed in a timely manner, and possible errors can be easily recovered.

Due to the complexity and scope of the return-related processes, a company's costs involved in handling these processes can be substantial. To control costs, companies need to optimize their return management processes.

The Sales Return Order Management and the Purchase Return Order Management granules offer an optimal solution to companies that strive to achieve responsive customer service by implementing cost-efficient customer and vendor return policies. Specifically, the application provides a functionality that is characterized by the following key features:

- Rapid response to customers' requests
- Flexibility
- Traceability and overview
- Automation of the return to vendor process

Personnel responsible for the customer interface are now able to register the details of their agreement with the customer regarding the return as well as information relevant to further handling of the return using just one entry point.

The application is flexible enough to allow for several return-related tasks to be performed simultaneously, which allows for priority to be given to the handling of customer-oriented processes over internal processes. (An activity diagram giving an overview of the processes and their relationship is presented at the end of this chapter.) The program's flexibility is also represented in its ability to handle sales return processes found in different business environments.

Furthermore, the program provides full document traceability for an overview of the sales return history. This becomes important for customer inquiries and internal follow-up purposes.

Finally, in situations where companies handle items with warranties provided by vendors (where there is need to couple a sales return with the return to vendor process), the program offers functionality that automates the creation of all relevant documents.

This chapter demonstrates the key features of the return functionality of Microsoft® Business Solutions–Navision®. As the returns functionality is based on the distinction between customer-oriented and vendor-oriented processes, the chapter is divided into two major sections:

- Managing returns from customers
- Managing returns to vendors

The chapter starts with a section describing the setup of the two return granules.

To explain how the program supports companies in managing the tasks involved in return-related processes, comprehensive scenarios and examples are used throughout the chapter. For an overview of typical procedures associated with handling specific return-related tasks, it is recommended that you read the respective topic in online Help.

## Setting up Returns Management

The setup of returns management consists of two elements:

- **General granule setup.** The setup of the Sales Return Order Management and the Purchase Return Order Management granules is part of and defined by a number of relevant fields on, respectively, Sales & Receivables Setup and Purchases & Payables Setup.
- **Return Reasons setup.** A company can set up codes that specify the reasons for returning items. These apply to both customer and vendor returns. The user can select a return reason code when registering their agreement regarding a sales/purchase return in most of the sales/purchase documents.

### Setting up the Returns Management Granules

The setup of the Sales Return Order Management granule is a part of the general Sales & Receivables setup:

1. From the Sales & Marketing menu, click **SETUP→SALES & RECEIVABLES SETUP**.

The following four fields on the **General** tab define the sales return management setup: the **Return Receipt on Credit Memo**, **Copy Cmts Ret. Ord. to Cr. Memo**, **Copy Cmts Ret. Ord. to Ret. Rcpt**, and **Exact Cost Reversing Mandatory** fields.

A check mark in the **Return Receipt on Credit Memo** field indicates that the program automatically creates return receipt documents when a sales credit memo is posted. This field must not contain a check mark if a company has not purchased the Sales Return Order Management granule and only uses the credit memo functionality.

The **Exact Cost Reversing Mandatory** field defines whether a company wants to apply an exact cost reversing policy when processing inventory increases represented by the sales returns. (Companies generally implement the exact cost reversing policy by requiring that the sales return is valued at exactly the same cost as the original sale when being put back on inventory. If an additional cost is later added to the original sale, the program updates the value of the sales return respectively.) A check mark in this field indicates that the program does not allow a return transaction to be posted unless the **Appl.-from Item Entry** field on a corresponding order line contains an entry.



The setup of the Purchase Return Order Management granule is part of the general Purchases & Payables setup:

2. From the Purchase menu, click SETUP→PURCHASES & PAYABLES SETUP.

The following four fields on the **General** tab define the purchase return management setup: the **Return Shipment on Credit Memo**, **Copy Cmts Ret. Ord. to Cr. Memo**, **Copy Cmts Ret. Ord. to Ret. Shpt**, and **Exact Cost Reversing Mandatory** fields.

Their descriptions correspond to the equivalent fields on the Sales & Receivables setup and is not explained in detail here.

### Setting up the Return Reason Codes

Companies set up return reason codes to distinguish return situations that they typically encounter when dealing with their customers and vendors. As a return reason is copied to the item ledger entries, companies may choose to use it for statistical purposes when evaluating their performance toward a specific customer or assessing their relationship with a specific vendor.

Cronus has set up six return reason codes:

1. From the Sales & Marketing menu, click ORDER PROCESSING→SETUP→RETURN REASONS. The Return Reasons window displays.

In addition to setting up the return reasons code and its description, companies can also link a default location code to it. This is done to ensure that the items returned due to a specific reason are, by default, always received at and shipped from this location. For example, companies may often want to store items that are meant for repair in a specially dedicated place in a warehouse. This place can be set up as a location in the program to which all items to be repaired will be received and from which they should not be sold. Similarly, special locations can be set up for damaged/defective items.

Cronus has decided to create a new location called Repair and set it up as the default in relation to S-REPAIR return reason code:

2. Create a new location card (location code REPAIR) and select as a default location for S-REPAIR code.

A check mark in the **Inventory Value Zero** field indicates that the program automatically values inventory increases, such as sales return orders or purchase orders, at zero cost. This is relevant for customer item repairs. Since the item is the customer's property, it must not be included in the inventory value. Therefore, it makes sense to associate the option of valuing inventory at zero with the return reason code of Repair.

3. Place a check mark in the **Inventory Value Zero** field.

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***NOTE:** If an item's costing method is set up as Standard, which means the inventory increase is valued at a budgeted (standard) cost rather than at an acquisition cost, the program ignores the setting of the **Inventory Value Zero** field.*

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## Managing Returns from Customers

Compensating a customer who is dissatisfied with an item that a company has sold her is a necessary and important transaction between a company and its customer. The faster and more accurately a company carries out the activities involved in a return process, the more likely the company is to enhance the customer's perception of good customer service.

Typically, the salesperson responsible for the interface with certain customers would also be the contact person to receive complaints from those customers about the items sold. In other cases, a company may have a dedicated person(s) specifically dealing with returns. For example, employees in the customer service department might deal with this.

Managing returns from customers includes carrying out a series of tasks. The number and scope of these tasks depends on a company's general return policy and the business practices characteristic for different industries. Irrespective of that, the typical customer-oriented return handling process may include the following tasks:

- Registering a compensation agreement with the customer
- Shipping a replacement item(s) to the customer (if replacement is part of the compensation agreement)
- Crediting the customer (either by means of a credit for physically returned items or a sales allowance where the customer is not required to physically return the items)
- Shipping a repaired item(s) to the customer (if repair is a part of a compensation agreement)
- Follow-up on the return status (in case of customer inquiries)

Related to the customer-oriented process, there are a number of internal handling tasks:

- Receiving returned items and inspecting them (if relevant)
- Applying restock charges
- Shipping returned items to the vendor for repair
- Ensuring the accurate inventory value of the returned items

The Sales Return Order Management granule in Microsoft Navision allows companies to manage all these tasks in an efficient and accurate manner.

This section explains and illustrates handling of the above processes in Microsoft Navision, using Cronus as an example.

### **Registering a Compensation Agreement with the Customer**

There are various ways to compensate a customer who is dissatisfied with the order delivery. The terms of a compensation agreement reached between the company and the customer often depend on the stated reason for return and the company-customer relationship. For instance, the parties may agree that in case of a wrongly ordered item, the customer returns the item to the company against a credit, receives a replacement item, and accepts that the company charges a certain restock fee. In other situations, for example, where an item arrives at the customer slightly damaged, the customer may agree to receive a price deduction against the original sales order price. Meanwhile, where the sold item has a warranty, the company may offer the customer to take the malfunctioned/broken item in for repair.

In Microsoft Navision, the sales return order is the central document that allows the user to register a compensation agreement settled with a customer. From here, the user can access other sales-related documents and enter and maintain the return-related information concerning the customer, the method of compensation, and the items in question.

To register different aspects of a compensation agreement in the same return order, the user can create return lines of different types. Principally, in return situations:

- Item type line represents a transaction where the item is to be physically returned to the company before the customer can be given a credit.
- Charge (Item) and Account (G/L) type lines represent a financial transaction where a customer receives a credit (in the form of a sales allowance) for the item(s) that they are not satisfied with, without physically returning it to the company. The same type lines can be used for registering any charges and fees that may be associated with a specific return.

***NOTE:** Apart from the sales return order, to register details about a compensation agreement, the user can use other standard documents (or combinations of them) in Microsoft Navision. These documents are: sales credit memos, sales orders, and sales invoices.*

*In the return order/credit memo, a return transaction is expressed as a line with a positive quantity, while in the sales order/invoice, a return is represented by a line with negative quantity. See the example illustrating this principle in the topic called "Sales Return Order" in online Help.*

*When deciding on which document to use as a preferred entry point for a compensation agreement, the user must be aware that, in contrast to a credit memo/invoice (where posting updates both quantity and value at the same time), the return/sales order offers the possibility of separating the quantity and value parts of the transaction. Therefore, companies where this flexibility is essential may prefer using a return order rather than a credit memo.*

---

In the sales return order, the user also has the possibility to create other return-related documents. These include a replacement sales order and, where return to vendor is required, a purchase return order and a replacement purchase order.

Two scenarios included in this section illustrate the handling of: 1) a situation involving a sales return and a sales allowance, and 2) a situation where an item must be repaired at the vendor.

Consider the following scenario:

### **Scenario 1**

A representative from customer 10000 calls a salesperson at Cronus and says that he received five units of item 70011 instead of item 70010 and that two units of item 1964-W were delivered damaged. The customer explains that the wrong delivery of item 70010 was his own fault, while item 1964-W appeared to have been damaged during shipment.

The salesperson and the customer agree that item 70011 must be returned to Cronus and a replacement of the same quantity of item 70010 will be shipped to the customer. Regarding this replacement, Cronus will charge the customer a restock fee of 5% of the original order amount.

Meanwhile, item 1964-W should not be returned, and the parties agree to settle the case by Cronus providing the customer with a sales allowance of 15% off the price of the item.

The salesperson must register the compensation agreement that has been reached with the customer and process the return.

In addition, the sales person must ensure that the returned items, when put back on stock, are valued at the same unit cost as originally sold (according to Cronus internal policy concerning the inventory valuation).

The salesperson must first register the compensation agreement settled with customer 10000 regarding the return of a wrongly ordered item.

Create a sales return order for five units of item 70011 from customer 10000:

1. From the Sales & Marketing menu, click ORDER PROCESSING→RETURN ORDER. Press F3 to create a new order, and enter the customer information in the return header.
2. Enter the item information and quantity on the line.

As mentioned in the previous section, for each return line, the user can specify the reason for returning the item(s). They can do this by filling in the **Return Reason** field:

3. In the **Return Reason** field, click the **AssistButton**. The Return Reasons window appears.
4. Select WRONG as the return reason code and click **OK**.
5. In the **External Document No.** field, enter SR024. This is the number that the customer has given the salesperson as a reference to his own return document.

Entering an external document number is important where a company wants to have an overview of the return status. External document numbers can be used to navigate to the sales documents that have been created in relation to a specific customer return.

The completed sales return order for the return of wrongly ordered item 70011 now looks like this:

The screenshot shows the SAP Sales Return Order window for '1001 The Cannon Group PLC - Sales Return Order'. The window has tabs for 'General', 'Invoicing', 'Shipping', and 'Foreign Trade'. The 'General' tab is active, showing various fields for customer and order information. Below the header fields is a table with one line item.

T. No.	Description	Return R...	Location ...	Quantity	Unit of M...	Unit Pric...
70011	Glass Door	WRONG	ELLIE	5 PCS		72.30

At the bottom of the window, there are buttons for 'Ret. Order', 'Line', 'Functions', 'Posting', 'Print...', and 'Help'.

---

**NOTE:** To fill in the return lines, users can utilize the Copy Document function, which allows them to copy all the relevant information about the customer and the item from other documents. In the case of a sales return, the relevant documents can be either posted shipments or posted invoice documents.

If the **Exact Cost Reversing Mandatory** field on the sales & receivables setup contains a check mark, then when the user copies information from a posted shipment, the program automatically fills in the **Appl.-from Item Entry** field on the return line with the corresponding entry.

---

When entering a sales return line, the salesperson must ensure that upon invoicing the order, the returned item is revalued at the unit cost of the original sales (rather than at the unit cost suggested by the program as based on either average or standard unit cost).

To do this, the salesperson must assign exact cost reversing to this return line:

6. In the **Appl.-from Item Entry** field, click the **AssistButton**. The Item Ledger Entries window appears.

The window contains a list of records of all the negative entries made for the item in question.

7. In the Item Ledger Entries window, select the line. This is the entry representing the sales order that customer 10000 refers to as the one with the wrongly ordered items. Click **OK**.

This completes registration of the first part of the compensation agreement regarding the return of a wrongly ordered item.

According to scenario 1, the customer also requested a replacement of item 70011 with item 70010. A salesperson can register this requirement in the sales return order by entering a line for the replacement item with a negative quantity:

8. Enter a line for item 70010 with a quantity of -5.

The advantage of doing this in the sales return order window is that the salesperson can register the customer's requests to receive a replacement in one window, rather than opening a new sales order window.

---

**NOTE:** To avoid confusion, remember that the sales return lines (of the item type) with positive quantities represent items that are being returned, while lines with negative quantities represent items that are to be replaced.

---

Next, according to the compensation agreement, the salesperson would apply a 5% restock fee to cover the physical handling of returning the item. The salesperson can do this in the same sales return order by creating a charge (item) line for sales restock charge:

9. In the **Type** field, select Charge (Item) and in the **No. field**, select S-RESTOCK.
10. In the **Quantity** field, enter 5. In the **Unit Price Excl. VAT** field, enter -3.615. This is 5% of 72.30 LCY, which is the original unit price. (You can also enter a formula  $72.30 * 5 / 100$  to calculate the amount.) The program calculates the total restock fee amount equal to 18.08 LCY ( $5 * 3.615$ ). Remember that the quantity of the restock charge must be positive, but the unit price has to be negative in order for the customer to pay the restock charge:

Type	No.	Description	Return Reason Code	Location Code	Quantity	Unit of Measure Code	Unit Price Excl. VAT	Line Amount Excl. VAT
Item	70011	Glass Door	WRONG	BLUE	5	PCS	72.30	361.50
Item	70010	Wooden Door		BLUE	-5	PCS	52.10	-260.50
Charge (Item)	S-RESTOCK	Sales Restock Charge		BLUE	5		-3.615	-18.08

Now, to ensure accurate sales statistics, the salesperson must assign the restock charge to the return entry:

11. Select the sales restock line, and click **LINE→ITEM CHARGE ASSIGNMENT**.

Assign the restock charge in question to the entry that is being returned:

12. In the Item Charge Assignment (Sales) window, on the first line in the **Qty. to Assign** field, enter 5.
13. Close the window.

---

***NOTE:** As an alternative to creating a charge (item) line, the salesperson can create an account (G/L) line for the amount of the restock fee and post the entry directly to the G/L account. However, the advantage of using an item charge is that item statistics are updated correctly.*

---

This completes registration of the compensation agreement to receive and replace the wrongly ordered item from customer 10000.

Finally, the salesperson must record the agreement with the customer regarding the provision of a sales allowance of 15% for two units of the damaged item 1964-W. Again, the sales return order can be used as an entry point for the details of this agreement. (An alternative entry point for a sales allowance is a sales credit memo.) To do this, the salesperson must create a charge (item) line and assign the corresponding charge amount to the original sale of item 1964-W:

14. Create a charge (item) line. Select sales allowance as the item charge number. (You can add extra information about this allowance in the **Description** field.)
15. In the **Quantity** field, enter 2. This is the number of items that arrived damaged at the customer and for which the salesperson provides an allowance.
16. Click **LINE**→**ITEM CHARGE ASSIGNMENT**.

Now, select the original sales entry to which you want to apply the allowance. This is represented by the posted shipment documents.

17. In the Item Charge Assignment (Sales) window, click **FUNCTIONS**→**GET SHIPMENT LINES**. The program lists all posted shipment lines related to the customer in question.
18. Select the shipment line for item 1964-W and click **OK**.
19. In the Item Charge Assignment window, in the **Qty. to Assign** field for the shipment line, enter 2. Close the window.
20. In the Sales Return Order window, in the **Unit Price Excl. VAT** field, enter 43.80. This is 15% of 292.00 LCY, which was the original unit price at which the item was sold to the customer. (You can also enter a formula  $292 * 15 / 100$  to calculate the amount.)

At this point, the salesperson completes registration of the compensation agreement settled with the customer due to his dissatisfaction with the ordered items and can proceed to the actual processing of the return.



## Processing the Sales Return

After the salesperson has registered the details of the compensation agreement in the program (in our example, in the sales return order), the next task is to actually carry out the agreement. In the situation presented in scenario 1, this means that Cronus must ship the customer a replacement item, credit the customer for the returned items upon their receipt at the company (with deduction for the restock charge), and provide a sales allowance for the items that the customer is not required to return to Cronus.

Unless the total order amount is negative, all these procedures can be carried out at one and the same time, when the user posts the sales return order. However, if for example the replacement order should be shipped right away without waiting until the returned items are received, then the replacement line(s) (lines with negative quantities) can be moved to a regular sales order.

When a replacement is posted from the return order, the program does not create a separate posted shipment document for this shipment.

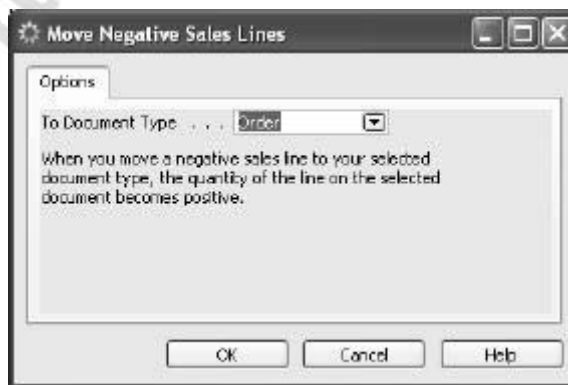
---

**NOTE:** Remember that the program does not generally permit posting of any orders with a negative total amount. Moreover, according to the general conventions in the program, the warehouse management functionality does not handle negative lines. This is because for the warehouse, it does not make sense to pick a negative quantity. Consequently, this means that when using warehousing, the user has to move negative lines to documents where they appear positive.

---

Suppose that in scenario 1 the salesperson decides to move the negative line (representing a demand for a replacement) to a separate sales order. The Move Negative Lines function allows you to do that in a convenient way:

1. In the Sales Return Order window, click FUNCTIONS→MOVE NEGATIVE LINES. The following window appears:



In the **To Document Type** field, the user can select which document type she wants to move the negatives lines to. To learn about different options, read the topic “Move Negative Sales Lines Batch Job” in online Help.

