



Differentiated Instruction: Retail Council of Canada

Module 3, Monitor Inventory

Explain the importance to retail businesses of a variety of purchasing and receiving procedures and inventory control systems:

LEARNING OBJECTIVES:

- Explain how to check a product against paperwork.
- Describe methods to ensure accurate pricing on products.
- Identify how to review stock, and restock as necessary
- Describe how to locate products through the inventory system.
- Explain how to initiate request for product transfers.
- Explain how to respond to requests for product transfers.
- Describe how to participate in a periodic inventory process.
- Prepare a returned product for resale.
- Describe the steps in returning inventory to a manufacturer or vendor.
- Know how to handle damaged items.
- List the steps in initiating a stock repair order.

NEW VOCABULARY FOR WORD WALL

Actual Count: the merchandise that arrives at the store; it should match the merchandise listed on the packing slip.

As is: the product that is resaleable, but is not in perfect condition.

Inventory: the product available for sale in a store.

Open-to-buy: used to project and control future buying dollars (budget) so that the flow of merchandise into your store supports anticipated sales at desired turn rates and gives you a positive cash flow.

Packing slip: the paperwork that a vendor includes with a shipment to indicate the type and amount of product that accompanies the packing slip.

Point-of-sale (POS): computer system that is used in stores to process and track the sales.

Purchase order (PO): the form that the store uses to order product.

Shrinkage: loss in a store or department as a result of theft, breakage, paper loss, or error.

Transfer: movement of merchandise from one location to another.

Vendor/supplier: the person or company that supplies merchandise to the store.

PREMODULE ACTIVITY:

To help students understand the concept of what inventory is and how to price, label and package it, students will complete the Product Development Activity (Be Mine Candy Company).

Note to Teacher: Ensure you provide students with enough product and packaging supplies for each student to complete a prototype.

Once students complete the above activity, they should have a better idea on the concept of inventory, inventory control, presentation and pricing of product.

In order to ensure customers return to your store, you must have consistent and varied supply of inventory. Monitoring inventory is critical to success.

You are a Sales Supervisor with Borlam Drug Store. Four new sales associates have just been hired and it is your job to train them on how to monitor inventory according to the National Occupational Standards.

In groups of 2, you will be responsible for training a sales associate on two items under Skill 1 of Monitor Inventory. You will role play your training to the class.

ACTIVITY 1 – CHECK IN PRODUCT AGAINST PAPERWORK

Go over the steps in the basic process with the sales associate and have the associate check the original purchase order (Appendix 3-1) with the receiving report (packing slip) Appendix 3-2. The sales associate will circle and comment on any discrepancies on Appendix 3-2 and forward to the Sales Supervisor.

ACTIVITY 2 – ENSURE ACCURATE PRICING ON PRODUCT

Go over the steps to ensure that products are priced accurately. Demonstrate how to mark product down and enter into the store's computer-based inventory system. Appendix 3-3 – Mark the product down 15%.

ACTIVITY 3 – REVIEW STOCK, AND RESTOCK AS NECESSARY

Your new associate needs to be trained on checking the inventory against the inventory form. Minimum and maximum levels are there to help balance stock so there is never too much merchandise or too little merchandise for a given period.

Place an order for those items that are below minimum levels (see Appendix 3-4) and bring them up to maximum stock levels. Hand in Appendix 3-5.

ACTIVITY 4 – LOCATE PRODUCT THROUGH INVENTORY SYSTEM

Review the basic steps to locate product that is not available on display.

A customer comes into your store and asks for LaRoche-Posay moisturizing cream for dry skin. You sold your last tube this morning and you need to locate the product as promptly as possible. You need to train your associate on how to help your customer. The associate will need to get all the product information, item or SKU number, price and other specifics, like size or colour. You were able to get specifics on the moisturizing cream (LaRoche-Posay, Nutritic, with Biolipides 5% 40 ml.). You then must place a telephone call to your other store to see if they have any in stock. Appendix 3-6 (Want slip can be used to request product that the store does not normally carry.)

