



Updated for mInventory v2.0

Introduction

This document focuses on some of the key concepts in mInventory and explains some of the principles behind the design of the program. This is a good starting place to get to learn how to use the program.

After reviewing this document, take a look at the Workflows and User Guide. This will show how to actually use mInventory to implement the concepts talked about in this getting started guide.

Why mInventory

Retail businesses of all sizes face challenges when it comes to managing inventory, many of which are addressed with business accounting software programs like QuickBooks. However, many of these programs offer a broad range of functions, and don't typically do a good job with basic inventory management. Additionally, many small businesses find that the complexity of these applications can be overwhelming.

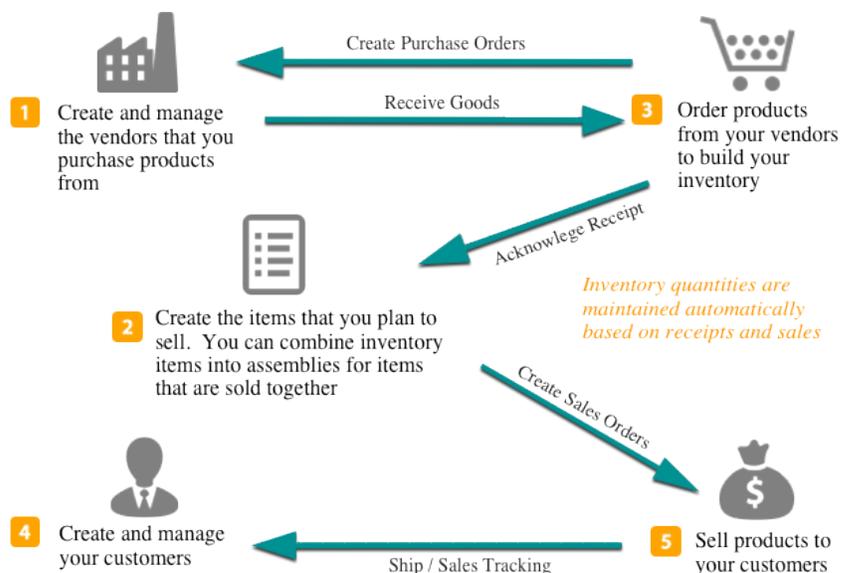
mInventory is a simple and straightforward software system for managing inventory. It offers the small business with a set of purchasing, sales and inventory management functions that can greatly simplify the complexities around establishing, tracking and reporting on your inventory levels.

The concept behind the program is pretty basic. You set up vendors from whom you purchase products and then create items in your inventory for each of these products. When you make purchases against your vendors, the inventory items are updated automatically as you receive goods. The program can produce purchase orders to streamline your purchasing, or allow you to simply enter receipts. As you sell products, inventory is depleted. You can set reorder levels and have the software automatically inform you of replenishment needs.

Process Overview

The diagram to the right gives a high-level overview of how the functions of the software come together to allow you to manage your inventory workflow. A larger depiction of this diagram can be found in the help menu.

This guide will walk through these functions to give you an overview of how these are handled in the software.





Basic Navigation

Before we get into the process flow walkthrough, it may be helpful to go over the basic navigation in the program. It's really pretty easy. On the left side of the screen you'll find icons that represent the major functions of the program. These are Vendors, Inventory, Purchases, Customers and Sales. Clicking on one of these icons will show you a list of records that correspond to the function you clicked on.

For any of the functions you can double click on an entry to edit the record. You can also right click on a record and you will be shown a popup menu with available program options. These options will vary depending on which function you are interacting with.

You can add new records to a function by clicking on the "Add XXX" button on the top toolbar. You will be shown an empty window that you can fill in the information fields. Click Save to save your work or Cancel to discard changes.

Also on the top toolbar are icons that allow you to run reports or configure program settings.

The main menu bar also provides some shortcuts to navigate the screens. If you pull down the 'Inventory' menu, you'll see the options available and the corresponding short cut keys. As you become more accustomed to using the program, these will become helpful to you.

1 Vendor Management

Vendors are businesses that you purchase products from. You may purchase and resell these products or you may use them in the production of your own products. mInventory can be used in several production scenarios but before you can place a purchase order for product, you have to tell the system who you are buying from.