2. In the **To Document Type** field, select Order and click **OK**.

The program deletes the return line with the negative quantity and creates a new sales order. A message providing the new sales order number appears.

3. Click **Yes** to view the document.

Now, the order can be processed in the usual manner.

4. Post the sales order.

Upon receipt of the returned item, the salesperson can post the sales return order, thus crediting the customer's account for: a) the value of returned item 70011, with a deduction of the restock charge; and b) the amount of the sales allowance provided for two damaged units of item 1964-W.

5. Post the sales return order.

The program creates a posted return receipt and a posted credit memo. This completes the customer-oriented return process according to scenario 1.

To have an overview of the status of a specific sales return, the salesperson can use the navigate function to find and access the sales documents that have been created in relation to the return in question. The external document number, which is usually provided by the customer as a reference to his own return document can be used as a search parameter for this purpose.

View the status of the sales return initiated in scenario 1:

6. From the Sales & Marketing menu, click HISTORY→NAVIGATE. Click the **External** tab.
7. In the **Business Contact Type** field, select Customer, and in the **Business Contact No.** field select 10000. In the **Document No.** field, enter SR024. Click **Find**.

The program lists all the sales documents that have been created to process the sales return initiated by customer 10000. These would be the posted sales shipment and invoice for the replacement sales order and the posted return receipt and credit memo for the sales return order.

The next scenario illustrates a situation where the customer returns an item to Cronus that is to be repaired at the company's vendor.

Consider the following scenario:

### Scenario 2

A representative from customer 20000 calls a salesperson at Cronus stating that she wants to return two units of item 80102-T that she ordered some time ago. The customer claims that item 80102-T seems to have a manufacturing defect and requests that the item be repaired.

The salesperson and the customer agree that the items must be returned to Cronus, and Cronus will send the item to the manufacturer for repair.

The salesperson must register the compensation agreement that has been reached with the customer and process the return.

To perform this scenario, you must first create a purchase order of 40 units of item 80102-T from vendor 50000 and then create a sales order of eight units for customer 20000. At Cronus, this item is set up to be tracked by serial numbers. Serial numbers provided by the manufacturer are used. (S/N-852CA1 .. S/N-852CA40 when purchased, S/N-852CA10 .. S/N-852CA17 when sold). The detailed procedures for how to handle items with serial numbers are described in the *Inventory Management* training manual.

Create a sales return order for two units of item 80102-T for customer 20000:

1. Fill in the sales return header and lines with the customer and item information respectively.

As the item is meant for repair at the vendor (manufacturer), the customer retains the ownership of the item during the repair process. In this case, Cronus must exclude the item value from its own inventory value. To do this, all the transactions with this item, such as receiving it at the company, shipping it to the manufacturer, and receiving it back and shipping it back to the customer, must be performed with zero unit cost and unit price.

Instead of entering a zero amount in the **Unit Cost (LCY)** and **Unit Price Excl. VAT** fields manually on the sales return lines, the salesperson may decide to use the functionality available in the program to automate the process.

As described in the previous section, at Cronus, the option of valuating inventory at zero when handling returns for repair is linked to the return reason S-REPAIR. By selecting this return reason, the salesperson accepts the option.

2. In the **Return Reason** field, select the S-REPAIR code.

The program automatically fills in the **Location Code** field with REPAIR, which is a default location for this return reason code.

3. In the **External Document No.** field, enter R0015.

The completed sales return order for return of item 80102-T for repair now looks like this:

**1002 Selangorian Ltd. - Sales Return Order**

General Invoicing Shipping Foreign Trade

No. 1002 Posting Date 01/31/01  
 Sell-to Customer No. 20000 Order Date 01/31/01  
 Sell-to Contact No. CT000002 Document Date 01/31/01  
 Sell-to Customer Name Selangorian Ltd. External Document No. R0015  
 Sell-to Address 153 Thomas Drive Salesperson Code P5  
 Sell-to Address 2  
 Sell-to Post Code/City GB-CV6 1GY Coventry Responsibility Center  
 Sell-to Contact Mr. Mark McArthur Status Released

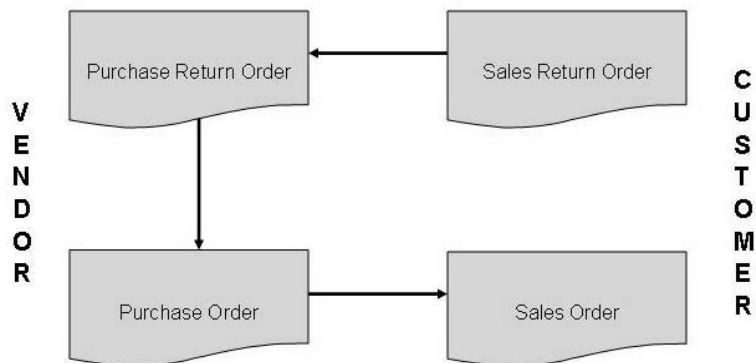
Type	No.	Description	Return Reason Code	Location Code	Quantity	Unit of Measure Code	Unit Price Excl. VAT	Line Amount Excl. VAT
Item	80102-T	17" M780 Monitor	S-RE...	REPAIR	2	PCS		0.00

Buttons: Ret. Order Line Functions Posting Print... Help

Notice that the **Unit Price Excl. VAT** field does not contain an amount.

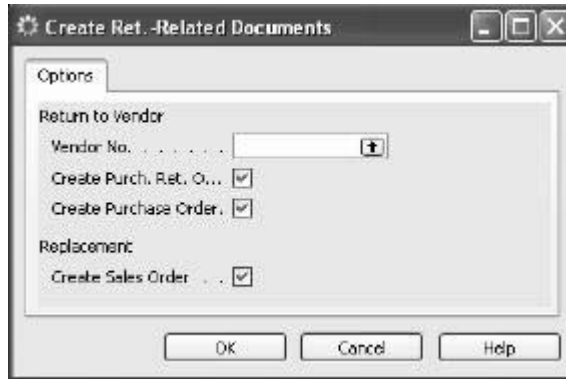
To continue with this return, a number of documents related to returning this item to the manufacturer and shipping it back to the customer upon repair must be created. These documents are: a purchase return order, a purchase order, and a sales order.

Schematically, the handling of the sales return for repair in terms of associated documents looks as follows:



The function Create Return-Related Documents allows the salesperson to create all these documents automatically:

4. In the Sales Return Order window, click **FUNCTIONS**→**CREATE RETURN-RELATED DOCUMENTS**. The following window appears:



In this window, users can select which documents they want the program to create in order to further handle the return in question. The user has the option of creating a purchase return order and a purchase order if the items should be respectively returned to and received from the vendor. Or the user can also create a replacement sales order. To create vendor-related documents, the user must specify the vendor number.

5. In the **Vendor No.** field, select vendor 50000. Click **OK**.

The program creates the specified documents and lists them in the Returns-Related Documents window.

Purchase return orders and purchase orders with status Open are the indication for the purchaser to initiate the return to vendor/purchase replacement process.

The handling of purchase returns is explained in the next section.

In the meantime, the items arrive at Cronus, and a salesperson/warehouse person must enter the serial numbers (S/N-852CA15 and S/N852CA16).

Register the serial numbers for the arrived items in the Item Tracking Lines window, and post the receipt of the return order.

## Test Your Skills – Processing the Customer Return

**Scenario:** A representative from customer 10000 calls a salesperson at Cronus and says that the entire delivery of 50 units (boxes) of item 80100 that he ordered some days ago appears to be defective.

The salesperson and the customer agree that the entire quantity of item 80100 must be returned to Cronus, and a replacement of the same quantity of the same item will be shipped to the customer right away. The customer gives the salesperson a reference number to his own return document, which is R-0113.

To perform this scenario, first create and post a sales order of 50 units (boxes) of item 80100 to customer 10000. Use location code Green, and remember to fill in the quantity to ship.

### All Levels

Your tasks are as follows:

1. Register the compensation agreement that has been reached with the customer, using a sales order as an entry point, and
2. Process the return, in terms of:
  - receiving (possibly, use a specially dedicated location for defective items) and crediting the customer for the returned items.
  - ensuring that the returned items when received from the customer are valued at the same unit cost as originally sold (rather than at the average cost suggested by the program).
  - shipping the replacement sales order to the customer.
  - creating a return-related document, which is a purchase return order, to indicate to the purchaser that a return to vendor process must be initiated.

## Managing Returns to Vendors

Receiving compensation from your vendor for a purchased item that you are dissatisfied with is important for reasons of recovering costs and measuring satisfactory vendor relationships. Streamlining the return to vendor process by carrying out the activities involved in the return process faster and more accurately can help companies to substantially reduce the costs usually associated with returns.

Typically, a purchaser responsible for the interface with certain vendors would also be the one to make contact with those vendors in case of dissatisfaction with the purchased items.

Managing returns to vendors includes carrying out a series of tasks. The number and scope of those tasks generally depend on who initiates the return: the company itself (when, for example, dissatisfied with the quality of purchased items or in case of wrong delivery) or a company's own customer. Irrespective of that, a typical vendor-oriented return process may include the following tasks:

- Registering the compensation agreement with the vendor.
- Debiting the vendor, either by means of receiving a credit for physically returned items or of a purchase allowance (in a case where the company is not required to physically return the items).
- Creating a replacement purchase order(s) if replacement is part of a compensation agreement.

Related to the vendor-oriented process, there are a number of internal handling tasks:

- Shipping items to the vendor if the purchase return, including repair, is part of a compensation agreement.
- Receiving replaced/repared items.
- Ensuring the accurate inventory value of the items to be returned to the vendor.
- Combining several return shipments to the same vendor into one credit memo document.

The Purchase Return Order Management granule in Microsoft Navision allows companies to manage all these tasks in an efficient and accurate manner.

This section explains and illustrates the handling of the above processes in Microsoft Navision, using Cronus as an example.

### Registering Compensation Agreement with the Vendor

There are various ways that a company can expect its vendors to compensate it in case it is dissatisfied with the received order or dissatisfied on behalf of its own customers. The terms of a compensation agreement reached between the company and the vendor often depends on the reason for the return and the company-vendor relationship. For instance, the parties may agree that in case of wrongly ordered/delivered item(s) the company returns the item to the vendor against receiving a credit and receives a replacement item instead. In other situations, for example, where an item arrives at the company damaged, the company may require a price deduction against the original purchase order price. The same may be applied when a company provided a sales allowance for its own customers and now wants to recover costs by requesting a purchase allowance from its vendor. Meanwhile, where the purchased item has a warranty, the company may ask the vendor to repair the malfunctioned/broken item.

In Microsoft Navision, the purchase return order is the central document that allows the user to register a compensation agreement settled with the vendor. From here, the user can access other purchase-related documents and enter and maintain the return-related information concerning the vendor, the method of compensation, and the items in question.

---

**NOTE:** In Microsoft Navision, apart from the purchase return order, to register details about a compensation agreement with the vendor, the user can use other standard documents (or combinations of them). These documents are: purchase credit memos, purchase orders, and purchase invoices.

The concepts of creating different return line types and representing return transactions with lines of positive/negative quantities to register a compensation agreement with a vendor are the same as in the sales returns situations (as explained in the previous section).

The principles for creating (and the arguments for using) one or another type of purchase document to register a compensation agreement are explained in detail in the topics "Purchase Return Order" and "Posting a Purchase Return Order" in online Help.

---

The two scenarios included in this section illustrate the handling of: 1) a situation where an item must be returned to vendor for repair, and 2) a situation involving a purchase allowance. Both return situations have been initiated by the customer and are thus the logical continuation of the scenarios presented in the previous section. As the same purchase return handling procedures apply, irrespective of whether a company initiates a return itself or it has been initiated by the customer, the first case is not given a separate explanation in this section.

First, consider a situation where a company needs to send an item returned from a customer to be repaired at the vendor:



### Scenario 3 (continuation of scenario 2)

In connection with the return of two units of item 80102-T initiated by customer 20000, Cronus now needs to ship the units back to the vendor for repair.

At the time of registering a compensation agreement with this customer, the salesperson ran the Create Return-Related Documents function and, as a result, the program created the following documents: a purchase return order, a purchase order, and a sales order.

The purchaser contacts the vendor's representative (vendor 50000), and the parties agree on Cronus sending the item for repair. The purchaser must now handle the return process.

To perform this scenario, first create and post a purchase order of five units of item 80100 from vendor 50000, and then create a purchase return order of one unit of the same item for the same vendor, using location code Blue and return reason Defective. Post the purchase return order as shipped.

Next, process the purchase return order for two units of item 80102-T for vendor 50000:

1. From the Purchase menu, click ORDER PROCESSING→RETURN ORDERS. Browse to the return order for two units of item 80102-T that the program created for vendor 50000.

Notice that the **Direct Unit Cost Excl. VAT** field does not contain an amount.

---

***NOTE:** To ensure the accurate inventory value (that is, at zero unit cost) of repair items that do not have serial numbers, the salesperson must apply a purchase return entry in question to the sales return entry that initiated it.*

---

Complete filling in the purchase return order:

2. In the **Vendor Authorization No.** field, enter RO155. This is the number that the purchaser receives from the vendor authorizing the return.
3. In the **Expected Receipt Date** field on the **Shipping** tab, enter 01/27/01. This is the shipment date for the return order.
4. Click **Yes** to update the lines.
5. Enter the serial numbers (S/N-852CA15 and S/N852CA16) in the Item Tracking Lines window for the two items to be shipped to the vendor.

6. Post the purchase return order as shipped. The program now updates the available inventory and creates a posted return shipment.

Companies often establish a practice whereby it is more cost-efficient to combine several return orders in one shipment, rather than shipping them individually. By posting a purchase return order as shipped, the user takes out the items to be returned to the vendor from the available inventory but does not actually ship (transport) the order. When there are several orders (to be returned to the same vendor or be bundled in the same shipment, for example), the user can combine them in one shipment and transport it to the vendor. The combined shipment can then be jointly invoiced as one purchase credit memo.

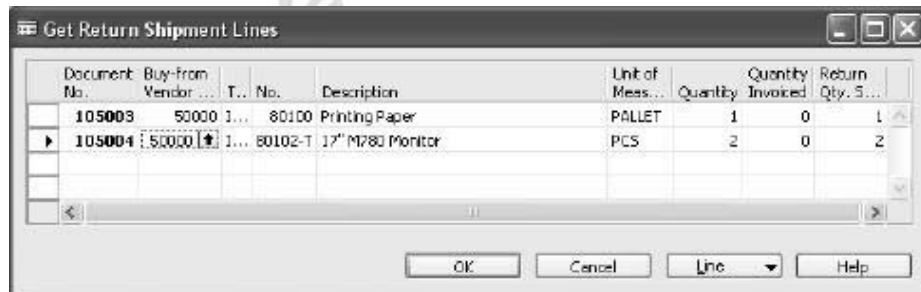
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*NOTE: Individual posted return shipment documents, when sent to the vendor, can be used as an indication for the vendor to instantly send a replacement item(s) instead of the one to be returned at some later point.*

---

Now suppose that there are more items to be returned to the same vendor, apart from the two units of item 80102-T, that are to be sent for repair. The two return orders will at some point actually be shipped in the same shipment. Upon receiving a credit memo from the vendor for this combined shipment, the two individual shipments that made it up can be paid (invoiced):

6. Create a new purchase credit memo for vendor 50000. Click FUNCTIONS→GET RETURN SHIPMENT LINES:



The Get Return Shipment Lines window contains a list of all the shipment lines that have not been invoiced.

7. Select the two lines from the list and click **OK**. The program copies the lines to the purchase credit memo.

8. In the **Vendor Cr. Memo No.** field, enter CM1305, and invoice the credit memo.

When the vendor has repaired the items and delivered them to Cronus, the purchaser posts the corresponding purchase order (created as a result of running the Create Return-Related Documents function at the point of registering the sales return from the customer). In the same manner, a sales order for the same items can then be shipped back to the customer.

Situations may occur where there is a need to trace the purchase return to the sales return that originated it. For example, when a vendor that is to repair a returned item needs additional information from the customer about item exploitation. In such cases, the user can simply view the specific item's transaction history recorded in the item tracking entries from where they can navigate to the relevant document(s).

Open the item tracking entries for item 80102-T:

9. Open the item card for item 80102-T. Click ITEM→ENTRIES→ITEM TRACKING ENTRIES.

The last two lines specify the inventory increase by two units of item 80102-T with serial numbers S/N-852CA15 and S/N-852CA16. (Note that the **Positive** field contains a check mark.) From those lines, the user can navigate to the associated document, which is represented by a sales return order, and to the entries.

---

**NOTE:** To ensure the full traceability of an item with a serial number, the user must remember to assign this item an item tracking code that requires the entry of serial numbers at the point of inbound sale (sales return) and outbound purchase (purchase return). Read more about setting up item tracking codes in the Inventory Management training manual.

---

Now, consider a situation where a company wants to receive compensation from their vendor (carrier) because of items being damaged during shipment:

#### **Scenario 4 (continuation of scenario 1)**

The salesperson was told by customer 10000 that two units of item 1964-W were damaged in shipment. Instead of returning the items, the customer was given a 15% sales allowance.

As it is a carrier who is responsible for the damage, Cronus would like to recover the costs associated with this damage. The logistics person contacts the carrier's representative (the carrier (vendor) number is 49989898), and the parties agree on Cronus making a freight claim toward the carrier. The amount of the claim is equal to the amount of the sales allowance offered to the customer (87.60 LCY).

Suppose that the logistics person decides to issue a freight claim toward vendor 49989898 from a purchase credit memo (alternatively, the purchase return order could be used):

1. Create a new purchase credit memo, and fill in the header with the vendor information.
2. In the **Vendor Authorization No.** field, enter R123. This is the number that the logistics person receives from the carrier (vendor) authorizing the claim (return).
3. In the **Vendor Cr. Memo No.** field, enter CM478.

Now, create a credit line.

4. In the **Type** field, select G/L Account, and in the **No.** field, select account 6810.
5. In the **Quantity** field, enter 1 and in the **Direct Unit Cost Excl. VAT** field, enter 87.60.
6. Post the purchase credit memo.

This completes the vendor-oriented return process according to scenario 4.

## Test Your Skills

### All Levels

**Scenario:** (continuation of Test Your Skills – Processing the Customer Return)

In connection with the return of 50 units (boxes) of item 80100 initiated by customer 10000, Cronus now would like to return the defective items to the vendor from which they were originally bought and receive a replacement of the same quantity of the same item.

At the time of registering a compensation agreement with this customer, the salesperson created a purchase return order, which now serves as an indication to the purchaser that the items must be returned to the vendor.