ACTIVITY 5 – INITIATE REQUESTS FOR PRODUCT TRANSFER

Your other store has the product.

Go over the steps with your associate to get the product to the customer.

ACTIVITY 6 – RESPOND TO REQUESTS FOR PRODUCT TRANSFER

You had a new product line from Australia called Aussie Emu Moisturizing Cream. You get a request for 6 jars from another store looking to see if you still have stock. You get all the particulars (size 60 g jar, style moisturizing) and check your stock. Since it was popular in your store, you need to determine if you should transfer it as you probably have only enough to satisfy your own customers (15 jars left and minimum stock required before transfer authorized is 10). Telephone the other store and let them know your decision. Appendix 3-7

ACTIVITY 7- PARTICIPATE IN A PERIODIC INVENTORY PROCESS.

In addition to checking for minimum and maximum levels, inventory needs to be checked periodically to protect its assets against loss, damage or theft.

Using the six basic steps in the inventory control process, check the Inventory Form.

The following was noted during inventory:

- About 20 of the shampoo and bubble bath caps came loose and the product spilled.
- 15 of the birthday cards are missing envelopes.
- 4 of the facial moisturizers have been used in a display.
- 2 of the nail polish packages are missing.
- 2 packages of Tylenol were ripped.
- Seal broken on 4 of the Vitamin B bottles.
- 1 digital scale broken.

Show the associate how to record this information. Appendix 3-4

ACTIVITY 8 – PREPARE RETURNED PRODUCT FOR RESALE.

The following products were returned to the store for the following reason:

- **Laundry soap:** customer bought cold water by mistake. Package is not broken.
- **Shampoo:** 3 customers returned as cap became loose and spilled. Customers want a replacement.
- **Vitamin B:** 3 customers returned as seal broken.
- **Hair colour:** customer bought wrong colour. Package is not broken.
- **Digital scale:** 2 customers returned them as they did not work.

In order to maximize the store's sales potential, review the steps to return as many of the above to the shelves for resale. For those that cannot be returned to the shelves, indicate what would be done with them.

ACTIVITY 9 – RETURN INVENTORY TO MANUFACTURER/VENDOR

Sometimes, store return products to the manufacturer or vendor if cannot be resold or the product is damaged or defective.

Seven of the Wellness Vitamin B 50 mg complex capsules (90/bottle) with the defective seals are returned.

Telephone the manufacturer (Style & Health Ltd., 367 Langstaff Road, Scarborough) to get an authorization number (874999) to return the product and complete Manufacturer Product Return form (Appendix 3-8).

ACTIVITY 10 – HANDLED DAMAGED ITEMS

Management decided to put shampoo on sale as they are not sure how many more caps may be defective. The shampoo will be sold "As is".

It was determined that the one of the Sunbeam scales just needed a new battery. There is a two-year warranty. The manufacturer will send replacement battery. The other scale needs to be returned to the manufacturer.

Review the policies and warranties with associate.

ACTIVITY 11 – INITIATE STORE STOCK REPAIR ORDER.

Manufacturer (Waite & Co.) wants you to take both of the Sunbeam scales to an authorized repair facility. Follow the general steps to initiate a repair order. You will need to get the name and address of the repair facility. Initiate a telephone call to get this information as well as an authorization number and complete the Product Repair Order form (Appendix 3-9).

The information you received from your call:

Authorized Dealer: Repair All Inc., 78 Kennedy Road, Scarborough
Authorization No.: 874332

Follow up to determine when the scales will be ready for delivery.

BE MINE CANDY COMPANY – MARKING SCHEME*Task 1: Who is Going to Buy your Product?*

Target Market Defined	1	2
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Task 2: Create your Prototype

Product meets guidelines:

- | | | |
|----------------------------|---|---|
| • One Valentine | 1 | |
| • 5 Candy items: | | |
| ▪ 1 Mint | 1 | |
| ▪ 1 Chocolate | 1 | |
| ▪ Up to 2 heart lollipops | 1 | |
| ▪ Up to 2 assorted candies | 1 | |
| • Packaging/decorations | 1 | 2 |

Task 3: It's All in a Name!