To create a vendor, click the Add Vendor icon on the top toolbar. Complete the form fields and click save.

As you make purchases and add inventory items from a vendor, the bottom half of the vendor screen will show you this information. You can toggle between the Purchases and Inventory tabs to review.

After you have created a vendor, you can easily edit the information by simply double clicking on the vendor in the vendors list. You can also right click on the vendor in the list and choose "Edit". You'll notice that right clicking on the vendor shows other options in addition to edit. We'll let you explore these on your own, as they are not covered in this guide.

2 Inventory Management

This is the heart of the program and likely the place that you'll spend a good portion of your time with the program. It's important that you familiarize yourself with the functions available in this section and experiment with the many features available. Not all of them are covered in this guide.



You build your inventory by creating items. These items can be stand-alone items or configurations of other items in your inventory. Some systems refer to these configurations as BOMs (bill of materials). In mInventory we call them assemblies.

To create an item, click the “Add Item” icon at the top of the screen. You’ll be shown an empty form in which you can input fields that describe the item. The table below describes these fields and how the program uses them.

Name	The name by which you refer to this item. This is a free-form field and you can use any name that makes sense to you.
Active	The state for this item. As your products age, you may find it helpful to inactivate those items that you no longer sell. This will remove them from the main screens and exclude them from most reports.
Item #	This is the number or code by which you will refer to this item in your business. We recommend that you come up with some scheme for creating these numbers that makes sense for you. Note that this field can be numbers and letters. Sometimes it helps to prefix a numeric item number with a code that distinguishes the item from other items. This field should be unique, but the program does not enforce this.
Vendor Item #	This is the number or code that the vendor that you purchased this product from refers to this item. Having this in your inventory helps in the reordering process. This field is not required.
Category	In the program preferences screen you can create categories. You should do this before adding inventory items. In the drop down box, pick the category for your items.
Vendor	This is the vendor that you purchased this product from. In the drop down box, pick the appropriate vendor.
Available	This is the amount of available inventory or On Hand inventory for this item. Available inventory is ready for sale. Available inventory is increased by purchases and decreased by sales. It can also be decreased through the creation of assemblies and allocation of inventory to another item. See Allocated below.
Allocated	Allocated inventory is the quantity of an item that has been used in the configuration of another item (an assembly). For those items that are “assemblies” the items that have been assembled are listed in the components table on the bottom half of the inventory screen. It is these items that will have an “allocated” quantity on their item record. Allocated is somewhat like available, in that the amount of the item is still in your inventory. The difference is that it’s allocated to another item. The allocated count is reduced when you sell the “Assembly” and increased when you build new assemblies.
On Order	On order is the quantity of an item that is part of an outstanding purchase order. This is a purchase order that has been created, but not yet received.
On Hold	On hold is the quantity of an item that is part of an outstanding sale. This sale has been created in the system, but not yet marked as shipped.
Sold	This is the number of units of this item that have been sold.
Re Order Level	You can set a reorder level that will cause the system to highlight those items that are below this level. This is helpful in making sure that you maintain a particular stocking level of your inventory items.
Last Cost	This is the last cost that you purchased this item for.
Average Cost	This is the average cost across all purchases of this item.



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Markup	This is the percentage markup as defined by the price and cost of this item. It helps you see the margin you'll get from the sale of your items.
Unit Price	You are able to set the price that you sell items for. You can override this when you make sales, but this is the default price that your item sells for. The price field is also used to value your inventory. Inventory valuation is calculated as available inventory * item price.
Components	Components are other items in your inventory that are assembled together to form a new item. To add components to an item drag them from the inventory list onto the components table or click the Add button at the bottom of the components table. An inventory item that has components is referred to as an "assembly".
Image	mInventory allows you to attach images of your items to the item record. You do this on the Image tab. Drag an image to the page to attach it
Comments	You can maintain free-formed comments for each inventory item.

Once you have completed filling in the fields for your new item, click the Save button. If you click Cancel, your changes will not be recorded.

You edit an inventory item by double clicking on it, or by right clicking on the item and selecting the "Edit" menu option.