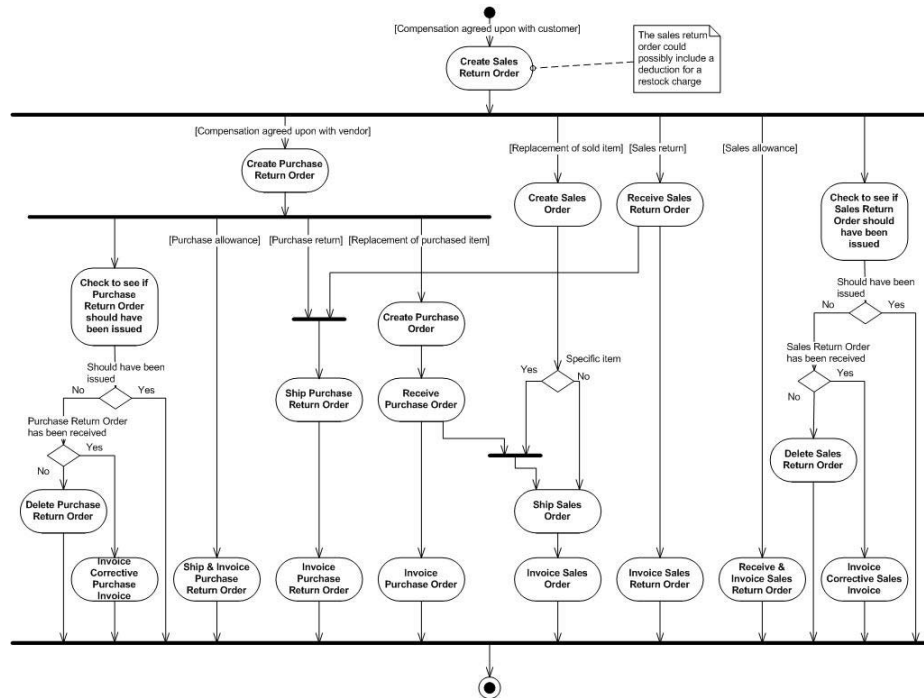
The purchaser contacts the vendor's representative (vendor 45858585), and the parties agree that Cronus will send the item back for replacement. The vendor gives the purchaser a return authorization number, which is PR0558.

To perform this scenario, first browse to the existing purchase order No. 6001 and post it as invoiced.

Your task is to handle the return to vendor process in terms of:

- Shipping the defective items to the vendor and receiving the credit for them.
- Ensuring that the items to be returned to the vendor are valued at the same unit cost as originally purchased rather than at the average cost suggested by the program (refer to the purchase order No. 6001).
- Receive a replacement from the vendor.

# Activity Diagram for Returns Management



## Quick Interaction: Lessons Learned

Take a moment to write down three Key Points you have learned from this chapter:

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3.

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Microsoft Internal Use Only

Microsoft Internal Use Only



## CHAPTER 10: ANALYSIS AND REPORTING

- Overview
- Analysis Reports
- Analysis by Dimensions
- Sales and Purchase Budgets

Microsoft Internal Use Only

### Overview

The Analysis and Reporting features within Microsoft® Business Solutions–Navision® are designed to provide sales managers, purchaser managers, and warehouse managers with tools to easily budget, forecast, and analyze data. These features are designed to be easily usable by people without a background in finance and accounting.

Analysis Reports enable you to analyze real-time data in highly customizable analysis reports, saved under unique names and placed within the respective application area to analyze data in the preferred format. The use of analysis line templates and analysis column templates is user-defined and unlimited, which means you can easily create analysis reports tailored to your company's needs and business processes. Using dimensions enables you to analyze trends and compare various characteristics across a range of entries. In addition, you can combine and compare source data online by changing parameters. The program-wide drill-down functionality in Microsoft Navision enables you to make decisions based on real-time data investigations of detailed transactions.

Sales and Purchase Budgets functionality allows you to make sales budgets on the customer and item levels and purchase budgets on the vendor and item levels, both in amounts and quantities. You can track actual performance by calculating variances and move budget figures between Microsoft Navision and Excel. The system supports budget version control and allows users to work on individual budgets simultaneously. Comparing analysis report data against budgets is much easier than traditional budgeting when using dimensions and dimension filters. You can create user-defined budgets for identical time periods, G/L accounts, and dimensions.

There are two granules in Microsoft Navision that support these analysis and reporting functions. These granules are:

- Analysis Reports
- Sales/Purchase Budget

This chapter demonstrates the key features of the analysis reporting and budgeting functionality in Microsoft Navision.

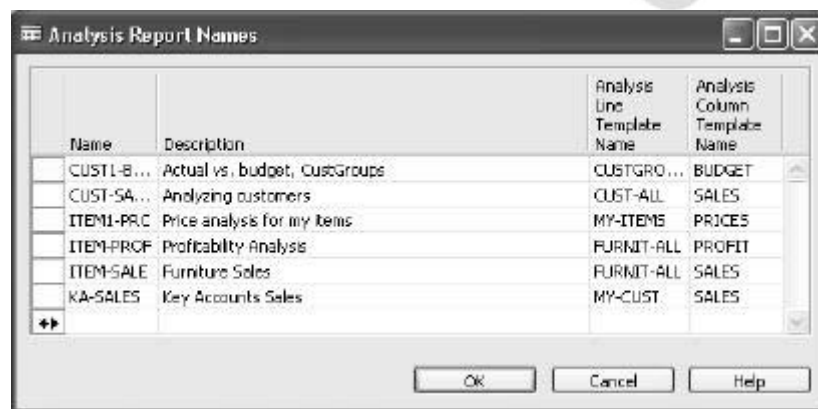
To explain how the program supports companies in managing the tasks involved in analysis reporting and sales and purchase budgeting, comprehensive scenarios and examples are used throughout the chapter. For an overview of typical procedures associated with handling specific reporting and budgeting tasks, it is recommended that you read the relevant topic in the online Help.

## Analysis Reports

You can use analysis reports to create customized reports based on your posted transactions, for example, sales, purchases, transfers, and inventory adjustments.

An analysis report consists of the objects that you want to analyze represented as lines and the analysis parameters (which are the way you want to analyze the object) represented as columns.

In the Analysis Report Names window, all analysis reports are shown, as well as the analysis line template and the analysis column template attached to each analysis report.



Analysis reports can be created, viewed, and modified from the Sales & Marketing menu and the Purchase menu by clicking ANALYSIS & REPORTING→ANALYSIS REPORTS. The functionality is identical whether it is accessed from Purchase or Sales. The following explanation uses Sales Analysis Reports but should be understood to cover Purchase Analysis Reports as well.

To create an analysis report, you must:

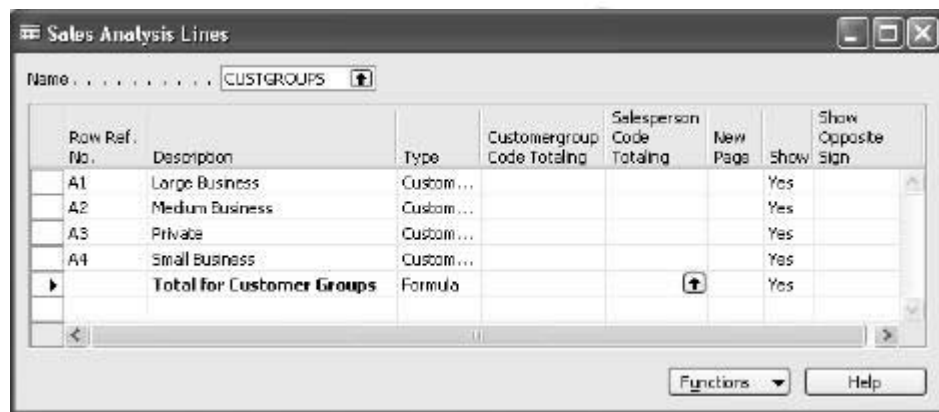
- Set up the line template.
- Set up the column template.
- Enter a report name and description in the Analysis Report Name window and select the line and column templates.

### Setting Up Line Templates

The lines in your report contain the objects you want to analyze. To set up line templates, from the Sales & Marketing menu, click ANALYSIS & REPORTING→SETUP→ANALYSIS LINE TEMPLATES.

Here you can create rows showing Customers, Customer Groups, Items, Item Groups, Salespeople, and formulas. Dimensions functionality is used to define Customer and Item Groups and Salespeople. Using dimensions in analysis reports is explained later in this chapter.

You select which lines to use in your Analysis Report in the Sales Analysis Lines window. To access the Sales Analysis Lines window, press the **Lines** button at the bottom of the Analysis Line Templates window.

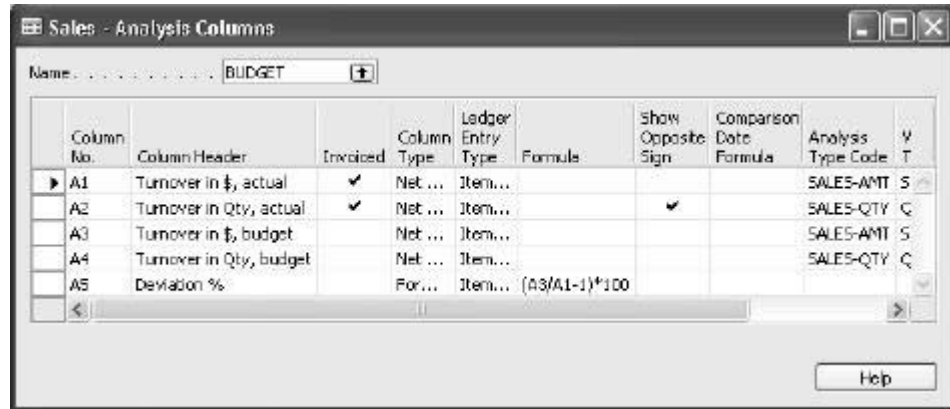


These lines can be modified manually or by using the insertion function to add, for example, a new customer.

### Setting Up Column Templates

The columns in your report contain the analysis parameters. To set up column templates, from the Sales & Marketing menu, click ANALYSIS & REPORTING→SETUP→ANALYSIS COLUMN TEMPLATES. You can define columns showing sales amounts, cost amounts, quantities, non-inventoriable amounts, unit price, standard cost, indirect cost, and unit cost.

In the Analysis Columns Templates window, you can access existing column templates or create new templates. Press the **Columns** button on the bottom of the Analysis Column Templates window. The Sales Analysis Columns window displays:



Here, you set up which columns to show in the analysis report. For each column, you can define what data in the item ledger entries and budget entries you want to retrieve into the analysis report. For information on each field, see the Online Help.

### Analysis Types

For each column you set up in the Analysis Columns window, you select an analysis type to specify the value that you want the column to display, for example, Cost of Goods Sold or Consumption. Default analysis type codes for most of the analyses that you will want to perform are set up in the program.

Click the **AssistButton** in the **Analysis Type Code** field, to display the **Analysis Type List**.

Each Analysis Type Code has a default Item Ledger Entry Type filter, Value Entry Type filter, and Value Type that together define what values in the item and budget entries are to be retrieved. You can view, create, and modify analysis type codes by clicking ANALYSIS & REPORTING→SETUP→ANALYSIS TYPES from the Sales & Marketing menu.

The following table shows where the Value Type information is pulled from in the program:

<b>Value Type</b>	<b>Information comes from:</b>
Sales amount	Item ledger entries
Cost amount	Item ledger entries
Non-inventoriable amount	Item ledger entries
Quantity	Item ledger entries
Unit cost	Item card
Standard cost	Item card
Indirect cost	Item card
Unit price	Sales prices

## Customizing Analysis Reports

You can use the analysis reports that have been set up in the program to create your own customized reports. The following scenario demonstrates the key fields in the analysis report and describe how to customize an existing analysis report:

### Scenario 1

The Cronus sales manager has created a report, named KA-SALES, that provides an overview of sales turnover and profit for some specific customers that are being followed closely. The manager needs to run this report to get January sales numbers, but first, needs to add an additional customer to the report.

First, we need to open the Sales Analysis Report window and find the report that we want to customize.

1. On the Sales & Marketing menu, click ANALYSIS & REPORTING→ANALYSIS REPORTS.
  2. In the **Analysis Report Name** field, click the **AssistButton** to open the Analysis Report Names window.
  3. Select analysis report KA-SALES and click **OK**.
- Next, we define the time period for this report.
4. In the Sales Analysis Report window, type 01/01/01 in the **Date Filter** field.

5. At the lower left of the Sales Analysis Report window, click the time interval 31 to show the report data.

Customer number 49633663 needs to be added to the report lines. This is done through the **Analysis Line Template**.

6. In the **Analysis Line Template** field, click the **AssistButton** to show all the existing analysis line templates.
7. Select the analysis line template for this report, named MY-CUST, and click **Lines**. The Sales Analysis Lines window appears.
8. Highlight the **Key Accounts Total** line, and click **FUNCTIONS**→**INSERT CUSTOMERS**. The Customer List window appears.
9. Select Customer No. 49633663 and click **OK**.

The program automatically brings in the customer information into the report lines. Notice that the Customer Number is copied into the **Row Ref. No.** field.

---

***NOTE:** Row reference numbers are optional and are only used to create formula. They have no relation to other number series in the program.*

---

For this scenario, we are using row reference numbers in a formula to calculate the Key Accounts Total amount, so we need to modify the Sales Analysis Lines window accordingly.

---

***NOTE:** If you want the row reference number to be used in a formula, you must have at least one character in the **Row Ref. No.** field that is not a number.*

---

10. Change the **Row. Ref. No.** for customer 49633663 to A6.
11. In the **Range** field on the **Key Accounts Total** line, modify the formula in the range to A1..A6.

We can add the new customer account. We can close the Sales Analysis Lines window and the Analysis Line Template window and return to the Sales Analysis Report window. Notice the new customer now appears in the Sales Analysis Report.

Next, take a look at the Analysis Columns to see what parameters have been set up to analyze this data.

12. In the **Analysis Column Template** field, click the **AssistButton** to show all the existing analysis column templates.

13. Select analysis column template SALES and click **Columns**. The Analysis Columns window appears.

In the Column Header, you can see all the columns used to create the report. You can see the formulas that have been entered in the **Formula** field. Look closer at the **Analysis Type** field.

14. Click the **AssistButton** in one of the **Analysis Type Code** fields to open the Analysis Type List window.
15. Click the **Setup** button. Here you can see the filters for each analysis type.
16. Close the Analysis Types window, the Analysis Type List window, and the Analysis Columns window to return to the Analysis Column Templates window. Click **OK**.

Analysis reports provide the ability to drill down into the data to investigate the results. You can drill down into any lines that pull information from the ledgers. You cannot drill down into formula lines.

17. In the Analysis Report, in the **Sales, Invoiced** field, click the **AssistButton** next to one of the amounts. The Value Entries window appears allowing you to view the invoiced sales entries that make up the data on the report line.
18. Close the Value Entries window.

The KA-SALES template is now set up to provide the data that the sales manager needs.

### Creating Analysis Reports

In the next scenario, you go through the entire process of creating a new analysis report.

#### Scenario 2

Cronus needs a report that shows quantities purchased this year versus last year for all of the customers assigned to the Yellow location.

The first thing we need to do is define our report layout. We start by defining the lines for our report. As mentioned previously, this is done by creating an Analysis Line Template.

1. From the Sales & Marketing menu, select ANALYSIS & REPORTING→SETUP→ANALYSIS LINE TEMPLATES.
2. Select an empty line and type YELLOW in the **Name** field.
3. In the **Description** field, type Yellow Location Customers.
4. Click the **Lines** button. The Sales Analysis Lines window displays.



5. Press the **Functions** button at the bottom of the window, and select **Insert Customers**. The **Customer List** displays.
6. Filter on the Yellow Location.

---

***HINT:** With your cursor in the **Location** field, click the **field filter** button, and select **Yellow**.*

---

7. Select all of the customer lines and press **OK**. The customer information is copied into the sales analysis lines. Scroll up to view the customers.
8. In the Sales Analysis Lines window, highlight the lines containing the customer names and press **Functions**, and then select **Renumber Lines**.
9. In the **Start Row Ref. No.** field, enter Y1, and then press **OK**. Press **OK** again to accept the message that appears.
10. In the first blank row beneath the customer names, in the **Description** field, type Yellow Location Customers Total.
11. In the **Type** field, select Formula.
12. In the **Range** field, enter Y1..Y34 to include all of the customer lines.
13. Place a checkmark in the **Bold** field. If the **Bold** field is not showing, use **Show Columns** to add it.
14. Close the Sales Analysis Lines window. Your line template is now set up.

Next, you need to define the columns for your report. As mentioned previously, this is done by creating an Analysis Column Template.

1. From the Sales & Marketing menu, select ANALYSIS & REPORTING→SETUP→ANALYSIS COLUMN TEMPLATES.
2. Select an empty line, and type QUANTITY in the **Name** field.
3. In the **Description** field, type Quantity.
4. Click the **Columns** button. The Sales Analysis Columns window displays.
5. Create the columns according to the following table. Note that the **Value Type** field is not listed in the table. This defaults in when the **Analysis Type Code** is selected.

Column No.	Column Header	Invoiced	Column Type	Ledger Entry Type	Formula
A1	Quantity Invoiced	Check	Net Change	Item Entries	
A2	LY: Quantity Invoiced	Check	Net Change	Item Entries	
C1	Change %		Formula	Item Entries	(A3-B3/B3)*100
A1	Check		SALES-QTY	Always	One
A2	Check	-1Y	SALES-QTY	Always	One
C1				Always	One

6. Close the Sales Analysis Columns window. Your column template is now set up.

Finally, you create your report to analyze yellow location customers by quantity.

1. From the Sales & Marketing menu, select ANALYSIS & REPORTING→ANALYSIS REPORTS.
2. In the **Analysis Report Name** field, click the **AssistButton**. The Analysis Report Names window displays.
3. Select an empty line and type Quantity in the **Name** field.
4. In the **Description** field, type Location by Quantity.
5. In the **Analysis Line Template Name** field, select Yellow.
6. In the **Analysis Column Template Name** field, select Quantity.
7. Press **OK**. The Sales Analysis Report window displays.
8. At the lower left of the Sales Analysis Report window, click the time interval 12 to view numbers over a 12 month period.
9. Navigate to the period 01/01/01..12/31/01.

The report now shows quantity statistics for the yellow location customers for the current and previous years.

Modify your report to only show those customers who bought from Cronus this year or last year.

10. Click the **AssistButton** in the **Analysis Line Template** field.
11. Make sure that the line for the Yellow template is still highlighted, and press the **Lines** button.
12. In the Sales Analysis Lines window, in the **Show** field, select **If Any Column Not Zero** for all of the lines.
13. Close the window, and press **OK** in the Analysis Line Templates window to return to the Analysis Report.

Now the report only lists those customers who bought from Cronus in the current or previous year.

### Using Customer and Item Groups

When creating the Analysis Report line templates, you cannot select customer groups, item groups, or salespeople without first setting up a corresponding dimension in an Analysis View Card.

Customer groups and salespeople must be defined as dimensions in SALES & MARKETING→SETUP→SALES & RECEIVABLES SETUP before they can be set up in an Analysis View Card. Product groups must be defined as dimensions in WAREHOUSE→SETUP→INVENTORY SETUP.