Product name	1	
Appeals to target market	1	2

Task 4: Creating a Slogan

Slogan	1	
Appeals to target market	1	2

Task 5: How Much?

Cost Worksheet complete	1	2
Markup worksheet complete	1	2
Selling price determined	1	

Task 6: The Label

Label contains the following:

- | | | |
|---------------------------|---|---|
| • Product Name | 1 | |
| • Price | 1 | |
| • Slogan | 1 | |
| • Effectiveness of Design | 1 | 2 |

Total Marks	/25
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PURCHASE ORDER MARKING SCHEME**Name:** _____**Total Mark /16**

Five out of eight items were changed. Students will get one mark for each discrepancy found:

Item 1:

_____ Item No. CE132 Royal facial tissue 100 substituted for CE2135 deluxe 150

_____ Quantity changed from 8 to 12

_____ SKU no. changed to 928578 from 928577

_____ Price changed to \$1.09 from \$0.79

Item 2:

_____ Item No. CS225 for Cottonelle bathroom tissue substituted for CS226

_____ SKU No. changed to 922490 from 922492

_____ Price changed to \$2.79 from \$2.99

Item 3:

_____ Quantity changed from 5 to 6

Item 4:

No change

Item 5:

_____ Item No. H4457 for hair spray substituted for H4455

_____ 290 ml. hair spray changed to 270 ml.

_____ SKU No. changed to 75691 from 75693

_____ Price changed from \$3.59 to \$3.39

Item 6:

No change

Item 7:

No change

Item 8:

_____ Item No. V41R for Omega 3 substituted for V43R

_____ 90/bottle changed to 120/bottle

_____ SKU No. changed to 53118 from 53112

_____ Price changed from \$8.99 each to \$12.99

PRICE CHANGES – ANSWER KEY**Total Mark /5**

Borlam Drug Store is having a sale. Your supervisor asks you to make some price changes to the shipment. The paper products will be reduced by 10 percent while all other products will be reduced by 15%.

Example: $100\% - 15\% = 85\%$
 $\$2.39 \times 0.85 = \2.03

Show the Associate how to mark down the product and explain the steps for adding a price change to the system.

DESCRIPTION OF ITEM	REGULAR PRICE	SALE PRICE
177 ml. shaving creme	\$3.99/each	\$3.39
700 ml. shampoo	\$5.99/each	\$5.09
236 ml. body wash	\$3.99/each	\$3.39
Paper towels 6 roll	\$5.99/each	\$5.39
Bar soap	\$4.99/each	\$4.24

INVENTORY FORM - ANSWER KEY**Date:** _____**Counted By:** _____**Page No:** _____**Checked By:** _____

RECORDED	DESCRIPTION	COST	RETAIL	MIN STOCK	MAX STOCK	QUANTITY ORDERED	STATUS
24	Toothpaste	\$1.89		100	350	326	
50	Shampoo	\$2.99		300	500	450	
350	Face soap	\$2.39		200	400		
20	Facial moisturizer	\$10.99		125	350	330	
15	Nail polish	\$1.99		250	400	385	
600	Deodorant	\$2.79		400	800		
400	Razors	\$1.89		250	450		
30	Bubble Bath	\$3.59		125	350	320	
25	Facial cleaner	\$3.49		275	500	475	
55	Hair colour	\$7.99		150	300	245	
500	Laundry soap	\$8.99		350	600		
200	Dishwasher soap	\$2.99		250	400	200	
25	Windex glass cleaner	\$2.59		300	500	475	
500	Birthday cards	\$5.99		500	1000		
600	Vitamin C	\$6.99		800	1200	600	
250	Vitamin B	\$3.99		400	800	550	
150	Contact Lens solution	\$11.99		300	750	600	
75	Cold formula	\$5.99		250	600	525	
375	Tylenol	\$6.99		300	800		
5	Digital scale	\$54.99		3	10		