The following right click menu options are available for an inventory item:

Reset Filter	Resets the search or selection filter to show all inventory items.
Filter Vendor	Filters records to just show a given vendor.
Filter Category	Filters records to just show a given category.
Filter Assemblies	Filters records to just show assemblies.
Filter Low Stock	Filters records to just show items with low stock.
Show Parent Items	Filters records to just show parent items of the item that was right clicked on.
Active Only	Toggles between showing just active or all inventory items.
Inventory List Report	Runs the inventory list report
Acknowledge Manufacturing	Opens the "Acknowledge Manufacturing" screen to allow you to update inventory levels. This is performed on the item that you right clicked on.
Acknowledge Build	Opens the "Acknowledge build" screen to allow you to recognize an assembly. This is performed on the assembly that you right clicked on.
Adjust Inventory	Opens the "Adjust Inventory" screen that allows you to create a manual correction to the item that you right clicked on.
Duplicate Item	Creates a duplicate of the inventory item that was right clicked on.
Add Item	Allows you to add a new item.
Edit Item	Allows you to edit the item that was right clicked on.
Delete Item	Allows you to delete the item that was right clicked on.



So now you can create and edit inventory items. Before we move on to step 3, there are a few other details about inventory that you need to be aware of. This will give you a better understanding of how the program works.

Inventory Counts – Manual Adjustments

You now know that mInventory maintains several inventory levels for you. You should also know that these levels are automatically updated based on things you do with an item (buy, sell, adjust, build). You can't just edit these levels directly. If you find a situation in which you need to adjust available inventory, you can use the "Adjust Inventory" screen. This is found on the Adjustments tab on the edit item screen or via a right click option on an inventory item. Here you will be able to increase or decrease available inventory for the item. Enter the level of the adjustment and pick the reason code. The adjustment you enter is always a positive number. The increase or decrease is determined based on the reason code you select.

Assemblies – More Background

As you saw above, an assembly is a grouping of items in your inventory. The default cost of an assembly is made up of the cost of the items that are part of the assembly. When you purchase or build the assembly (described below) you have the option of overriding the default cost. This allows you to account for work or other costs that may have been involved.

There are a couple of ways to increase inventory levels for assemblies. The first is that you can purchase the assembly from a vendor. This may or may not make sense for your business. When you receive the goods from the purchase, the assembly's available inventory level will be increased. The second way to increase inventory for an assembly is to use the "Acknowledge Build" menu option. In this method, you just indicate how many you "built" and the system updates the inventory quantities.

It's important to note that the two ways of increasing inventory for assemblies are different in how they handle available inventory. In the first way (purchase), available inventory is increased for the assembly item as well as for each of its components. However, you don't really see this because as soon as they are added, the available inventory is moved to allocated. There is a net increase in inventory levels for both the assembly and all of its components. In the "build" option, there is no increase in the inventory for the components. The system assumes that you are taking these out of inventory to create the assembled item. The assembled item's inventory is increased, but in the case of the components, the inventory is just moved from available to allocated.

Inventory History

You can quickly get a view of what has taken place with respect to an inventory item by reviewing the history tab on the inventory item screen. Here you will see an historic view of all purchases, sales, adjustments, builds, etc... This comes in handy if you are troubleshooting inventory levels.

Locked Items



Once you begin purchasing and selling an inventory item you are prohibited from making certain changes to the item. This is to protect the integrity of the data and ensure that the item is treated consistently. This lock is around the components. You cannot add, delete or change components on an item that has been purchased, built, adjusted or sold. If you find that you need to do this, you should duplicate the item and make the changes on the new item. Make sure that you give this new item a new item number to differentiate it from the original.

Inventory Costing (LIFO/FIFO/Last Cost/Average Cost)

There are several ways to value inventory and specific items. These are:

FIFO Costing – This is the First-In, First-Out inventory method. In this model the first item that was received into inventory is the first item that is sold. This is typically used for perishable goods that have a limited shelf life. The actual cost of each item is recorded and used when calculating inventory cost or cost of goods sold.

LIFO Costing – This is the Last-In, First-Out inventory method. In this model it really doesn't matter which order the items are received and sold. A good example here is a bin of screws at a hardware store. They are all the same and typically the bin of screws is refilled by adding new screws on top of existing. The actual cost of each item is recorded and used when calculating inventory cost or cost of goods sold.