---

***NOTE:** In order to use groups of objects in analysis reports, you need to have the Advanced Dimensions granule. In general, the two global dimensions are used for other reporting entities and are not available for analysis report grouping.*

---

Next, customer and item groups and salespeople must be set up as dimensions in an Analysis View Card. Click SALES & MARKETING→ANALYSIS & REPORTING→SETUP→ANALYSIS VIEW CARD→ANALYSIS BUTTON→LIST to see the analysis view codes in the program and the dimensions associated with them that have been set up in the program.

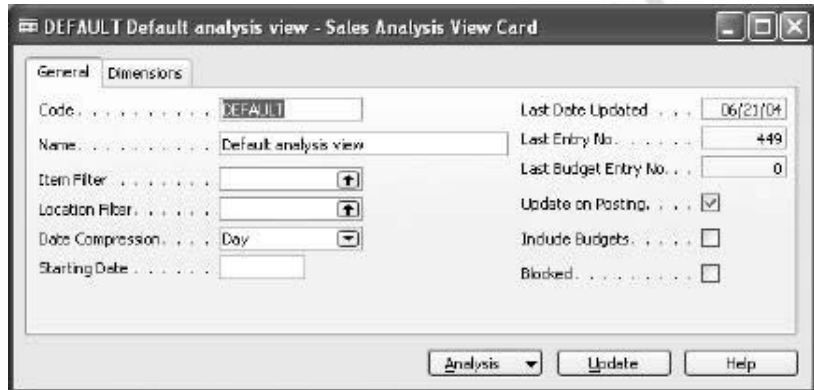
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***NOTE:** You cannot use customer or item groups in an Analysis Lines Template unless you have selected the appropriate Analysis View Code in the Analysis Lines Template window. The program allows you to add customer and item groups in the Sales Analysis Lines; however, you receive an error message when you attempt to use the Analysis Lines Template in a report.*

---

An Analysis View Card has been created for Customers with the dimensions for Customer Groups and Salespeople. Review the setup of this Analysis View Card setup, and then demonstrate how to use customer groups in a report.

1. From the Sales & Marketing menu, select ANALYSIS & REPORTING→SETUP→ANALYSIS VIEW CARD. The **Analysis View Card** displays.



2. Press the **Analysis** button, and then select **List**.
3. Highlight the line with the Customers Code and press **OK**. The **Customers Sales Analysis View Card** displays.
4. Select the **Dimensions** tab.

Up to three dimensions can be selected for each Analysis View. Note on this card that the Customer Group and Salesperson dimensions have been selected. You can also set filters on dimensions not included in the analysis view by clicking the **Analysis** button and then selecting Filters. No additional filters have been set on the Customers Analysis View Card.

5. Select the **General** tab. Notice that the **Update on Posting** field is not selected.
6. To make sure that the data is current, press the **Update** button.

---

**NOTE:** If you have not placed a check mark in the **Update on Posting** field, you must click **Update** on the analysis view card or use the *Update Analysis View batch job* to ensure that an analysis view has been updated with the most recent posted entries.

---

7. Close the Sales Analysis View Card.

### Scenario 3 (from scenario 2)

In this scenario, we modify the Analysis Report that we created in scenario 2 to analyze quantity purchased by customer groups.

1. From the Sales & Marketing menu, select ANALYSIS & REPORTING→ANALYSIS REPORTS. The Analysis Report Names window displays.
2. Click the **AssistButton** in the **Analysis Report Name** field, and select the report named Quantity. Click **OK**. The Location by Quantity Sales Analysis Report displays.

We need to change the line template to show customer groups instead of yellow location customers.

3. In the **Analysis Line Template Name** field, click the **AssistButton**. The Analysis Line Templates window displays.
4. Notice that the template named CUSTGROUPS has the item Analysis View Code CUSTOMERS selected.
5. Select the CUSTGROUPS template and press **OK**. The Analysis Report now shows CUSTGROUPS in the **Analysis Line Template** field.
6. Press **ENTER**, and the information in the report is updated to show Quantity statistics per customer group.

### Viewing and Presenting Analysis Reports

You can modify and present reports in a variety of ways.

- The **Print** button on the Analysis Report window allows you to preview and print the report from the screen.
- You can export the report to Microsoft Excel by clicking the **Functions** button and selecting **Export to Excel**. Once in Excel, you can use the Excel features to present the report.
- You can view the report in a graphical format using the bar chart feature.

We demonstrate how to use the bar chart feature in the following scenario:

### **Scenario 4 (from scenario 1)**

The Cronus sales manager needs to demonstrate to the sales staff the turnover in January for their top three customers.

1. From the Sales & Marketing menu, click ANALYSIS & REPORTING→ANALYSIS REPORTS.
2. Select the Analysis Report from scenario 1:
  - Analysis Report Name = KA-SALES
  - Analysis Line Template = MY-CUST
  - Analysis Column Template = SALES
  - Date Filter = 01/01/01..01/31/01
3. Highlight analysis report lines A1, A2, and A6 by holding down the **CTRL** key while selecting each line. These are the customers with the highest sales totals.
4. Click FUNCTIONS→SHOW BAR CHART. The Analysis Line Bar Chart window appears.

This provides the turnover information for these three customers in a graphical view.

---

**NOTE:** *You cannot present more than three lines from the Analysis Report window in the bar chart view.*

---

## Test Your Skills – Creating Analysis Reports

### All Levels

**Scenario:** You need a report showing sales by salesperson for January 2001. The requirements for the report are as follows:

1. The report needs to be broken down by sales that have been invoiced and those that have not been invoiced
2. The report must include a line showing total sales by salespeople at the bottom.
3. Modify the report to show only those salespeople who recorded sales in January 2001.
4. Once completed, present the report as a bar chart.

---

**NOTE:** Only the salespeople who have been assigned the Salesperson Dimension code need to be included in this report.

---

---

**HINT:** An Analysis View Card must be set up with the Salesperson dimensions and added to the Analysis Lines Template before you can select salespeople in an Analysis Report.

---

---

**HINT:** Review the existing report templates to see if you can reuse or modify an existing report.

---

## Analysis by Dimensions

When you need to be able to analyze information using multiple dimensions, you can use the Analysis by Dimensions feature found in Sales & Marketing or in Purchases in ANALYSIS & REPORTING→ANALYSIS BY DIMENSIONS. This function allows you to view amounts derived from analysis views that you have set up. With analysis by dimensions, you can combine dimensions, filter entries, explore data from different perspectives, view net change or balance at date numbers, and select time periods working from your screen in Microsoft Navision. You cannot print this information directly, but you can export it to Excel and use all of the Excel tools to create presentations and print your data.

You use Analysis Views to analyze multiple dimensions: customers, customer groups, or salespeople versus items or item groups in term of actual or budgeted amounts or quantities. Once a group is set up as a dimension, then the group can be added to an analysis report and analysis view by dimensions. These groups are set up in the Analysis View Card. See the previous section on using customer and item groups for more information on Analysis View Cards.

### Using Analysis by Dimensions

In the next scenario, we create a purchase analysis by dimensions and use this analysis to explore the analysis by dimensions features in Microsoft Navision.

#### Scenario 5

Cronus needs to determine the cost amount of the inventory at each of their locations. They want to be able to filter by purchaser and by specific business groups. This requires the use of the location dimension, the purchaser dimension, and the business group dimension.

First, an Analysis View Card needs to be created with the dimensions we want to analyze. Because the location dimension is available in the Analysis by Dimensions window, the Analysis View Card only needs to be set up with the purchaser and business group dimensions.

1. From the Purchase menu, select ANALYSIS & REPORTING→SETUP→ANALYSIS VIEW CARD.
2. In the **Code** field, press **F3** to create a new card.
3. Type PURCHASER in the **Code** field and Purchaser in the **Description** field.
4. Enter the work date in the **Starting Date** field.
5. Place a check in the **Include Budgets** field.
6. Select the **Dimensions** tab.



7. In the **Dimension 1 Code** field, enter Purchaser.
8. In the **Dimension 2 Code** field, enter Business Group.
9. Press the **Update** button.
10. Close the Analysis View Card.

Now you can use the Analysis View that you set up in the Analysis by Dimensions window.

1. From the Purchase menu, select ANALYSIS & REPORTING→ANALYSIS BY DIMENSIONS.
2. Click the **AssistButton** in the Analysis View Code window, and select the Purchaser Analysis View Code. Press **OK**.
3. In the **Show as Lines** field, select Location.
4. In the **Show as Columns** field, select Period.
5. Select Cost Amount in the **Show Value As** field.

In the report lines and columns, you can now view the Total Quantity and Total Cost by location by time period.

6. In the **Show Value As** field, now select Quantity. Notice that the amount in the time period columns changes to a quantity instead of the cost amount.

Now we want to filter these results by salesperson and business group.

7. Select the **Filters** tab.

Notice that the filters that are available on the right hand side of this form are from the Sales Analysis View Card that we created.

8. In the **Purchaser Filter** field, select RL.
9. In the **Businessgroup Filter** field, select INDUSTRIAL. Tab off the field to update the information in the table.

Now that you have created your report, look at the additional functions available on this form.

10. Select the **Options** tab.

Here, you find additional options for how you view the data.

11. Press the **Functions** button, and click **Reverse Lines and Columns**. The locations and time periods switch places on the window.

You also have the option on the **Function** button to export your data to Microsoft<sup>®</sup> Excel.

## Test Your Skills – Performing Analysis by Dimensions

### All Levels

**Scenario:** You need to analyze item sales by area. The analysis needs to have the following parameters:

1. The analysis should include the items with item numbers from 1896-S to 766BV-C.
2. The analysis should be for the year 2001.

Once the Sales Analysis by Dimensions window contains the item sales by area information, perform the following tasks.

3. Compare the sales that were sold by John Roberts with those by Peter Sadow.
4. View the analysis as the sales amount, COGS amount, and quantity.
5. Export the sales amount by John Roberts to an Excel workbook.

---

**HINT:** You need to use the following dimensions: Area, Salesperson.

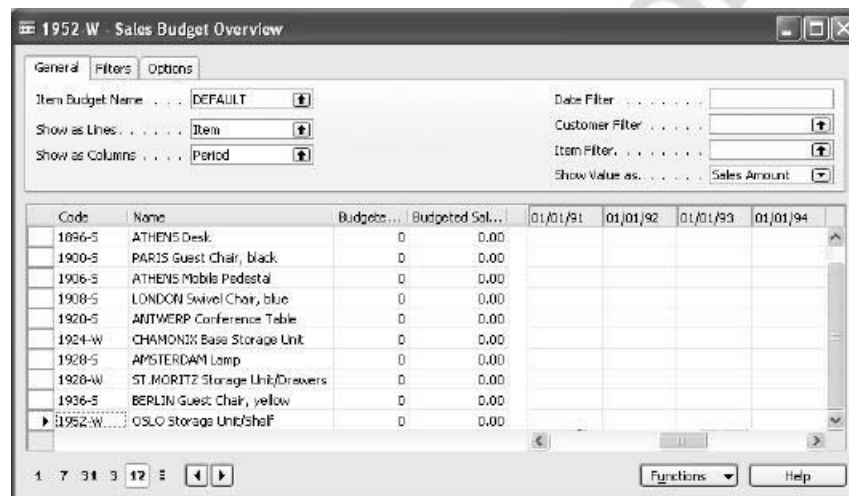
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## Sales and Purchase Budgets

Sales and Purchase budget functionality is used for planning, forecasting, and tracking against performance.

Sales and purchase budgets can be accessed from the Analysis & Reporting menu option found in the Sales & Marketing menu and in the Purchase menu.

From Sales & Marketing, click ANALYSIS & REPORTING→BUDGETS. The Sales Budget Overview window displays.



You can select a budget to view by pressing the **AssistButton** in the **Item Budget Name** field. The **Item Budget List** displays. Select the budget that you want and press **OK**.

### Entering Budget Numbers

Once a budget has been created, you need to choose how you want to enter your figures. On the Sales Budget form, in the **Show Value As** field, your choices are Sales Amount, COGS Amount, and Quantity. When creating purchase budgets, your choices in the **Show Value as** field are Cost Amount and Quantity.

When you show values as a quantity, the values are totaled in the **Budgeted Quantity** field on the left half of the window. When you show values as an amount, the values are totaled in the **Budgeted Sales Amount** or **Budgeted Cost Amount** field (depending on whether you enter a sales or a purchase budget) on the left half of the window.

Pressing the **AssistButton** in any of the number fields brings you to the Item Budget Entries window. Here you can define additional information about the budget entry. Explanations for each of the fields can be found in Online Help.

In the next scenario, we describe the process for creating a purchase budget.

### Scenario 6

The Cronus purchase manager needs to create a budget to forecast what each purchaser needs to spend per vendor for January through April 2001. This requires a new budget to be set up in Microsoft Navision.

To create a new purchase budget:

1. From the Purchase menu, click ANALYSIS & REPORTING→BUDGETS.
2. In the **Item Budget Name** field, click the **AssistButton**. The Item Budget Names window displays.
3. Select an empty line and type PURCHASE in the **Name** field and Purchase in the **Description** field.
4. In the **Budget Dimension 1 Code** field, select PURCHASER.  
Note that you can select up to three dimensions for each budget.
5. Press **OK** and the Budget Overview window displays again, with the Purchase budget in the **Item Budget Name** field.
6. In the **Show as Lines** field, enter Vendor.
7. In the **Show as Columns** field, enter Period.
8. In the **Date Filter** field, enter 01/01/01..04/01/01.
9. In the **Show Value As** field, select Cost Amount.
10. On the lower left of the Purchase Overview Budget window, click the time interval 31 to see the time periods by month.
11. Select the **Options** tab, and select 1 in the **Rounding Factor** field.
12. Place a checkmark in the **Show Column Name** field.

Next, you need to select a purchaser for this budget. This requires the use of a filter.

13. Select the **Filters** tab.
14. In the **Purchaser Filter** field, select MH.

This budget for purchaser MH only needs to include some specific large vendors, so you filter out the vendors you do not need to consider.

15. Select the **General** tab.
16. In the **Vendor Filter** field, enter the range 30000..62000, or use the **AssistButton** to select these entries.

Now that you have set up your budget with the vendors, purchaser, and time periods that you need, you are ready to start entering budget figures.

17. Fill in the values according to the following chart:

Name	January	February	March	April
CoolWood Technologies	300	300	1200	300
Lewis Home Furniture				
Service Electronics Ltd.	1200	1200	1600	1200
Grassblue Ltd.	240	600	240	240
Electronics Ltd.	1600	3000	4200	4200
WalkerHolland				

18. Select one of the budget numbers that you entered, and click on the drill down arrow to the right of the number. The **Item Budget Entries** table appears.

Here you can enter a description for the budget entry, as well as assign dimensions and add other information.

19. Close the **Item Budget Entries** table.

The budget for purchaser MH is complete.

In this scenario, you created a budget for one of the purchasers in the program. Steps 13-19 can be repeated as many times as necessary until you create budgets for all purchasers.

### Exporting Budgets to and Importing from Excel

The sales and purchase budgets can be exported to Excel, modified in Excel, and imported back into Microsoft Navision. In the next scenario, we go through the steps to export and import a budget and view the results.

#### Scenario 7 (from scenario 6)

Now that the purchase budget for purchaser MH has been created in Microsoft Navision, the Cronus purchase manager needs to send it to the purchaser for feedback. The purchaser is currently on the road and does not have access to Microsoft Navision. The purchase manager needs to export the budget to Excel and send it to the purchaser for changes. Once the changes have been made, the purchase manager needs to import the changes into the budget in Microsoft Navision.

1. From the Purchase menu, click ANALYSIS & REPORTING→BUDGETS.
2. In the **Budget Name** field, select Purchase. The purchase budget displays.
3. Press the **Functions** button, and select **Export to Excel**.
4. Select Create Workbook in the **Options** field.
5. Once the data has finished processing, open the Microsoft Excel workbook that has been created.

Note that all of the filters that were set in Microsoft Navision are visible in the Excel worksheet. By default, the program has named the worksheet "Budget."

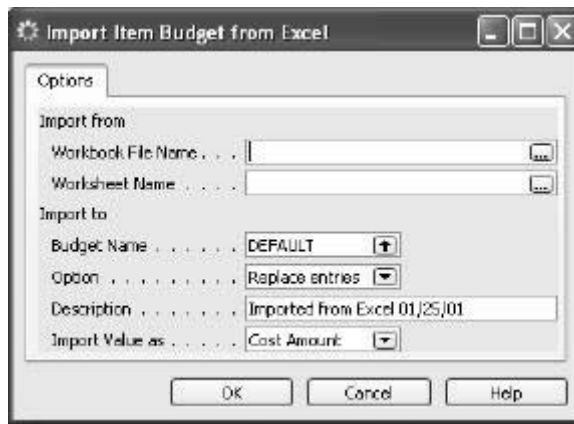
6. Save the workbook as Purchase Budget.xls

At this point, the purchase manager sends the Excel file to the purchaser.

The purchaser receives the budget and makes any necessary changes.

7. Make the following changes to the budget and save the workbook:
  - For Vendor 30000, change the January number to 600
  - For Vendor 50000, change the January number to 2000
8. Save and close the modified workbook.

9. From the Budget window in Microsoft Navision, press the **Functions** button and select **Import from Excel**. The following dialogue window appears:



10. In the **Workbook File Name** field, browse to the location where you saved the Excel file and select Purchase Budget.
11. Select Budget in the **Worksheet Name** field.
12. Make sure that the fields are filled in as follows:

<b>Budget Name</b>	Purchase
<b>Option</b>	Replace entries
<b>Description</b>	Imported from Excel 01/25/01
<b>Import Value as</b>	Cost Amount

13. Press **Yes** to replace the existing entries, and accept the message that appears.

The Microsoft Navision budget has been updated with the new numbers for January.

## Using Budgets in Analysis Reports

The sales and purchase budgets that are created can be used in analysis reports to track budgeted amounts against actuals. The next scenario demonstrates how to use budgets in analysis reports.

### Scenario 8

The sales manager at Cronus needs to compare the company's customer sales against the company's budget figures.

1. On the Sales & Marketing menu, click **ANALYSIS & REPORTING**→**ANALYSIS REPORTS**. The Sales Analysis Report window appears.

2. Click the **AssistButton** in the **Analysis Report Name** field.

The analysis report named CUST1-BUDG shows actual amounts against budgeted amounts per customer group.

3. Select CUST1-BUDG and click **OK**.

Next, we need to select the budget to use for the comparison.

4. In the Sales Analysis Report window, in the **Item Budget Filter** field, click the **AssistButton** to open the Item Budget Names window.

5. Select item budget BUDGET 01 and click **OK**.

The Sales Analysis Report window now shows the actual amounts compared with the budgeted amounts.



## Test Your Skills – Creating a Sales Budget

### All Levels

**Scenario:** You need to create a sales forecast for salesperson Linda Martin. You will use the Sales Budget function. Your budget must meet these requirements:

1. The budget should cover January through June 2001.
2. The budget should show the quantities that you expect Linda Martin to sell of items 8904-W through 8924-W.

