



Pricing Methods (Fine vs. Bulk)

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Introduction

There are a handful of Edge features that are key to good inventory management, which in turn, is crucial to maximizing profits.

The first thing to consider is category, which allows you to categorize items by type and style, but not vendor or brand, so you can see what kinds of items perform well. For more about categories, go to the section in The Edge Online Help entitled Categories (<http://docs.edgeuser.com/NetHelp/Documents/categories.htm>). For more about how The Edge's inventory management features can help you maximize profits, see the video at <https://www.screencast.com/t/LjGscxKzaR>.

The second is pricing method, which is what we will discuss in detail in this document.

Based on the discussion above, you can see that when you receive an item, the first thing you should do is consider two things:

1. To what category does it belong?
2. What pricing method should it have?

Selecting the Category

A category is a collection of related items (i.e., chains, charms, diamond bracelets, colored stone rings, giftware, etc.) that The Edge will use as a foundation in producing management reports. Assigning items to categories will assist you in discovering which categories are producing the most revenue and which price points are most productive within the categories.

The Edge comes with default, recommended categories. Though there may be reasons to vary a bit, we strongly encourage that you use the category structure provided with The Edge. It will provide best use of analytical tools and better organization of items.

New Category Creation

If an appropriate category doesn't exist, be prepared to choose the best pricing methods. Because of the pricing behavior, we recommend that you avoid mixing pricing methods within a category. Instead, set the default pricing method for each category. Therefore, when you add items to a category, it can get its pricing method from the category. So, you would need to know the pricing method before you create the category. See the flow chart in the section entitled Types of Inventory.

To add a category:

1. Select **Inventory ► Categories ► Add**
2. Enter an ID and category name.
3. Set **Pricing Method** to the desired bulk type. See the section below entitled Types of Bulk Inventory. For this example, we're going to use one of the bulk pricing methods.
4. Specify the default unit of measure (IUOM, UOM pricing methods only).
5. Fill out the other tabs as required. See the section in the User Guide entitled Adding a Category (<http://docs.edgeuser.com/NetHelp/Documents/addingacategory.htm>) for more information.

6. Save the category.
7. Restart The Edge.

Selecting the Pricing Method

The Edge provides five ways to price items:

- Fine-item pricing, which allows you to track individual pieces from purchase to sale to a retail customer.
- Bulk item pricing, of which there are four types, whereby we are tracking quantities of the same style of item until retail sale to a customer and an individual sold instance of that item is created.

In The Edge, all items are assigned a pricing method. The most common pricing method in The Edge is fine jewelry, individual item pricing. This method assigns each item its own unique inventory SKU even if the style has previously been in inventory. By individually tracking items, The Edge is able to report very precisely.

Single-item pricing is not appropriate for all types of inventory, particularly those merchandise lines that are low cost and carried in great quantity. Always use a bulk category when the merchandise cannot be physically tagged. These types of items should be entered as bulk inventory. Bulk inventory allows you to create a single inventory SKU and have it carry a quantity that can be replenished. Like single items, bulk items can also fulfill special orders, be placed on a purchase order, managed as fast sellers, etc.

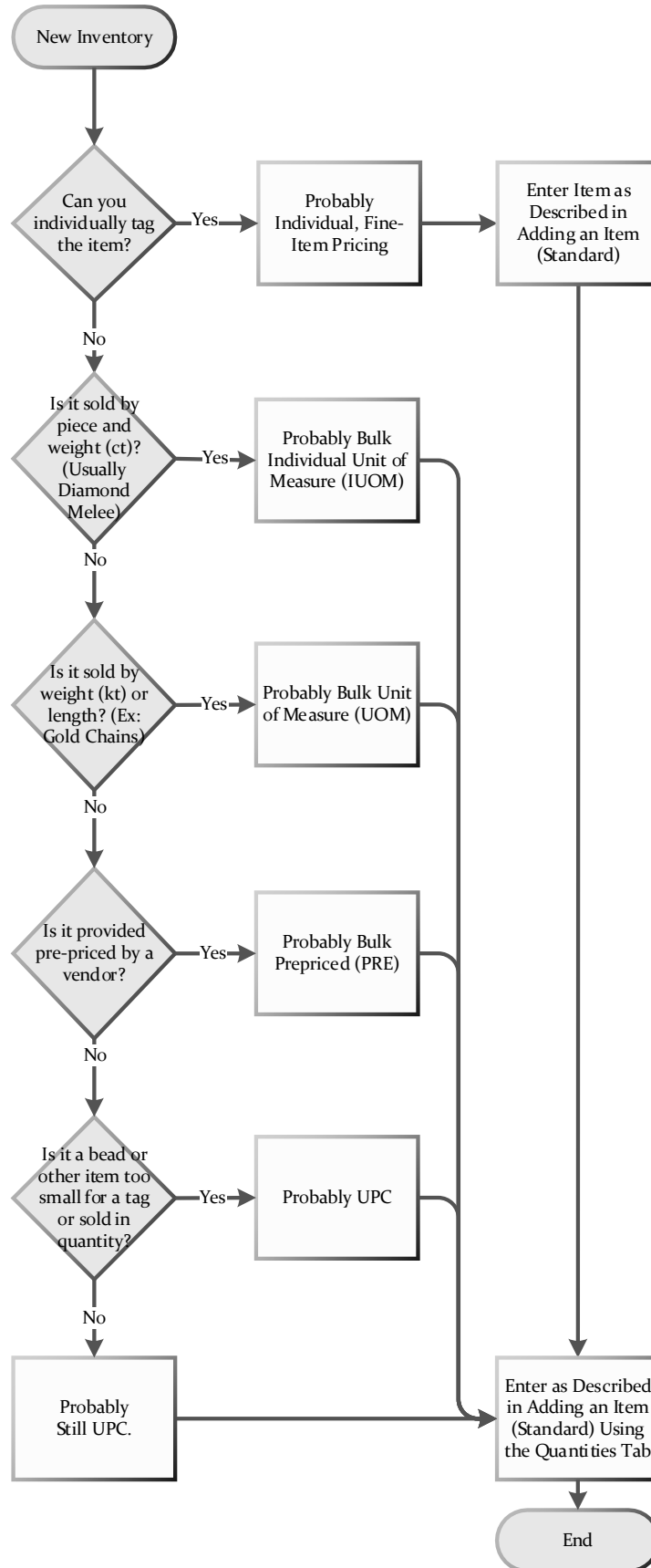
In The Edge, bulk item pricing is the exception rather than the rule. But the good news is that The Edge manages all these types of records for you, ensuring accurate transaction records.