Average Cost – This model can be used with both FIFO and LIFO tracking but inventory cost is handled differently. For each item, an average cost is calculated based on historic purchases. When an item is valued or sold, this average cost is used.

Last Cost – Similar to average cost, but the last purchase price of the inventory item is used instead.

mInventory supports Last Cost and Average Cost methods of inventory cost accounting. We recommend that you use Average Cost as it better represents the true cost of an item. You can configure whether the program uses Average Cost or Last Cost in the preferences screen.

3 Ordering and Receipts

At this point, we have created vendors to purchase from and have created inventory item records for those items that we want to sell. We are now at the point in which we can begin to place orders and receive goods.

To create a new purchase order, click on the Purchase Icon on the left navigation bar. You will be shown a list of all existing purchases. For a new purchase order, click on the top navigation bar icon called "New Purchase...". You'll be shown an empty form in which you can input fields that describe the purchase. The table below describes these fields and how the program uses them.

Date	This is the date that you are placing the order. It defaults to today.
Order Number	This is a system generated PO number. You cannot change this value.
Status	This is the status of the PO. It is either In Process or Received.



Type	The type of Purchase Order.
Vendor	The vendor that you are purchasing good from.
Description	Free form description for you to describe the purchase.
Shipping and Handling	Any costs you are charged for shipping the products to you.
Tax	Any taxes that you are charged for this purchase.
Comments	Free form comments for you to annotate. These comments print on the PO and can be good for messages to the vendor.
Items	A list of inventory items that you which to purchase.

Complete the fields on the top of the form to describe your purchase. Once this is complete there are two ways to add items. The first is to click the Add button below the item lists. This will open up a panel from which you can search for and select items to add. The second way is to drag them from the main window's inventory list. You'll noticed that your open purchase window stays on top of your inventory list but you can still click behind it on the main window. The filter and search functions are still active and once you find the item you wish to purchase, you can drag it onto the purchase items list.

As you add items you can change two values in the purchase items list. These are the quantity and item cost. Set these values for all of your items and then click the save button. The workflow used in purchasing can vary from business and we support a couple of methods.

Manual or Online Purchase Method

In this method, you will have already gone to a retail store or warehouse and purchased goods. You'll have brought these back to your business, tagged them and created inventory items. The act of making a purchase in this method is just to acknowledge the receipt of these goods and update inventory levels. When you create the purchase record in mInventory you should immediately set the status to "Received". This acknowledges receipt and updates the inventory levels with the quantities of each item purchased. These items are now ready to be sold.

We recommend that you print a Purchase Detail Report for your records and attach the receipts for the items your purchased and file.

Purchase Order Method

This method is a little more complicated and is used by larger businesses. Once the purchase is created it stays in the "In Process" status. You save the purchase and print a "Purchase Order". This purchase order is then sent to the vendor (typically by email) and the vendor will pick, pack and ship the goods to you. Some point later these goods show up at your business. Assuming that they all come in one shipment, you simply change the status on the purchase to "Received". If the goods show up in multiple shipments, you can selectively identify those items received by checking the "rcvd" checkbox next to the items. This will change the status on the purchase to "Partial Receipt". When the remaining good show up, you can set the purchase status to "Received" to acknowledge full receipt of goods.



Like the manual purchase method, we recommend that you print a Purchase Detail Report for your records and attach the receipts you received with the shipments.

4 Customer Management

Creating customers provides you with a way to identify who you are making sales to. Click on the Add Customer button on the top navigation bar and complete the form fields. Click Save when you are done and you have a new customer record. The fields are pretty self-explanatory and we won't go into them in this guide.

5 Making Sales

The final step in the process cycle is to sell your products. This works very similar to purchases but tracks those items that you are selling. Like purchase, the inventory levels are updated automatically once a sale is complete.

To create a new Sale, click on the "New Sale" icon on the top-level navigation bar. You'll be shown an empty form in which you can input fields that describe the sale. The table below describes these fields and how the program uses them.