Once you have set up your sales budget, you need to export it to Excel for feedback from Linda Martin in the field.

3. Update the Excel file with changes to the budget.
4. Import the changes back into Microsoft Navision.

Microsoft Internal Use Only

### Quick Interaction: Lessons Learned

Take a moment to write down three Key Points you have learned from this chapter:

- 1.  
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- 2.  
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Microsoft Internal Use Only

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## APPENDIX A: TERMINOLOGY LIST

This appendix contains the terminology list for the inventory application area in Microsoft® Business Solutions–Navision®.

### Microsoft Navision Inventory Terminology List

#### Cross-dock

This means to move items directly from the receiving area to the shipping area, thereby minimizing handling and storage and allowing sales orders to be shipped sooner.

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*NOTE: The program systematically compares inventory receipts with outstanding sales orders and indicates that a cross-docking opportunity is available. Noun and adjective forms: cross-dock.*

---

#### Delivery Note

This is a note that accompanies a shipment and lists the items in the shipment. Synonyms: advice note, accompanying note, dispatch note, covering note

#### Inventory

This contains items held in a store or a warehouse and purchased for resale, items used to support production (raw materials and work-in-process), and items for maintenance activities (including repair and operating supplies). The program calculates inventory as the quantity of an item available in inventory.

#### Item

This is a manufactured or purchased article, product, part or material that is part of inventory. If a company has several locations, it stores inventory control information about items or item variants at a particular location in the stockkeeping unit for that item or item variant at that location.

#### Item Substitute

This is an item that can be offered to a customer as a substitute for an item that currently is not available.

#### Lead Time

This indicates the time between recognition of the need for an order and the receipt of goods. Individual components of lead time can include order preparation time, queue time, processing time, move or transportation time, and receiving and inspection time.

#### Location

This is a physical structure or place where inventory is received, stored, and shipped. A location can be a warehouse, service car, showroom, plant or area within a plant.

### **Negative Adjustment**

This is a reduction in inventory that is not due to a sale.

### **Nonstock Item**

This is an item that a company sells but does not carry in inventory. A nonstock item is often an item in a vendor catalog, also called a catalog item.

### **Order Date**

This indicates the date on which the vendor must ship the items in order to meet the planned receipt date.

### **Physical Inventory Abbreviation: Phys. Invt.**

This is the determination of inventory quantity by the counting of items, which is performed on a continuous, periodic, or annual basis.

### **Pick**

This means to physically withdraw from inventory items to be shipped or components of items to be assembled and shipped.

### **Positive Adjustment**

This refers to an increase in inventory that is not due to a purchase.

### **Put Away**

This means to remove the item from the receiving area, transport it to a specific location in a storage area, and record the movement and the exact location of the item. Noun and adjective form: put-away

### **Receipt**

This is the physical acceptance of an item at a location. A warehouse person immediately registers the receipt of an item in the program, but the item is not a part of available to pick inventory until it has been put away.

### **Receiving**

This is the function encompassing the physical receipt of items, the inspection of the items for conformance to the purchase order (quantity and damage), the putting away of the items, and the preparation of the receiving report.

### **Release**

This means to send a document to the next stage of processing without posting the document. You cannot change information on a released document unless you reopen the document.

---

***EXAMPLE:** You can release a sales order to the warehouse. The order is then among the source documents from which the warehouse can retrieve lines to be assigned, picked, and shipped.*

---

### **Reservation**

This is the designation of a quantity of inventory on a purchase order for a specific sales order or production schedule.

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**Responsibility Center Abbreviation: Resp. Ctr.**

This is an organizational unit to which a company assigns duties or activities.

---

***NOTE:** A responsibility center can be a cost center or a profit center. Examples are a sales office that sells items from one or more locations, a purchasing office for one or several locations, a service unit, a production-planning unit, and a branch office with responsibility for sales, purchases and cost accounting. A responsibility center that has been assigned responsibility for a location accounts for location inventory in monetary terms, while the location is responsible for the physical inventory count.*

---

**Safety Lead Time**

This is an element of time added to normal lead time to protect against fluctuations in lead time so that an order can be completed before its real need date.

**Shipment Date**

This refers to the date a shipment leaves your location for delivery to a customer, either with a shipping agent or your own means of transportation.

**Source Document**

This is the original evidence of a transaction that supports journal entries in the accounting system.

---

***EXAMPLE:** Vouchers and contracts, but also internal documents that create journal entries, such as a sales, transfer, or purchase order or an internal freight charge.*

---

**Specific Item**

This is an individual item that is distinguished by a unique identification number.

**Stockkeeping Unit Abbreviation: SKU**

This is a unit for inventory control that concerns items and item variants at specific locations.

**Transfer Order**

This refers to an order to move items from one location to another.

**Warehouse Abbreviation: Whse.**

This is a building or part of a building where items are received, stored, and shipped. As such, it is a particular kind of location.

Synonyms: distribution center, branch warehouse, field warehouse

**Warehouse Activity**

This refers to an activity in the Warehouse Management application area. Each activity has its own menu item.

## List of Sales Batch Jobs, Reports and Sales Documents

### Sales Batch Jobs

There are several batch jobs that will help you in your daily sales work. Some of these batch jobs are found in the Financial Management menu, and the others are found in the Sales & Marketing menu. These batch jobs are as follows:

#### FINANCIAL MANAGEMENT→RECEIVABLES→PERIODIC ACTIVITIES

- **Recurring Journals** – You use the Recurring General Journal window to post transactions that recur with few or no changes to G/L, bank, customer, vendor and fixed assets accounts. In a recurring general journal, you enter the relevant information for the transaction, such as the posting date, amount and the accounts you want to post to. You also enter information that tells the program about how often the transaction is posted. You can also specify automatic reversal the day after the posting date and allocate an amount among several accounts. The information you enter in a journal is temporary and can be changed until you post the journal.
- **Reminders / Issued Reminders** – A reminder is a document you use to remind your customer of an outstanding balance. Please see the *Financial Management training manual* for more information on how to create reminders.
- **Finance Charge Memos /Issued Finance Charge Memos** – A finance charge memo is a document that contains information about calculated interest on outstanding balances. Please see the *Financial Management training manual* for more information on how to use the finance charge memo functionality.

#### FINANCIAL MANAGEMENT→RECEIVABLES

- **Combined Shipments** – This batch job can be used when you have sales orders that have been shipped but not yet invoiced. The batch job gathers all the un-invoiced shipments into one invoice or multiple invoices. You can also choose to have the invoices posted automatically as part of the batch job, and you can choose whether or not the batch job calculates invoice discount.

#### SALES & MARKETING→ORDER PROCESSING→BIZTALK SALES DOCUMENTS

- **BizTalk Inbound Documents, BizTalk Outbound Documents** – You can learn more about these functions in the Commerce Gateway training manual.

There are a number of batch jobs available in the Administration menu to help you manage your sales documents. These batch jobs are as follows:

ADMINISTRATION→IT ADMINISTRATION→DATA DELETION→SALES DOCUMENTS

- **Delete Invoiced Sales Orders** – This batch job deletes sales orders that have been shipped and invoiced. The program checks that only fully invoiced orders are deleted. If there are comments on the orders, they are also deleted. You can use the batch job after you have used the facilities for combining shipments, that is, the Get Shipment function on the sales invoices or the Combine Shipments batch job.
- **Delete Invoiced Blanket Sales Orders** – This batch job deletes blanket sales orders that have been shipped and invoiced. The program checks that only fully invoiced blanket orders are deleted. If there are comments on the blanket orders, they are also deleted.
- **Delete Invoiced Sales Return Orders** – This batch job deletes sales return orders that have been received and invoiced. The program checks that only fully invoiced return orders are deleted. If there are comments on the return orders, they are also deleted.
- **Delete Archived Sales Quote Versions** – This batch job deletes archived versions of the sales quotes that have been deleted. You can select the sales order numbers, dates, and customers for the orders that you want to delete.
- **Delete Archived Sales Order Versions** – This batch job deletes archived versions of the sales orders that have been deleted. You can select the sales order numbers, dates, and customers for the orders that you want to delete.
- **Delete Expired or Rejected Quotes** – This batch job deletes sales quotes that have either expired or been rejected by the customer. You can choose to delete only the expired quotes, only the rejected quotes, or both expired and rejected quotes. When you choose to delete quotes that have expired, the program checks that only those expired quotes that have the status Requested by Customer are deleted.

ADMINISTRATION→IT ADMINISTRATION→DATA DELETION→DATE COMPRESSION

- **Customer Ledger Entries** – This batch job compresses customer ledger entries; that is, it aggregates them so that they take up less space in the database. You can only compress entries from closed fiscal years, and only customer ledger entries that have no check mark in the **Open** field (meaning, they have been closed by payments).

### Sales Reports

Microsoft Navision provides a variety of sales reports. Most of the reports you will use for Trade can be found in Sales & Marketing. Other reports can be found in Financial Management. For user convenience and efficiency, some reports are available under more than one folder. The following is a list of the standard sales reports and where they can be found:

SALES & MARKETING→ORDER PROCESSING→REPORTS

Customer – Order Detail and Summary	Sales Invoice Nos.
Sales Statistics	EC Sales List
Customer/Item Sales	Sales Reservation Avail.
Customer – Sales List	

SALES & MARKETING→SALES→REPORTS→CUSTOMERS

Order Summary and Detail	Balance to Date
Labels	Trial Balance
Top 10 List	List
Customer/Item Sales	Register
Sales List	

SALES & MARKETING→SALES→REPORTS→SALESPEOPLE/TEAMS

Sales Statistics	Salesperson To-dos
Salesperson Sales Statistics	Salesperson Opportunities
Salesperson Commission	Team To-dos

SALES & MARKETING→INVENTORY & PRICING→REPORTS

Inventory Posting Test	Price List
Inventory Availability	Inventory Cost and Price List
Inventory Order Details	Inventory – Sales Back Orders
Inventory Top 10 List	Nonstock Item Sales
Inventory Sales Statistics	Item Substitutions
Inventory Customer Sales	Item Charges - Specification



## FINANCIAL MANAGEMENT→RECEIVABLES→REPORTS

Customer Detailed Aging	Customer – Detail Trial Bal.
Customer Document Nos.	Customer – List
Customer Register	Customer – Summary Aging
Customer – Balance to Date	Customer – Summary Aging Simp.

A report is a printout of information from the database. Keep in mind that each report can be run in many different ways by setting filters and selecting various options. You can also use dimensions when you run reports.

---

**NOTE:** The Salesperson reports and the Customer Statistics window in the program include Profit (LCY) amounts and Profit % calculations based on the **Profit (LCY)** field on the customer ledger entries. After the customer ledger entry is posted, the **Profit (LCY)** field is NOT updated for any purchase item charges increasing the costs assigned to the sale. This could mean that sales commissions may be based on incorrect profit figures. If you want to see profit figures for salespeople based on the item value entries that reflect item charges, you can use the Customer/Item Sales report and filter for a specific salesperson on the **Customer** tab.

---

## Sales Documents

All of the printable sales documents can be found in either the Sales & Marketing or Financial Management main menus. These documents may include posted as well as unposted documents and document test reports. You simply select a document and then filter the documents to print.

The document printed is the same document that is printed when clicking **Print** on the document itself. For example, clicking **Print** in the Posted Sales Invoice window gives the same printed document as printing the Sales – Invoice document.

The following is a list of sales documents in the program:

## SALES &amp; MARKETING→ORDER PROCESSING→DOCUMENTS

Document Name	Document Type
Order Confirmation	Unposted Document
Sales – Quote	Unposted Document
Return Order	Unposted Document
Blanket Sales Order	Unposted Document
Sales – Invoice	Posted Document
Sales - Credit Memo	Posted Document

Document Name	Document Type
Sales – Shipment	Posted Document
Sales - Return Receipt	Posted Document
Customer – Payment Receipt	Posted Document
Sales Document - Test	Document Test Report

FINANCIAL MANAGEMENT → RECEIVABLES → DOCUMENTS

Document Name	Document Type
Reminder - Test	Document Test Report
Finance Charge Memo – Test	Document Test Report
Reminder	Issued Document
Finance Charge Memo	Issued Document
Statement	See Customer Statements below

You can print unposted documents under the Documents menu item, and this gives you the possibility to print copies of unposted documents without having to post them. This is useful if you want to send sales order confirmations to your customers.

### Customer Statements

This sales document provides a list of posted sales transactions for each selected customer over a selected period of time. You can also choose to have all overdue balances displayed, regardless of the time period specified. For each currency, the report displays open entries and, if specified in the report, overdue entries. The statement can be sent to customers, for example at the close of an accounting period or as a reminder of overdue balances.

You can select which customers to print statements for by setting filters on the **Customer** tab of the Statement report. Alternatively, you can specify if a customer will receive a printed statement by placing a check mark in the **Print Statements** field on the **Payments** tab of the customer card. You then select Yes in the **Print Statements** field on the **Customer** tab in the Statement report to have the program print statements for only those customers you have set up to receive printed statements. If you do not fill in the **Print Statements** field in the Statement report, the program will print statements for all customers unless additional filtering is specified on the **Customer** tab of the Statement report.

Each time a statement is printed for the customer, the **Last Statement No.** field on customer card is updated by one.

---

## List of Purchase Batch Jobs, Reports and Purchase Documents

### Purchase Batch Jobs

There are several batch jobs that will help you in your daily purchasing work. Some of these batch jobs are found in the Financial Management menu, and the others are found in the Purchase menu. These batch jobs are as follows:

FINANCIAL MANAGEMENT→PURCHASE→PERIODIC ACTIVITIES

- **Recurring Journals** – You use the Recurring General Journal window to post transactions that recur with few or no changes to G/L, bank, customer, vendor, and fixed assets accounts. In a recurring general journal, you enter the relevant information for the transaction, such as the posting date, amount and the accounts you want to post to. You also enter information that tells the program about how often the transaction is posted. You can also specify automatic reversal the day after the posting date and allocate an amount among several accounts. The information you enter in a journal is temporary and can be changed until you post the journal.

PURCHASE→PLANNING

- **Recurring Requisition Worksheets** – As with the journals above, you use this worksheet to post transactions that occur with few or no changes, for example if you order the same amount of office supplies on a regular basis. There is more information about requisition worksheets earlier in this manual.

PURCHASE→ORDER PROCESSING→BIZTALK PURCHASE DOCUMENTS

- **BizTalk Inbound Documents, BizTalk Outbound Documents** – You can learn more about these functions in the Commerce Gateway training manual.

A number of batch jobs are available in the Administration menu to help you manage your purchase documents. These batch jobs are as follows:

ADMINISTRATION→IT ADMINISTRATION→DATA DELETION→PURCHASE DOCUMENTS

- **Delete Invoiced Purchase Orders** – This batch job deletes purchase orders that have been received and invoiced. The program checks that only fully invoiced orders are deleted. If there are comments on the orders, they are also deleted. You can use the batch job after you have used the Get Receipt Lines function on purchase invoices to invoice one or more posted receipts, since this function does not delete the orders.

- **Delete Invoiced Blanket Purchase Orders** – This batch job deletes blanket purchase orders that have been received and invoiced. The program checks that only fully invoiced blanket orders are deleted. If there are comments on the blanket orders, they are also deleted.
- **Delete Invoiced Purchase Return Orders** – This batch job deletes purchase return orders that have been shipped and invoiced. The program checks that only fully invoiced return orders are deleted. If there are comments on the return orders, they are also deleted.
- **Delete Archived Purchase Quote Versions** – With this batch job, you can delete archived versions of the purchase quotes that have been deleted.
- **Delete Archived Purchase Order Versions** – With this batch job, you can delete archived versions of the purchase orders that have been deleted.

ADMINISTRATION→IT ADMINISTRATION→DATA DELETION→DATE COMPRESSION

- **Vendor Ledger Entries** – This batch job compresses vendor ledger entries, meaning it combines them so that they take up less space in the database. You can only compress entries from closed fiscal years and only vendor ledger entries that have no check mark in the Open field.

### Purchase Reports

In the Purchase menu, you can find a variety of purchase reports. These reports can be found in Planning and Order Processing. Additional reports can be found in the Financial Management menu. For user convenience and efficiency, some reports are available under more than one folder. The following is a list of all the standard purchase reports and where they can be found:

## PURCHASE→PLANNING→REPORTS

Purchase Reservation Avail.	Inventory Purchase Orders
Purchase Statistics	Inventory – Availability Plan
Vendor Item Catalog	Inventory – Cost Variance
Vendor – Balance to Date	Inventory – Inbound Transfer
Vendor – Detail Trial Balance	Inventory – List
Vendor List	Inventory – Vendor Purchases
Vendor Purchase List	Item Substitutions
Vendor – Summary Aging	Item/Vendor Catalog
Vendor – Top 10 List	Nonstock Item Sales
Vendor – Trial Balance	Prod. Order – Mat. Requisition
Vendor/Item Purchases	Prod. Order – Shortage List
Inventory Cost and Price List	

## PURCHASE→ORDER PROCESSING→REPORTS

Vendor/Item Purchases	Inventory Reorders
Inventory Availability	Inventory Transaction Detail
Inventory Cost and Price List	Inventory – Vendor Purchases
Inventory Posting – Test	Item Charges – Specification
Inventory Purchase Orders	Item Substitutions
Inventory List	Item/Vendor Catalog

## FINANCIAL MANAGEMENT→PAYABLES→REPORTS

Aged Accounts Payable	Vendor – Detail Trial Balance
Payments on Hold	Vendor – Labels
Purchase Credit memo Nos.	Vendor – List
Purchase Invoice Nos.	Vendor – Order Detail
Purchase Reservation Avail.	Vendor – Order Summary
Purchase Statistics	Vendor – Purchase List
Vendor Document Nos.	Vendor – Summary Aging
Vendor Item Catalog	Vendor – Top 10 List
Vendor Register	Vendor – Trial Balance
Vendor – Balance to Date	Vendor/Item Purchase

A report is a printout of information from the database. Keep in mind that each report can be run many different ways by setting filters and selecting various options. You can also use dimensions when you run the reports.

## Purchase Documents

A list of all the printable purchase documents is available from the Purchase main menu by clicking ORDER PROCESSING→DOCUMENTS. These documents may include posted as well as unposted documents and document test reports. You simply select a document, and then filter the documents to print.

The document printed is the same document printed when clicking **Print** on the document itself. For example, clicking **Print** in the Posted Purchase Invoice window, gives the same printed document as printing the Purchase – Invoice document.

The following is the list of Purchase Documents in the program:

Document Name	Document Type
Return Order Confirmation	Unposted Document
Quote	Unposted Document
Order	Unposted Document
Blanket Order	Unposted Document
Invoice	Posted Document
Credit Memo	Posted Document
Receipt	Posted Document
Return Shipment	Posted Document
Purchase Document - Test	Document Test Report
Vendor – Payment Receipt	Issued Document

Since you can print unposted documents under the Documents menu item, the program allows you to print copies of unposted documents without having to post them. This is useful, for example, if you want to send return order confirmations to your vendors.