INVENTORY FORM - ANSWER KEY**Total Marks /10****Date:** _____**Counted By:** _____**Page No:** _____**Checked By:** _____

RECORDED	DESCRIPTION	COST	RETAIL	MIN STOCK	MAX STOCK	QUANTITY ORDERED	STATUS
24	Toothpaste	\$1.89		100	350	326	
50	Shampoo	\$2.99		300	500	450	20 caps loose & spilled
350	Face soap	\$2.39		200	400		
20	Facial moisturizer	\$10.99		125	350	330	4 used in displays
15	Nail polish	\$1.99		250	400	385	2 packages missing
600	Deodorant	\$2.79		400	800		
400	Razors	\$1.89		250	450		
30	Bubble Bath	\$3.59		125	350	320	20 caps loose & spilled
25	Facial cleaner	\$3.49		275	500	475	
55	Hair colour	\$7.99		150	300	245	
500	Laundry soap	\$8.99		350	600		
200	Dishwasher soap	\$2.99		250	400	200	
25	Windex glass cleaner	\$2.59		300	500	475	
500	Birthday cards	\$5.99		500	1000		15 envelopes missing
600	Vitamin C	\$6.99		800	1200	600	
250	Vitamin B	\$3.99		400	800	550	4 bottles seals broken
150	Contact Lens solution	\$11.99		300	750	600	
75	Cold formula	\$5.99		250	600	525	
375	Tylenol	\$6.99		300	800		2 packages ripped
5	Digital scale	\$54.99		3	10		1 scale broken

WANT SLIP - ANSWER KEY

Total Mark /10 (all information must be filled in)

Item requested moisturizing cream for dry skin Brand name LaRoche-Posay

Size 40 ml Style Nutritic Quantity 2 tubes

Item description moisturizing cream with Biolipides

Customer's name _____

Address _____
Street City Province Postal Code

Telephone (____) _____

EMPLOYEE: Please Forward Immediately to Your Supervisor

Employee Signature _____

Store No. _____ Dept. No. _____ Date _____

REQUEST FOR PRODUCT TRANSFER - ANSWER KEY**Total Mark /10**

(Students are to fill in all information. The decision is made by them whether to transfer product.)

Item requested Emu moisturizing cream Brand name AussieSize 60 g jar Style moisturizing cream Quantity 6 jarsItem description Emu facial moisturizing cream

Store No. _____ Dept. No. _____ Date _____

Store Address _____
Street City Province Postal Code

Telephone (____) _____

No of requested items on hand 15 jarsMinimum stock required before transferred authorized 10 jarsTransfer Authorized ☐ Yes ☐ No

Reason _____

Supervisor Signature_____
Employee Signature

Inventory adjustment _____

Package requirements _____

MANUFACTURER PRODUCT RETURN FORM - ANSWER KEY**Total Mark /10**Manufacturer's Name: Style & Health Ltd.Address: 367 Langstaff Road, Scarborough, ONAuthorization No.: 874999

Description of Items Returned:

Brand name Wellness Vitamin B capsules Size 90/bottle Style 50 mg complexQuantity 7 Price \$3.99Reason for return seals brokenStore Name: Borlam Drug StoreStore Address 200 Poplar Road, Scarborough, ON
Street City Province Postal Code

Telephone (____) _____

Package requirements package all 7 in one box_____
Supervisor Signature

PRODUCT REPAIR ORDER - ANSWER KEY**Total Mark /10**Authorized Dealer Repair All Inc.Address: 78 Kennedy Road, Scarborough, ONAuthorization No.: 874332

Description of Items Needing Repair

Brand name Waite & Co. Size _____ Style Sunbeam scaleQuantity 2 Under Warranty ☐ Yes ☐ NoReason for service: Replace battery on one and check if other one can be repaired

Pickup Date _____

Store Name: Borlam Drug StoreStore Address 200 Poplar Road Scarborough, ON
Street City Province Postal Code

Telephone (____) _____

Package requirements Package in bubble wrap in box to secure during shipment_____
Supervisor Signature