Date	This is the date that you are placing the order. It defaults to today.
Order Number	This is a system generated Sales Order (SO) number. You cannot change this value.
Status	This is the status of the SO. It is either In Process or Shipped.
Customer	Pick the customer that you are selling the items to.
Description	Free form description for you to describe the purchase.
Shipping	Shipping costs that you want to charge the customer.
Fees	Any transaction fees that you want to charge the customer.
Taxes	Any taxes that you want to charge the customer
Comments	Free form comments for you to annotate the sale.
Items	The list of items that are being sold.
Ship Date	The date that you marked the sale as shipped
Ship Method	Enter how you shipped the order (UPS, USPS, FedEx, etc...)
Tracking #	The tracking number of the shipment
Customer PO	The purchase order number that you received from your customer. This will be shown on invoices you print.
Sales Rep	Who sold the order - use for internal tracking and shown on invoice.
Payment Type	The method of payment you expect for this order. Cash / Credit Card / Invoice. If you pick invoice the follow two fields are available to be entered:
Status	Whether or not the customer has paid
Terms	The number of days that the customer has to pay you.
Payment Notes	Notes you need to keep about this payment.

Complete the fields on the top of the form to describe your sale. Once this is complete there are two ways to add items. The first is to click the Add button below the item lists. This will open up a panel from which you can search for and select items to add. The second way is to drag them from the main window's inventory list. You'll noticed that



your open sale window stays on top of your inventory list but you can still click behind it on the main window. The filter and search functions are still active and once you find the item you wish to sell, you can drag it onto the sale items list.

As you add items you can change two values in the sale items list. These are the quantity and unit price. Set these values for all of your items and then click the save button. Note that quantity defaults to 1 and unit price defaults to the value you specified when you created the item.

The Shipment and Payment tab allow you to specify additional details about how you will be shipping the products and how the customer is expected to pay. If you select INVOICE for the payment type, an invoice will be created and shown on the list view of the Invoices section discussed next.

As you pick and pack the items that you are shipping to this customer, you may want to include a sales order report. This helps the customer detail those items included in the shipment. It also serves as a checklist for your warehouse crew to make sure that they get all of the goods into the shipment. Once the shipment is sent, you should edit the sale and change the status to “Shipped”. This will acknowledge the shipment in mInventory and update the inventory levels for those items on the sale.

5 Managing Invoices & Payments

All invoices will be shown in the invoice list. This provides you with a method to track customer payments. Once a customer remits payment, you simply acknowledge that the invoice was paid. This can be done by double clicking on the invoice and updating the status to PAID, or by right clicking on the invoice line and selecting “Acknowledge Invoice Payment”.

The list of items in the invoice list provide you visibility into outstanding invoices and how long the customer has to pay and potentially is beyond the expected due date.

Right clicking on the invoice list gives you a set of options to manage invoices. Among these are filtering options as well as access to Invoice related reports. A key one here is the “Customer Invoice”. This allows you to print out the actual invoice to be sent to your customer.

The table below describes additional fields that are used when the Invoice Payment process is followed and how the program uses them.

Inv Number	This is a system generated Invoice (INV) number. You cannot change this value.
Due Date	This is the date that payment is due. mInventory calculates this date by adding the number of days in the payment terms to the date that the sales order was shipped.
Paid Date	The date you marked the invoice as paid.
Late Days	This is the number of days that the invoice is overdue. It is simply a count of days past the date that the invoice was due.
Invoice Outstanding	This is the amount of the invoice payment that is not yet paid.
Late 1-30 Days	If the late days is between 1 and 30 days, the amount outstanding on the invoice



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	is shown in this field.
Late 31-50 Days	If late days is between 31 and 60 days, the amount outstanding on the invoice is shown in this field.
Late 61-90 Day	If late days is between 61 and 90 days, the amount outstanding on the invoice is shown in this field.
Late 91-120 Days	If late days is between 91 and 120 days, the amount outstanding on the invoice is shown in this field.
Late > 120 Days	If late days is more than 120 days, the amount outstanding on the invoice is shown in this field.

Thanks for taking the time to review this documentation. If you have features requests, please email us at support@megsoftware.com. If you enjoy our software, please take a few minutes to rate us in the App Store. Positive ratings promote sales and allow us to keep bringing future updates.

Meg Software Team