## APPENDIX B: GRANULES

This appendix contains information about the granules that make up Microsoft® Business Solutions–Navision® for Trade, including the description and requirements of each granule.

### Trade Granules in Microsoft Navision

#### Sales Order Management

**Description:** You use this granule to manage sales quotes, blanket sales orders, and sales order processes.

The differences between setting up an invoice directly and setting up a sales order are:

- Quantity available is adjusted as soon as an amount is entered on a sales order line, but it is not affected by an invoice until the invoice is posted.
- You can use the Sales Order Management granule to manage partial shipments.
- You can ship and invoice separately with the Sales Order Management granule.

There is also a difference regarding the time frame for the sale. There can be a long period between the time items are ordered and the time they are sold. The granule also enables you to use quotes and blanket orders in the sales phase. Quotes and blanket orders do not affect inventory figures.

**Requirements:** Sales Invoicing

#### Alternative Ship-To's

**Description:** You use this granule when there are several invoicing and ship-to addresses.

You can set up ship-to addresses for a specific customer. For example, if you have a customer who is a contractor and requires delivery at several different construction sites, you could make use of Alternative Ship-To's.

**Requirements:** Sales Invoicing

#### Drop Shipments

**Description:** You use this granule to link sales and purchase orders to one another and when items are shipped directly from the vendor to the customer.

Drop Shipments enables you to handle items being shipped directly from the vendor to the customer without manual application of inventory entries. The invoicing process is not affected by drop shipments. Drop Shipments is useful for businesses that sell items that are shipped directly from the vendor to the customer without ever being placed in inventory.

**Requirements:** Sales Order Management and Purchase Order Management

### **Salespeople/Purchasers**

**Description:** This granule lets you assign purchasers to vendors and salespeople to customers to keep track of purchases and sales per person. Purchasers and salespersons are tracked in the Vendor Ledger, Customer Ledger, Item Ledger, Job Ledger, and Resource Ledger.

Statistics are generated about individual salespeople and purchasers based on this information. These can be used to calculate commissions.

**Requirements:** Basic General Ledger

### **Shipping Agents**

**Description:** This granule gives you the possibility to set up several Shipping Agents (UPS, DHL, external carriers or own carriers) and relate their services (express, overnight, standard) with shipping time. Shipping Agents can be used together with Sales orders and Transfer orders.

**Requirements:** Sales Order Management

### **Sales Invoice Discounts**

**Description:** This granule allows you to calculate invoice discounts automatically. You can set up any number of invoice discount terms for which you define a certain minimum amount, discount percentage, and/or a service charge. You can do this in both LCY and in foreign currencies.

The discount is calculated on the individual item lines and becomes part of the net sum of the invoice.

**Requirements:** Sales Invoicing

### **Sales Line Discounting**

**Description:** You use this granule to work with customer discounts that are either customer specific or customer group specific. A discount can then be shared among several customers. With a line discount, you negotiate the percentage that the customer or customer discount group will get as a discount.

**Requirements:** Basic Inventory, Sales Invoicing



### Sales Line Pricing

**Description:** You use this granule to work with sales prices that are either customer specific or customer group specific.

A sales price can then be shared among several customers. With a sales price, you negotiate the actual prices with the customer or customer price group.

**Requirements:** Basic Inventory, Sales Invoicing

### Item Substitutions

**Description:** With this granule, you can link items with the same or similar characteristics. If a customer orders an item that is not available, you can offer substitute items and avoid losing the sale. Or you can provide an extra service to your customer by offering lower-cost alternatives.

**Requirements:** Basic Inventory, Sales Order Management

### Item Cross References

**Description:** Using this granule, you can quickly and precisely identify the items a customer is ordering on the basis of item numbers other than your own. Cross-reference information from customers, vendors, and manufacturers as well as generic numbers, universal product codes (UPCs), and European article numbers (EANs) can be stored and easily accessed.

**Requirements:** Basic Inventory, Sales Order Management

### Nonstock Item Processing

**Description:** You use this granule when you offer items that are not part of your inventory, but that you can order from the vendor or manufacturer. Such items are registered as nonstock items, but otherwise are treated like any other item.

**Requirements:** Basic Inventory, Sales Order Management

### Purchase Order Management

**Description:** You use this granule to manage purchase quotes, blanket orders, and purchase order processes.

The differences between creating a purchase order and creating a purchase invoice directly are:

- Quantity available is adjusted as soon as an amount is entered on a purchase order line, but it is not affected by a purchase invoice until the invoice is posted.
- You can use the Purchase Order Management granule to manage partial receipts.

- You can receive and invoice separately with the Purchase Order Management granule.
- The granule also allows you to use quotes and blanket orders in the purchase phase. Quotes and blanket orders do not affect inventory figures.

**Requirements:** Purchase Invoicing

### **Alternative Order Addresses**

**Description:** You use this granule for vendors with more than one order address. The number of possible order addresses is unlimited.

**Requirements:** Purchase Invoicing

### **Alternative Vendors**

**Description:** You use this granule when you purchase the same items from several different vendors.

This granule enables you to create alternative vendor and price information for inventory items. It can be used when a company has several possible vendors for the same items.

**Requirements:** Basic Inventory

### **Purchase Invoice Discounts**

**Description:** This granule lets you calculate invoice discounts automatically.

The discount can differ from vendor to vendor with different minimum amounts (also in different currencies) and different rates, depending on the size of the invoice. The discount is calculated on the individual item lines and becomes part of the net sum of the invoice.

**Requirements:** Purchase Invoicing

### **Purchase Line Pricing**

**Description:** You use this granule to work with purchase prices that are vendor specific. With a purchase price, you negotiate the actual prices with the vendor.

**Requirements:** Basic Inventory and Purchase Invoicing

### **Purchase Line Discounting**

**Description:** You use this granule to work with purchase discounts that are vendor specific. With a line discount, you negotiate the percentage that the vendor will give as a discount.

**Requirements:** Basic Inventory and Purchase Invoicing

## Requisition Management

**Description:** You use this granule to automate the requisition procedure.

Requisition Management automatically generates suggested purchases based on a variety of data such as minimum and maximum quantities, reorder quantities, and so on.

**Requirements:** Purchase Order Management and Basic Inventory

## Item Charges

**Description:** You use this granule when you want to include the value of additional cost components into the unit cost or unit price of an item. Such cost components can for example be freight, insurance, or other costs related to the item.

**Requirements:** Basic Inventory

## Order Promising

**Description:** You use this granule to calculate availability dates and delivery dates. If the customer has a requested delivery date, you can find out if it is possible to deliver on that date. You can also calculate a possible delivery date, based on lead time or production time, if you have nothing on inventory.

**Requirements:** Basic Inventory, Sales Order Management, Calendars

## Sales Return Order Management

**Description:** You use this granule to handle all aspects of customer returns. Sales return order management allows you to receive goods back from the customers and process the related transactions from one entry point. It is possible to do partial return receipt and to combine return receipts in one credit memo.

**Requirements:** Basic Inventory, Sales Order Management

## Purchase Return Order Management

**Description:** Purchase return order management allows you to ship goods back to your vendor and process the related transactions from one entry point. It is possible to do partial return shipments and to combine return shipments in one credit memo.

**Requirements:** Basic Inventory, Purchase Order Management

## Calendars

**Description:** With this granule, you can set up calendars with working and non-working days. A base calendar can be assigned to Customers, Vendors, Locations, Company, Shipping Agent Services, and to the Service Management Setup.

It is possible to add changes to the base calendar for each of the above mentioned.

The calendar entries will be used in the date calculations on Sales orders Purchase orders, Transfer orders, Production orders, Service orders, and in the Requisition Worksheet and Planning Worksheet.

**Requirements:** Basic Inventory

### **Analysis Reports**

**Description:** The Analysis Reports granule is meant for the company's decision makers, especially those with overall responsibility for sales, purchases, and product portfolio management.

Analysis Reports provides a customizable analysis view, where users can add and combine customer, item, and vendor information for analysis. Figures can be presented in both amounts and quantities, be compared by periods as well as against budget, and be put into formulas used to provide an indication of the company's performance. The drill-down capacity of the Analysis Reports allows managers to navigate to the cause of the problem.

**Requirements:** Basic Inventory

### **Sales/Purchase Budget**

**Description:** This granule allows you to make sales budgets on the customer and item levels and purchase budgets on the vendor and item levels, both in amounts and quantities. You can track actual performance by calculating variances and by moving budget figures between Microsoft Navision and Excel. The system supports budget version control and allows users to work on individual budgets simultaneously.

**Requirements:** Basic Inventory

## APPENDIX C: TEST YOUR SKILLS SOLUTIONS

### Test Your Skills – Handling Sales

**Scenario:** Cronus' customer 20000 places an order for 1200 units of item 70003. The customer requests that the order be delivered with 300 units every week during the month of February (starting on 02/01/01). The delivery should be shipped by FEDEX to the customer's subsidiary in Manchester.

At the time of shipping the first delivery of item 70003, the customer also orders 25 units of item 1968-W and 50 units of item 80100. Due to a number of considerations, the salesperson decides to drop ship the order for item 1968-W (from vendor 30000) and ensure that the 50 units of item 80100 are reserved for this sales order.

The customer also informs the salesperson that she only wants half of the ordered quantity of item 70003 in this shipment.

#### All Levels

Your task is to handle the above scenario in the program using the sales management functionality. Assume 01/28/01 is the work date, that the order for item 70003 is to be shipped from the Blue location, and that the order for item 80100 is to be shipped from the Green location.

#### Solution

1. Change the work date by clicking TOOLS→WORKDATE and entering 01/28/01.  
Create the Blanket Order.
2. From the Sales & Marketing menu, select ORDER PROCESSING→BLANKET ORDERS. Press **F3** to make a new order, and enter customer number 20000 in the blanket order header.
3. Leave the **Order Date** field blank.
4. On the **Shipping** tab, in the **Ship-to Code** field, select MANCHESTER.
5. In the **Location** field, select Blue.
6. On each line, in the **Type** field, select Item and in the **No.** field, select 70003. In the **Quantity** field, enter 300.
7. In the **Shipment Date** field, enter the shipment dates of 02/01/01, 02/08/01, 02/15/01, and 02/22/01 respectively.
8. In the **Qty. to Ship** field, leave the quantity of 300 for the first line, and delete the quantity to ship in the three other lines.

Create the Sales Order.

9. Click **Make Order**, selecting **Yes** in the information message and in any other warnings.
10. Select the first line in the blanket order, and click LINE→UNPOSTED LINES→ORDERS.
11. In the Sales Lines window, click LINE→SHOW DOCUMENT to see the order you just created.
12. Delete the last three lines in the sales order.
13. On the **Shipping** tab, in the **Shipping Agent Code** field, select FEDEX. Click **Yes** to update the lines.
14. In the sales order lines, select item number 1968-W. In the **Quantity** field, enter 25. Click **Yes** to accept the warning message that appears.
15. In the **Purchasing Code** field, select Drop Ship. Click **OK**.

Create the Purchase Order.

16. Select the Purchase menu option, then click ORDER PROCESSING→ORDERS.
17. Press **F3** to create a new purchase order.
18. Fill in the order details on the purchase header by selecting vendor 30000 in the **Buy-from Vendor No.** field.
19. On the **Shipping** tab, in the **Sell-to Customer No.** field, select customer 20000.
20. On the **Shipping** tab of the purchase order, in the **Ship-to Code** field, select MANCHESTER.
21. Click ORDER→DROP SHIPMENT→GET SALES ORDERS. The Order – Sales List window will appear.
22. Select the relevant order and click **OK**.

Create the third Sales Order line.

23. In the sales order lines, select item number 80100. In the **Quantity** field, enter 50. In the **Location Code** field, select Green.
24. Click FUNCTIONS→RESERVE to open the Reservation window.
25. In the Reservation window, click FUNCTIONS→AUTO RESERVE.
26. Close the Reservation window.
27. In the **Qty. to Ship** field for the first line, change the quantity from 300 to 150.

28. In the **Qty. to Ship** field for the third line, enter 50 to allow posting from the order rather than through a warehouse. Click **OK** to accept the warning message that appears.
29. Click POSTING→POST and select Ship and Invoice.

---

***NOTE:** Line discounts may be set up in your program and may default into the **Line Discount %** field on the order lines. This will not affect the processing of this exercise.*

---

Microsoft Internal Use Only

## Test Your Skills – Managing Alternative Sales Prices

### All Levels

**Scenario:** You have decided to restructure your prices for item 70200 and item 1928-S according to the following conditions:

1. Item 70200: If any of Cronus' customers buys this item in boxes (containing 100 pieces) instead of pieces, you offer 30 LCY off the regular price.

---

**HINT:** Add a new unit of measure BOX, containing 100 pieces, to the item's units of measure list.

---

2. Item 1928-S: When Cronus' overseas customer 31505050 buys this item and pays in local currency (EUR), you offer 1 LCY off the item's regular price.

---

**NOTE:** The sales price for an item can be found on the **Invoicing** tab of the item card.

---

### Solution, Part 1

1. Open the item card for item 70200.
2. Click ITEM→UNITS OF MEASURE.
3. In the **Code** field, enter BOX. In the **Qty. per Unit of Measure** field, enter 100. Close the window.
4. Click SALES→PRICES.
5. In the **Sales Type** field, select All Customers.
6. In the **Unit of Measure** field, select Box.
7. In the **Unit Price** field, enter 100 (or the calculation  $1.30 * 100 - 30$ ). You can find the price (1.30 per piece) on the **Invoicing** tab of the Item Card.
8. In the **Starting Date** field, enter 01/25/01.
9. Close the Sales Prices window.

### Solution, Part 2

1. Open the customer card for customer 31505050. Click SALES→PRICES.
2. In the **Item No.** field, select 1928-S.
3. In the **Currency Code** field, select EUR.



4. In the **Unit Price** field, enter 34.60 (or, alternatively, 35.60-1), which is the reduced unit price.
5. In the **Starting Date** field, enter 01/25/01.
6. Close the **Sales Prices** window, and click **Yes** to rename the record.

Microsoft Internal Use Only

## Test Your Skills – Creating Sales Prices for a Campaign

### All Levels

**Scenario:** If you are familiar with Microsoft® Business Solutions—Navision® Relationship Management functionality, you may want to try the following exercise:

Cronus' sales manager has decided to clear out the stock of item 766BC-A within the period 02/01/01 to 02/28/01.

1. The sales price of item 766BC-A will be 4000 LCY. The offer should go out to all business relations who are customers and whose job responsibility is purchasing.

---

**HINT:** To find the Sales Prices window, go to the Sales & Marketing menu and click **MARKETING→CAMPAIGNS**. Click the **Campaign** button in the Campaign card window. Use the wizard to create the segment. Remember to check Campaign Target on the **Campaign** tab of the Segment window.

---

2. Activate the campaign by clicking **FUNCTIONS→ACTIVATE SALES PRICES/LINE DISCOUNTS**.
3. In order to check that they get the right price, make a sales quote for one of the contacts.

### Solution

1. From the Sales & Marketing menu, click **MARKETING→CAMPAIGNS**.
2. Press **F3** to create a new campaign. Type a description in the **Description** field, i.e., sales campaign.
3. In the **Starting Date** field, type 02/01/01.
4. In the **Ending Date** field, type 02/28/01.
5. Click **CAMPAIGN→SALES PRICES**.
6. In the **Item Number** field, select item 766BC-A.
7. In the **Unit Price** field, enter 4000.
8. Close the **Sales Prices** window.
9. Click **CAMPAIGN→SEGMENTS**.
10. Press **F3** to create a new segment. Type a description in the **Description** field, i.e., sales campaign.
11. Click **FUNCTIONS→SEGMENT→WIZARD**.
12. Select **Add Contacts**, then click **Next**.

13. In the **Business Relations** field, select Customer and click **OK**.
14. In the **Job Responsibilities** field, select Purchase and click **OK**.
15. Click **Next**, then **Next**, then **Finish**.
16. On the **Campaign** tab, place a check in the **Campaign Target** field. Click **Yes** to the message that appears.
17. Close the Segment window.
18. Activate the campaign by clicking FUNCTIONS→ACTIVATE SALES PRICES/LINE DISCOUNTS.  
  
To create the sales quote:
19. From the Sales & Marketing menu, click MARKETING→CONTACTS.
20. Open the **Contact Card** for contact CT100202 (or select any of the contacts in the segment you just created).
21. Click the **Contact** button and select **Sales Quotes**.
22. Press **F3** to create a new Sales Quote. When you press **TAB** on the **No.** field, the contact number and address information will default into the quote from the Contact Card.
23. In the **Order Date** field, enter 02/01/01.
24. If a **Sell-to Customer No.** does not display, then you will need to select a **Sell-to Customer Template**. To select a Sell-to Customer Template, follow the directions in step 24. If you have selected a contact that has a customer number, then skip to step 25.
25. In the **Sell-to Customer Template** field, select the appropriate template, i.e., GB-LARGE.
26. In the sales quote lines, select item number 766BC-A.
27. In the **Quantity** field, enter 1.
28. Note that the **Unit Price Excl. VAT** field displays the sales price of 4000.00.
29. Click the **Sales Prices** field on the right hand pane to see the sales price that has been applied.

## Test Your Skills – Updating Sales Prices

**Scenario:** You have decided to make the modifications to your current prices as follows:

- Due to changed market conditions, you have to increase the prices you offer to all your customers for selected items (from 70100 to 70104) by 10%. The new prices should take effect on 02/01/01. You also consider rounding the new prices to the nearest whole LCY.
- As Cronus' overseas customer base expands, you want to extend the offer of reduced price for item 1928-S (if the purchase is paid in EUR) valid for customer 31505050 to all your foreign customers.

---

*HINT: Consider grouping your overseas customers.*

---

### All Levels

Implement the above modifications in the program by using the appropriate batch jobs.

### Solution, Part 1

1. From the Sales & Marketing menu, click INVENTORY & PRICING→SALES PRICE WORKSHEET.
2. In the worksheet, click FUNCTIONS→SUGGEST ITEM PRICE ON WKSH.
3. On the **Item** tab, in the **No.** field, set a filter for the range 70100..70104
4. On the **Options** tab, select All Customers as a sales type.
5. In the **Starting Date** field, enter 02/01/01.
6. In the **Adjustment Factor** field, enter 1.1.
7. In the **Rounding Method** field, select WHOLE.
8. In the **Create New Prices** field, place a check mark.
9. Click **OK** to start the batch job.
10. Click FUNCTIONS→IMPLEMENT PRICE CHANGE.
11. Click **OK** on the request form to start the batch job.
12. Click **Yes** to delete the suggested price changes.

### Solution, Part 2

1. From the Sales & Marketing menu, click INVENTORY & PRICING→SALES PRICE WORKSHEET.
2. In the worksheet, click FUNCTIONS→SUGGEST SALES PRICE ON WKSH.
3. On the **Sales Price** tab, set the filter for the **Sales Type** field to Customer and the **Sales Code** filter to 31505050.
4. Set the filter for the **Item No.** field to 1928-S.
5. On the **Options** tab, select Customer Price Group as a sales type. Click the **AssistButton** in the **Sales Code** field to open the Customer Price Group window.
6. Create a new customer group, called Foreign. Enter Foreign Customers in the **Description** field, and place check marks in both the **Allow Line Disc.** and **Allow Invoice Disc.** fields.
7. Select the newly created group and click **OK**.
8. On the **Options** tab of the request form, in the **Currency Code** field, select EUR and in the **Starting Date** field, and enter “w” for the work date.
9. In the **Create New Prices** field, place a check mark.
10. Click **OK** to start the batch job.
11. Click FUNCTIONS→IMPLEMENT PRICE CHANGE. Click **OK** on the request form to start the batch job.
12. Click **Yes** to delete the suggested price changes.

---

***NOTE:** For your customers to receive the reduced price, you will need to assign them to the Foreign customer price group. This is done on the **Invoicing** tab of the Customer Card.*

---

## Test Your Skills – The “Best Price” Rule

### All Levels

**Scenario:** Your customer 50000 is ordering 200 pieces of item 70200.

Offer the customer the best (cheapest) price for their purchase.

### Solution

1. From the Sales & Marketing menu, select ORDER PROCESSING→ORDERS. Press **F3** to make a new order and enter customer number 50000 in the order header.
2. In the sales order lines, select item 70200 in the **No.** field and enter 200 in the **Quantity** field.
3. The **Line Amount Excl. Vat** field should be 221.00.
4. Note that 15 defaults into the **Line Discount %** field. Click the **Sales Line Discounts** field on the right hand pane of the Sales Order. The **Get Sales Line Disc.** field shows that because customer 50000 belongs to the Retail Customer Disc. Group, this customer receives a 15% line discount.
5. On the right hand pane of the Sales Order, click on **Sales Prices**.
6. In the Get Sales Price window, you see that the customer can get a better price by ordering in boxes instead of pieces.
7. Close the Get Sales Price window.
8. In the **Unit of Measure** field on the sales line, select BOX and click **OK**.
9. Change the number in the **Quantity** field to 2.
10. Now the **Line Amount Excl. VAT** field is 170.00. This represents a combination of the sales price for purchasing in boxes instead of pieces and the sales line discount that this customer is entitled to. 170.00 is the best price for the customer.

## Test Your Skills – Creating Sales Line Discounts for a Campaign

**Scenario:** If you are familiar with the Microsoft Navision Relationship Management functionality, you may want to try the following exercise:

### All Levels

Cronus' sales manager wants item 1988-S introduced to a larger range of customers, and he has decided to make an offer of an introductory discount to a range of the prospective new customers. This should be valid if they purchase the items between 01/28/01 – 02/28/01.

1. The line discount on item 1988-S will be 20% if the customer purchases at least five units. The offer should go to prospective customers with the job responsibility of Purchase.

---

**HINT:** To find the Sales Line Discount window, click the **Campaign** button in the Campaign window. Use the wizard to create the segment. Remember to check Campaign Target on the **Campaign** tab of the Segment window.

---

2. Activate the campaign by clicking FUNCTIONS→ACTIVATE SALES PRICES/LINE DISCOUNTS.
3. In order to check that they get the right discount percentage, make a sales quote for one of the contacts.

### Solution

1. From the Sales & Marketing menu, click MARKETING→CAMPAIGNS.
2. Press **F3** to create a new campaign. Type a description in the **Description** field, i.e., Introductory Discount.
3. In the **Starting Date** field, type 01/28/01.
4. In the **Ending Date** field, type 02/28/01.
5. Click CAMPAIGN→SALES LINE DISCOUNTS.
6. In the **Code** field, select item 1988-S.
7. In the **Minimum Quantity** field, enter 5.
8. In the **Line Discount %** field, enter 20.
9. Close the Sales Line Discounts window.
10. Click CAMPAIGN→SEGMENTS.
11. Press **F3** to create a new segment. Type a description in the **Description** field, i.e., Intro Discount.

12. Click **FUNCTIONS**→**SEGMENT**→**WIZARD**.
13. Select **Add Contacts**, then click **Next**.
14. In the **Business Relations** field, select **PROS** (for Prospective Customer) and click **OK**.
15. In the **Job Responsibilities** field, select **PURCHASE** and click **OK**.
16. Click **Next**, then **Next**, then **Finish**.
17. On the **Campaign** tab, place a check in the **Campaign Target** field. Click **Yes** to the message that appears.
18. Close the Segment window.
19. Activate the campaign by clicking **FUNCTIONS**→**ACTIVATE SALES PRICES/LINE DISCOUNTS**.
20. Click **OK** to accept the message that appears.

Create the sales quote:

21. From the Sales & Marketing menu, click **MARKETING**→**CONTACTS**.
22. Open the Contact Card for contact CT100197 (or select any of the contacts in the segment you just created).
23. Click the **Contact** button, and select **Sales Quotes**.
24. Press **F3** to create a new Sales Quote. The contact number and address information will default into the quote.
25. If a **Sell-to Customer No.** does not display, then you will need to select a **Sell-to Customer Template**. To select a Sell-to Customer Template, follow the directions in step 26. If you have selected a contact that has a customer number, then skip to step 27.
26. In the **Sell-to Customer Template** field, select the appropriate template, i.e., **GB-LARGE**. Make sure that the template you select has **Allow Line Disc.** checked on the Customer Template Card. This card can be accessed by clicking **CUSTOMER TEMPLATE**→**CARD** from the Customer Template List.
27. In the sales quote lines, select item number 1988-S.
28. In the **Quantity** field, enter 5.
29. Note that 20 displays in the **Line Discount %** field, indicating that the line discount has been applied.
30. Click the **Sales Line Discounts** field on the right hand pane to see the campaign discount that has been applied.



## Test Your Skills – Handle Items with Substitutes

**Scenario:** Cronus customer 40000 places an order for seven units of item 1980-S.

This customer's shipments are usually made from the Yellow warehouse.

### All Levels

Your tasks are as follows:

1. Create a sales order for the customer.
2. Find out whether the requested item 1980-S can be substituted by another item.
3. Ship the requested quantity of a substitute item.

---

***NOTE:** Because the Yellow location requires picking, the program will require you to process the shipping through the warehouse. You can skip this process by entering the corresponding amounts in the **Qty. To Ship** field on the sales lines and then accepting the warning messages given by the program.*

---

### Solution

1. From the Sales & Marketing menu, click ORDER PROCESSING→ORDERS.
2. Press **F3** to create a new sales order.
3. Enter customer number 40000 in the **Sell-to Customer Number** field.
4. On the sales order line, enter item number 1980-S.
5. In the **Quantity** field, type 7.
6. Click **Yes** on the availability message that appears.
7. On the right hand pane of the sales order, under Item Information, click **Substitutions**.
8. Click **OK** to substitute item 1988-S.
9. If you get a warning message about the ship date, click **OK** to accept.
10. In the **Qty. to Ship** field, enter 7. Click **OK** to accept the warning message that appears.
11. Click POSTING→POST→SHIP.

## Test Your Skills – Handle Items with Cross Reference

**Scenario:** Cronus customer 10000 places a sales order for eight units of item 1900-S. The customer gives the salesperson her own item number – 22-786.

### All Levels

Your tasks are as follows:

1. Set up an item number used by customer 10000 as a reference for item 1900-S (the item description is “Chair, lounge, black”).
2. Create a sales order that reflects the item number used by the customer. Post the order.

### Solution

1. From the Sales & Marketing menu, click INVENTORY & PRICING→ITEMS. Browse to the item card for item 1900-S.
2. Click ITEM→CROSS REFERENCES.
3. In the **Cross-Reference Type** field, select Customer, and in the **Cross Reference Type No.** field, select 10000.
4. In the **Cross-Reference No.** field, enter 22-786, in the **Unit of Measure** field, select PCS, and in the **Description** field, enter Chair, lounge, black.
5. Close the Item Cross Reference Entries window.
6. Click ORDER PROCESSING→ORDERS.
7. Press **F3** to create a new sales order.
8. In the **Sell-to Customer Number** field, enter customer number 10000.
9. In the **Cross-Reference No.** field, click the **AssistButton** to open the Cross Reference List window.
10. Select the cross-reference number 22-786 and click **OK**.
11. In the **Quantity** field, enter 8.
12. Click POSTING→POST→SHIP AND INVOICE.

## Test Your Skills – Handling the Sale of a Nonstock Item by Means of Special Order

**Scenario:** Cronus' customer 10000 places an order for three units of item 4100. Item 4100 is a nonstock item, which must be purchased from vendor 40000.

### All Levels

Your tasks are as follows:

1. Create a sales order for customer 10000, and select it as a special order.
2. Create the purchase order for this nonstock item.
3. Receive and invoice the purchase order.
4. Ship and invoice the sales order.

### Solution

1. From the Sales & Marketing menu, click ORDER PROCESSING→ORDERS.
2. Press **F3** to create a new sales order.
3. In the **Sell-to Customer Number** field, enter customer number 10000.
4. Click FUNCTIONS→NONSTOCK ITEMS.
5. Select item 4100 and click **OK**.
6. In the **Purchasing Code** field, select SPECIAL ORDER and in the **Quantity** field, enter 3.
7. Release the order.
8. From the Purchase menu, click ORDER PROCESSING→ORDERS.
9. Press **F3** to create a new purchase order.
10. In the **Buy-from Vendor Number** field, enter vendor number 40000.
11. On the purchase order line, enter item number 4100.
12. In the **Quantity** field, type 3.
13. In the **Qty. to Receive** field, type 3.
14. In the **Vendor Invoice Number** field, on the purchase order header, enter some characters of your choice, i.e., 1234.
15. Click POSTING→POST→RECEIVE AND INVOICE.

16. Close the purchase order window.
17. On the sales order screen, click POSTING→POST→SHIP AND INVOICE.

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## Test Your Skills – Managing Alternative Purchase Prices

### All Levels

**Scenario:** You have managed to get a deal from vendor 10000 on items no. 1900-S and 1920-S according to the following conditions:

1. Item 1900-S: If Cronus buys this item in pallets (containing ten pieces) instead of separate pieces, you get 10 LCY off the regular price.

---

**HINT:** Add a new unit of measure PALLET, containing ten pieces, to the item's units of measure list.

---

2. Item 1920-S: When Cronus buys this item and pays in local currency (GBP), you get 15 LCY off the item's regular price.

It is your job to enter these purchase prices in the Purchase Prices window and to check that the program uses them by creating a purchase order for two pallets of item 1900-S and five units of item 1920-S.

---

**HINT:** Items can be accessed without leaving the Purchase menu. Click INVENTORY COSTING→ITEMS.

---

### Solution

1. From the Purchase menu, click INVENTORY & COSTING→ITEMS.
2. In the **Item Number** field, press **F5** to see the Item List. Select item 1900-S and click **OK**.
3. Click the **Items** button, and select Units of Measure.
4. In the **Code** field, enter PALLET.
5. In the **Qty. per Unit of Measure** field, enter 10.
6. Close the **Units of Measure** window.
7. From the Purchase menu, click ORDER PROCESSING→VENDORS.
8. Browse to vendor 10000.
9. Click the **Purchases** button, and then click **Prices**.
10. In the **Item No.** field, select 1900-S.
11. In the **Unit of Measure** field, select PALLET.

12. In the **Direct Unit Cost** field, enter 82.62 or, alternatively, you can enter the calculation 92.62-10. The Unit Cost can be found on the **Invoicing** tab of the Item Card.
13. In the **Starting Date** field, enter “w” for the work date.
14. On a new line in the Purchase Prices window, in the **Item No.** field, select 1920-S.
15. In the **Currency Code** field, select EUR.
16. In the **Unit of Measure** field, select PCS.
17. In the **Direct Unit Cost** field, enter 296.60 or, alternatively, you can enter the calculation 311.60-15.
18. In the **Starting Date** field, enter “w” for the work date.
19. From the Purchase menu, click ORDER PROCESSING→ORDERS.
20. Press **F3** to create a new purchase order.
21. In the **Buy-from Vendor Number** field, enter vendor number 10000.
22. On the **Foreign Trade** tab, in the **Currency Code** field, select EUR.
23. On the first purchase order line, enter item number 1900-S with a quantity of 2.
24. In the **Unit of Measure** field, select PALLET.
25. On the next purchase order line, enter item number 1920-S with a quantity of 5.
26. The Direct Unit Cost for item 1900-S should be 127.934.
27. The Direct Unit Cost for item 1920-S should be 296.60.

## Test Your Skills – Managing Purchase Line Discounts

### All Levels

**Scenario:** The purchaser at Cronus has made an agreement with vendor 30000 that, on items in the item range 70100-70104 purchased after 01/30/01, Cronus will get the following discount:

- 1-99 items: 10%
- 100-499 items: 15%
- 500 or more items: 25%

It is your job to enter these line discounts in the Purchase Line Discounts window and to check that the program uses them by creating a purchase order for 250 units of item 70102 and 600 units of item 70104.

### Solution

1. From the Purchase menu, click ORDER PROCESSING→VENDORS.
2. Browse to vendor 30000.
3. Click the **Purchases** button, then click **Line Discounts**.
4. In the Purchase Line Discounts window, in the **Starting Date Filter**, enter 01/30/01.
5. Set up the lines as follows:

Vendor No.	Item No.	Minimum Quantity	Line Discount %	Starting Date	Ending Date
30000	70100	1	10	01/30/01	
30000	70100	100	15	01/30/01	
30000	70100	500	25	01/30/01	
30000	70101	1	10	01/30/01	
30000	70101	100	15	01/30/01	
30000	70101	500	25	01/30/01	
30000	70102	1	10	01/30/01	
30000	70102	100	15	01/30/01	
30000	70102	500	25	01/30/01	
30000	70103	1	10	01/30/01	
30000	70103	100	15	01/30/01	
30000	70103	500	25	01/30/01	
30000	70104	1	10	01/30/01	
30000	70104	100	15	01/30/01	
30000	70104	500	25	01/30/01	

**HINT:** To make the process quicker, you can enter 70100 in the Item No. Filter, and then create the three lines for item 70100. Select the three lines, and press **EDIT→COPY**. Next, enter 70101 in the Item No. Filter, and then click on the first line and press **EDIT→PASTE**. Continue for the remaining items.

6. Close the Purchase Line Discounts window.
7. From the Purchase menu, click **ORDER PROCESSING→ORDERS**.
8. Press **F3** to create a new purchase order.
9. In the **Buy-from Vendor Number** field, enter vendor number 30000.
10. In the **Order Date** field, enter 02/01/01.
11. On the first purchase order line, enter item number 70102 with a quantity of 250.
12. On the next purchase order line, enter item number 70104 with a quantity of 600.
13. The **Line Discount %** field for the line containing item 70102 should be 15.
14. The **Line Discount %** field for the line containing item 70104 should be 25.



## Test Your Skills – Calculating a Replenishment Plan from the Requisition Worksheet

### All Levels

#### Scenario:

1. For Cronus item 1330, change the value in the **Reorder Quantity** field from 100 to 300, so that it has the following setup:

Inventory = 100

Reordering Policy = Fixed Reorder Quantity

Reorder Cycle = 1M

Reorder Point = 100

Reorder Quantity = 300

2. Create the following sales order lines:

40 units with a shipment date five days after the work date.

60 units with a shipment date ten days after the work date.

70 units with a shipment date 20 days after the work date.

3. Create the following purchase order line:

50 units with an expected receipt date 15 days after the work date.

Calculate a plan from the requisition worksheet and explain the resulting order proposal lines.

### Solution

For the following solution, the work date is set to 01/28/01.

1. From the Purchase menu, click INVENTORY & COSTING→ITEMS.
2. Open the Item Card for item 1330.
3. On the **Planning** tab, set up item 1330 to match the setup described in the scenario. The Inventory quantity can be found on the **General** tab.
4. From the Sales & Marketing menu, click ORDER PROCESSING→ORDERS.
5. Press **F3** to create a new sales order.
6. Select a customer number in the **Sell-to Customer Number** field.

7. Fill out the sales order lines according to the information provided in the scenario. Click **Yes** to accept all of the Check Availability messages that appear.
8. From the Purchase menu, click ORDER PROCESSING→ORDERS.
9. Press **F3** to create a new purchase order.
10. Select a vendor number in the **Buy-from Vendor Number** field.
11. Fill out the purchase order lines according to the information provided in the scenario.
12. From the Purchase menu, click PLANNING→REQUISITION WORKSHEETS.
13. From the Requisition Worksheet window, click FUNCTIONS→CALCULATE PLAN to open the request form.
14. On the **Item** tab, set a filter for item 1330. On the **Options** tab, in the **Order Date** field, enter 01/28/01 and in the **Ending Date** field – 02/17/01.
15. Click **OK**. The order proposal lines appear in the Requisition Worksheet window.
16. The relevant order proposal lines should be as follows:

Type	No.	Action Message	Accept Action Message	Original Quantity	Quantity	Due Date	Replenishment System
Item	1330	Resched. & Chg. Qty.	Check	50	300	02/02/01	Purchase

17. The program has calculated that the purchase order for 50 should be rescheduled for 02/02/01, and the quantity should be changed to 300.

**Explanation**

There are 100 units currently in inventory. When the first sales order is filled on 02/02/01, the amount on inventory will be reduced to 60. Since the reorder point is set at 100, a new order needs to be created. Because there is a purchase order in the system already, that order is rescheduled for 02/02/01. The quantity on the purchase order is also changed from 50 to 300. This is because the reorder quantity is set to 300.

## Test Your Skills – Handling Item Charges

**Scenario:** You have an open purchase order from vendor 10000. The order number is 106009. In connection with this order, you additionally receive an invoice from the same vendor for freight service for the amount of 150 LCY.

### All Levels

Your task is to register these additional invoices in the program, ensuring that inventory costs are updated correctly.

### Solution

1. Open purchase order 106009.
2. On the purchase order lines, in the **Type** field, select **Charge (Item)**. In the **No.** field, select P-FREIGHT.
3. In the **Quantity** field, enter 1, and in the **Direct Unit Cost** field, enter 150.
4. Select the item charge line, and click LINE→ITEM CHARGE ASSIGNMENT.
5. Click FUNCTIONS→SUGGEST ITEM CHARGE ASSIGNMENT. Select Amount and click **OK**.
6. Close the Item Charge Assignment window.
7. Click POSTING→POST→RECEIVE AND INVOICE. Click **OK**.
8. From the Purchase menu, click HISTORY→POSTED RECEIPTS. Click the **Navigate** button.
9. Select the Item Ledger Entry line and click **Show**.
10. In the **Cost Amount (Actual)** field for each line, click on the drill-down arrow to see the value entries, including the freight charges, for each item.

## Test Your Skills – Handling Purchase Allowances

**Scenario :** Upon receiving and invoicing a shipment (No. 107019) from vendor 10000, the inventory manager discovers that two units of item 70011 had a slight fault on the glass surface. The inventory manager contacts the vendor about the problem, and the vendor offers Cronus the opportunity to keep the items for a reduced price (by 40%). Cronus receives a credit memo from the vendor.

### All Levels

Your task is to register this agreement in the program ensuring that the transaction is reflected at the item statistics level.

### Solution

1. From the Financial Management menu, click PAYABLES→CREDIT MEMOS to create a new credit memo.
2. Click the **Functions** button, and select Copy Document.
3. In the Copy Purchase Document window, in the **Document Type** field, select Posted Receipt.
4. In the **Document No.** field, select 107019.
5. Place a check mark in the **Include Header** field. There should be a check mark in the **Recalculate Lines** field already.
6. Click **OK**.
7. In a new credit memo line, in the **Type** field, select Charge (Item).
8. Select Purchase Allowance in the **No.** field.
9. In the **Quantity** field enter 2.
10. To determine the cost, find the line for item 70011, and then find the **Direct Unit Cost Excl. VAT** field. The cost for each unit of item 70011 is 36.90.
11. In the **Direct Unit Cost Excl. VAT** field on the line selected Purchase Allowance, enter 22.14 (or enter the calculation  $36.90 * .60$ ) which reflects 40% of the cost for item 70011.
12. Delete the three item type lines that were copied from the Posted Receipt.
13. To assign the item charge to item 70011, click the **Line**, button and select Item Charge Assignment.
14. In the Item Charge Assignment (Purch) window, click the **Functions** button, and then select Get Receipt Lines.

15. In the Purch. Receipt Lines window, find Document No. 107019, and select the line for item 70011. Click **OK**.
16. In the Item Charge Assignment (Purch) window, click the **Functions** button, then select Suggest Item Charge Assignment.
17. Select Equally and click **OK**. Close the window.
18. Enter a Vendor Cr. Memo No. of your choosing in the credit memo header.
19. Click POSTING→POST, and then click **Yes**.
20. To view the item statistics, from the Purchase menu, click INVENTORY & COSTING→ITEMS. Open the item card for item 70011.
21. Click ITEM→ENTRIES→VALUE ENTRIES. Here you can see the Purchase Allowance that was applied to this item.

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## Test Your Skills – Promise Order Delivery to a Customer

**Scenario:** Cronus customer 50000 places an order for 50 units of item 70040.

The customer requests that the order be delivered on 01/27/01. The sales order will be shipped from the Yellow warehouse.

### All Levels

Your tasks are as follows:

1. Create the sales order and check whether the requested order delivery date can be met.
2. If the requested delivery date cannot be met, find out when you are capable of delivering the order. To do that, you may choose to run the CTP function.
3. Suppose that the customer is not satisfied with the new delivery date. You, however, promise the customer to deliver the order one day earlier and will find a solution for how you can fulfill the promise.

### Solution

1. From the Sales & Marketing menu, click ORDER PROCESSING→ORDERS. Press **F3**.
2. In the **Sell-to Customer No.** field, select customer 50000.
3. In the **Requested Delivery Date** field, enter 01/27/01.
4. On the **Shipping** tab, in the **Location Code** field, select Yellow and press Enter.
5. In the **No.** field, select item 70040, and in the **Quantity** field, enter 50.
6. The messages that appear indicate that, not only would you need to have shipped the order before the work date, there is no inventory available and none on order (as per the **Earliest Availability Date** on the Check Availability message).
7. Accept both messages.
8. To find out when you are capable of delivering the order, click ORDER→ORDER PROMISING. The Order Promising Lines window appears.
9. Click CALCULATE→CAPABLE-TO-PROMISE.

10. The date fields in the order promising lines should appear as follows:

<b>Requested Delivery Date</b>	<b>Requested Shipment Date</b>	<b>Planned Delivery Date</b>	<b>Original Shipment Date</b>	<b>Earliest Shipment Date</b>
01/27/01	01/24/01	01/31/01	01/24/01	01/28/01

11. According to these dates, you are capable of delivering the order on 01/31/01.
12. Click **Accept**.
13. The delivery dates on the sales order lines have now been updated to match the dates from the order promising lines.
14. You now need to determine how to deliver one day earlier. You have options, such as calling the vendor to request an earlier delivery or working with your warehouse people to expedite the outbound warehouse handling time. One easy way to deliver a day earlier is to change the **Shipping Agent Service** field on the sales order header.
15. On the **Shipping** tab, in the **Shipping Agent Service** field, select **Overnight**. Click **Yes** to update the lines.
16. You will need to recalculate the order promising lines. Perform steps 8, 9, and 12 again.
17. Now you can promise delivery to your customer on 01/30/01.

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## Test Your Skills – Estimate Purchase Order Receipt

**Scenario:** A purchaser at Cronus places an order for ten units of item 70011 with vendor 30000 and requests that the order be delivered at the Green warehouse on 02/05/01.

### All Levels

Your tasks are as follows:

1. Create the purchase order and estimate the latest order date whereby the order will arrive at the warehouse on the requested date.
2. Suppose that after talking to the vendor, she assured you that she could deliver the order three days earlier than you initially requested. Record this information in the purchase order.

### Solution

1. Create a new purchase order. In the Buy-from **Vendor No.** field, select vendor 30000.
2. Click the **Shipping** tab. In the **Location Code** field, select GREEN.
3. In the **Requested Receipt Date** field enter 02/05/01.
4. In the **No.** field, select item 70011, and in the **Quantity** field, enter 10.
5. The work date message that appears indicates that the order needed to be placed by 01/22/01 to meet the requested receipt date of 02/05/01.
6. Accept the message.
7. To record the earlier receipt date promised by the vendor, on the Shipping tab, in the **Promised Receipt Date** field, enter 02/02/01.
8. Click **Yes** to update the lines.
9. The **Planned Receipt Date** and **Expected Receipt Date** fields on the line are updated accordingly.



## Test Your Skills – Processing the Customer Return

**Scenario:** A representative from customer 10000 calls a salesperson at Cronus and says that the entire delivery of 50 units (boxes) of item 80100 that he has ordered some days ago appear to be defective.

The salesperson and the customer agree that the entire quantity of item 80100 must be returned to Cronus, and a replacement of the same quantity of the same item will be shipped to the customer right away. The customer gives the salesperson a reference number to his own return document, which is R-0113.

To perform this scenario, first create and post a sales order of 50 units (boxes) of item 80100 to customer 10000 (use location code Green, and remember to fill in the quantity to ship).

### All Levels

Your tasks are as follows:

1. Register the compensation agreement that has been reached with the customer (use a sales order as an entry point), and
2. Process the return, in terms of:
  - receiving (possibly, use a specially dedicated location for defective items) and crediting the customer for the returned items.
  - ensuring that the returned items, when received from the customer, are valued at the same unit cost as originally sold (rather than at the average cost suggested by the program).
  - shipping the replacement sales order to the customer.
  - creating a return-related document (a purchase return order) to indicate to the purchaser that a return to vendor process must be initiated.

### Solution

Create a location for defective items.

1. From the Warehouse menu, click SETUP→LOCATIONS.
2. Press **F3** to create a new location card. In the **Code** field, enter DEFECTIVE. In the name field, enter Defective Warehouse.

Create the return order.

3. From the Sales & Marketing menu, click ORDER PROCESSING→RETURN ORDERS. Press **F3** to create a new order, and enter the customer information in the return header.
4. Enter the item information and quantity on the line.

5. In the **Return Reason** field, click the **AssistButton**. The Return Reasons window appears.
6. Select DEFECTIVE as the return reason code and click **OK**.
7. In the **External Document No.** field, enter R-0113.
8. In the **Appl.-from Item Entry** field, click the **AssistButton**. The Item Ledger Entries window appears.
9. In the Item Ledger Entries window, select the line with the defective items (the quantity will equal 50). Click **OK**.
10. In the **Location Code** field on the line, select Defective.  
Create the order for the replacement quantity.
11. Enter a line for item 80010 with a quantity of -50. In the **Location** field, select Green and make sure that Box is selected in the **Unit of Measure Code** field.
12. In the Sales Return Order window, click FUNCTIONS→MOVE NEGATIVE LINES.
13. In the **To Document Type** field, select Order and click **OK**.
14. Click **Yes** to view the document.
15. In the **Qty. to Ship** field, enter 50.
16. Post the sales order.  
Create the purchase return order.
17. From the Sales Return Order window, click FUNCTIONS→CREATE RETURN-RELATED DOCUMENTS.
18. In the **Vendor No.** field, select vendor 10000.
19. Place a check in the **Create Purch. Ret. Order** check box. Click **OK**.
20. Post the sales return order.

## Test Your Skills – Processing the Customer Return, II

### All Levels

**Scenario:** (continuation of Test Your Skills – Processing the Customer Return)  
In connection with the return of 50 units (boxes) of item 80100 initiated by customer 10000, Cronus now would like to return the defective items to the vendor from which they were originally bought and receive a replacement of the same quantity of the same item.

At the time of registering a compensation agreement with this customer, the salesperson created a purchase return order, which now serves as an indication to the purchaser that the items must be returned to the vendor.

The purchaser contacts the vendor's representative (vendor 45858585) and the parties agreed that Cronus would send the item back for replacement. The vendor gives the purchaser a return authorization number, which is PR0558.

To perform this scenario, first browse to the existing purchase order No. 6001 and post it as invoiced.

Your task is to handle the return to vendor process in terms of:

- Shipping the defective items to the vendor and receiving the credit for them.
- Ensuring that the items to be returned to the vendor are valued at the same unit cost as originally purchase rather than at the average cost suggested by the program (refer to the purchase order No. 6001).
- Receive a replacement from the vendor.

### Solution

Create the purchase return order.

1. From the Purchase menu, click ORDER PROCESSING→RETURN ORDERS. Browse to the return order for 50 units of item 80100 that the program created for vendor 10000.
2. In the **Vendor Authorization No.** field, enter PR0558.
3. In the **Appl.-from Item Entry** field, click the **AssistButton**. The Item Ledger Entries window appears.
4. In the Item Ledger Entries window, select the line with the defective items. Click **OK**.

Create the order for the replacement quantity.

5. Enter a line for item 80010 with a quantity of -50. Make sure that Box is selected in the **Unit of Measure Code** field.

6. In the Purchase Return Order window, click **FUNCTIONS→MOVE NEGATIVE LINES**.
7. In the **To Document Type** field select **Order** and click **OK**.
8. Click **Yes** to view the document.
9. Enter a **Vendor Invoice No.** in the header.
10. Post the purchase order.
11. In the Purchase Return Order window, enter a **Vendor Cr. Memo No.**
12. Post the purchase return order.

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## Test Your Skills – Creating Analysis Reports

### All Levels

**Scenario:** You need a report showing sales by salesperson for January 2001. The requirements for the report are as follows:

1. The report needs to be broken down by sales that have been invoiced and those that have not been invoiced
2. The report must include a line showing total sales by salespeople at the bottom.
3. Modify the report to show only those salespeople who recorded sales in January 2001.
4. Once completed, present the report as a bar chart.

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**NOTE:** Only the salespeople who have been assigned the Salesperson Dimension code need to be included in this report.

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**HINT:** An Analysis View Card must be set up with the Salesperson dimensions and added to the Analysis Lines Template before you can select salespeople in an Analysis Report.

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**HINT:** Review the existing report templates to see if you can reuse or modify an existing report.

---

### Solution

Set up the analysis view card.

1. From the Sales & Marketing menu, select ANALYSIS & REPORTING→SETUP→ANALYSIS VIEW CARD.
2. Press **F3** to create a new Analysis View Card.
3. In the **Code** field and the **Name** field, type Salespeople.
4. Select the **Dimensions** tab. In the **Dimension 1 Code** field, select Salesperson.
5. Click the **Update** button. Click **Yes**.
6. Close the Sales Analysis View Card.

Create the analysis line template.

7. From the Sales & Marketing menu, select ANALYSIS & REPORTING→SETUP→ANALYSIS LINE TEMPLATES.

8. Select an empty line, and type SALESP in the **Name** field.
9. In the **Description** field, type Salespeople.
10. In the **Item Analysis View Code** field, select Salespeople.
11. Click the **Lines** button. The Sales Analysis Lines window displays.
12. Click the **Functions** button at the bottom of the window, and select **Insert Sales/Purchase Persons**. A window displays with a list of salespeople.
13. Select all of the lines and click **OK**. Scroll up in the Sales Analysis Lines window to view the salespeople.
14. In the Sales Analysis Lines window, highlight the lines containing the salesperson names, and click **Functions**, then select **ReNumber Lines**.
15. In the **Start Row Ref. No.** field, enter A1, and then click **OK**. Click **OK** again to accept the message that appears.
16. In the first blank row beneath the salesperson names in the **Description** field, type Total Sales.
17. In the **Type** field, select Formula.
18. In the **Range** field, enter A1...A4 to include all of the salesperson lines.
19. Place a check mark in the **Bold** field.
20. Close the Sales Analysis Lines window. Your line template is now set up.  
Next, we need to define the columns for our report.
21. From the Sales & Marketing menu, select ANALYSIS & REPORTING→SETUP→ANALYSIS COLUMN TEMPLATES.
22. If you review the existing templates, you will find that the SALES template has the columns set up that we need for this report.  
Create the analysis report.
23. On the Sales & Marketing menu, click ANALYSIS & REPORTING→ANALYSIS REPORTS.
24. In the **Analysis Report Name** field, click the **AssistButton** to open the Analysis Report Names window.
25. Select a new line and enter SALES in the **Name** field.
26. In the **Description** field, enter Sales by Salesperson.
27. In the **Analysis Line Template Name** field, select SALESP.

28. In the **Analysis Column Template Name** field, select SALES.
29. Click **OK**.
30. In the Sales Analysis Report window, type 01/01/01..01/31/01 in the **Date Filter** field.  
  
Modify the report to show only salespeople who recorded sales.
31. Click the arrow in the **Analysis Line Template** field in the header. Click the **Lines** button.
32. In the Show column, select If Any Column Not Zero for all of the lines.
33. Close the window, and click **OK** in the Sales – Analysis Line Templates window.  
  
Create a bar chart.
34. Click **FUNCTIONS**→**SHOW BAR CHART**. The Analysis Line Bar Chart window appears.

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## Test Your Skills – Performing Analysis by Dimensions

### All Levels

**Scenario:** You need to analyze item sales by area. The analysis needs to have the following parameters:

1. The analysis should include the items with item numbers from 1896-S to 766BV-C.
2. The analysis should be for the year 2001.

Once the Sales Analysis by Dimensions window contains the item sales by area information, perform the following tasks.

3. Compare the sales that were sold by John Roberts with those by Peter Sadow.
4. View the analysis as the sales amount, COGS amount, and quantity.
5. Export the sales amount by John Roberts to an Excel workbook.

---

**HINT:** You will need to use the following dimensions: Area, Salesperson.

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### Solution

1. From the Sales menu, select ANALYSIS & REPORTING→SETUP→ANALYSIS VIEW CARD.
2. Browse through the existing view cards to see if a card is set up with both the Area and the Salesperson dimensions. The Default analysis view card contains these dimensions.
3. Click the **Update** button. Click **Yes** on the message that appears.
4. Close the Analysis View Card.
5. From the Sales & Marketing menu, select ANALYSIS & REPORTING→ANALYSIS BY DIMENSIONS.
6. Click the **AssistButton** in the Analysis View Code window, and select the Default Analysis View Code. Click **OK**.
7. In the **Show as Lines** field, select Item.
8. In the **Show as Columns** field, select Area.
9. On the **Filters** tab, in the **Date Filter** field, enter 01/01/01..12/31/01.
10. In the **Item Filter** field, select items 1896-S..766BV-C.

You can now view item sales by area.



11. In the **Salesperson Filter**, select JR, click **OK**, and then press **ENTER**. John Roberts' sales display.
12. In the **Salesperson Filter**, select PS, click **OK**, and then press **ENTER**. Peter Sadow's sales display.
13. Delete the salesperson filter.
14. On the **General** tab, use the arrow in the **Show Value As** field to show the sales amount, COGS amount, and quantity.  
Export John Roberts' sales to an Excel worksheet.
15. On the **Filters** tab, in the **Salesperson Filter**, select JR. Click **OK**, then press **ENTER**.
16. Click the **Functions** button, and select **Export to Excel**.

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## Test Your Skills – Creating a Sales Budget

### All Levels

**Scenario:** You need to create a sales forecast for salesperson Linda Martin. You will use the Sales Budget function. Your budget must meet these requirements:

1. The budget should cover January through June 2001.
2. The budget should show the quantities that you expect Linda Martin to sell of items 8904-W through 8924-W.

Once you have set up your sales budget, you need to export it to Excel for feedback from Linda Martin in the field.

3. Update the Excel file with changes to the budget.
4. Import the changes back into Microsoft Navision.

### Solution

Create the sales budget.

1. From the Sales & Marketing menu, click ANALYSIS & REPORTING→BUDGETS.
2. In the **Item Budget Name** field, click the **AssistButton**. The Item Budget Names window will display.
3. Select an empty line, and type SALES in the **Name** field and Sales Forecast in the **Description** field.
4. In the **Budget Dimension 1 Code** field, select SALESPERSON. Click **OK**.
5. In the **Show as Lines** field, enter Item.
7. In the **Show as Columns** field, enter Period.
8. In the **Date Filter** field, enter 01/01/01..06/30/01.
9. In the **Item Filter** field, enter 8904-W...8924-W.
10. In the **Show Value As** field, select Quantity.
11. On the lower left of the Sales Budget Overview window, click the time interval **31** to see the time periods by month.
12. On the **Filters** tab, in the **Salesperson Filter** field, select LM.
13. On the **Options** tab, in the **Rounding Factor** field, select 1.
14. Place a check mark in the **Show Column Name** field.

15. Enter budget numbers of your choice for each month, for example, 10 of item 8904-W per month and 30 of 8912-W in January and February.

Export the budget to Excel.

16. Click the **Functions** button, and select **Export to Excel**.
17. Select Create Workbook in the **Options** field.
18. Once the data has finished processing, open the Microsoft Excel workbook that has been created.
19. Save the workbook as *Sales Budget.xls*.
20. Make changes to the budget, for example, add 20 of 8924-W for March. Save the workbook.
21. From the Budget window in Microsoft Navision, click the **Functions** button, and select **Import from Excel**.
22. In the **Workbook File Name** field, browse to the location where you saved the Excel file and select Sales Budget.
23. Select Budget in the **Worksheet Name** field.
24. Make sure that the fields are filled in as follows:

<b>Budget Name</b>	Sales
<b>Option</b>	Replace entries
<b>Description</b>	Imported from Excel 01/25/01
<b>Import Value as</b>	Quantity

25. Click **OK**.
26. Click **Yes** to replace the existing entries, and accept the message that appears.
27. Note that the changes have been made to the budget in Microsoft Navision.

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