Types of Bulk Inventory

There are four types of bulk inventory pricing methods:

General Merchandise, UPC/SKU	Appropriate when an item is carried in quantity and carries the same cost and price each, e.g., charms, batteries, and bead lines.
Buy and Sell Item by Unit of Measure, IUOM	Appropriate when an item is carried in quantity that includes a physical count and a measure and sold per measure, e.g., melee diamond parcels, especially larger stones (.05 ct. and larger) that would be sold individually.
Buy and Sell by Measure Only, UOM	Appropriate when an item is carried in measure and sold per measure, e.g., gold stock or smaller diamond melee that is sold as several stones.
Mixed Retail Pricing, PRE	Appropriate when an item represents a group of like-items of differing costs and prices but consistent markup, e.g., watchbands.

Here is a decision tree to help you decide how to price an item in The Edge.



Bulk Records: Behind the Scenes

The Edge can manage bulk inventory records with the same precision as individual records and yet still allow you to avoid creating item records for each piece. How does this work?

Bulk records are structured in three levels:

Bulk Master	Bulk master records are typically based on the vendor style number and provide management of that item regardless of status and quantity.
Bulk Quantity	Bulk quantity records are a subset of bulk master records, but are based on shipments. For example, if you receive 10 of a particular bulk item, a bulk quantity record is created.
Instance	Bulk instance records are created when a bulk item is sold or otherwise used individually. Creation of an instance record depletes the quantity record for that item. Instance records are very much like non-bulk, fine-item records.

To add a bulk item, you're really creating a new master record. After that, to replenish, we recommend using **Add by Invoice** and typing the style number of the existing bulk master and updating the quantities in the **Quantities** tab. Then, as you work with each piece, The Edge will create an instance record for that transaction.

Anatomy of an Item Record

Primary to an item record are four data fields:

- Category
- Vendor
- Pricing method
- Price.

ITEMS - 001-900-00041

General Stones Tag Quantities Notes Pop-Ups Disassembled Pre-Appraise History

Item #001-920-00002(?) Category: 920 Bulk Mixed retail pricing - Pre-Priced

Vendor Info: Vendor ID AB AB Vendor PO #

Ven Style # bead Style Note Barcode 04904403

Inventory: Store # 1 Location Customer Sale Entered By: #1: Owner, Tom Price Meth: Mixed Retail Pricing Exclude From Rewards

Pricing: Retail \$36.00 Current \$36.00 Sold Spiff 0.00% Recalc Levels Auto

On Sale: Price Margin Starts Ends Sign

Description: ABC abc Abc Suggest Bead Copy...

56 of 2259 Save & New Save & Duplicate Supervisor Save & Print Save & Stay OK / Save & Close Cancel

Adding an Item (Standard)

Like all inventory, bulk inventory can be done using **Add Item** or **From Invoice**. Without a purchase order, we recommend **Inventory ► Item ► Add Item**:

1. Select **Inventory ► Item ► Add**. The **New Item** window will appear with the **General** tab open.

An important feature of the **New Item** window is that once you select a category, the details defined by the **Details** tab of that category will appear.

2. Complete the data fields in all tabs as needed.
3. If the item has been in your inventory before, when you enter the vendor and vendor style number, you will be prompted to copy the details from the previous record.
4. Do so or enter the data manually.
5. For bulk items, go to the **Quantities** tab and enter the number being added.
6. If the item is in response to a purchase order, associated with a special order, it is a bulk item, or if you have a multistore environment, the **Allocate** window will appear. Allocate the items as described in the section entitled Allocating Items.
7. Select **OK/Save & Close**.

Allocating Items

If the item is in response to a purchase order, associated with a special order, it is a bulk item, or if you have a multistore environment, the **Allocate** window will appear. This tells The Edge what to do with the item: assign to a particular store, increase bulk quantities, assign it to a special order, etc. To allocate an item, when prompted:

1. Add or receive the item as needed. When appropriate, the **Allocate** window will appear.

Please allocate 1 items for style: 01/231

Please allocate the incoming Inventory to the following stores and/or special orders.

Cost

Description

Style Note

Allocate	Price Each	Ordered	Customer / Store	Entered	Ready By	Promised
<input type="text" value="1"/>	<input type="text" value="\$51.00"/>	1	Abbott, Mike	7/19/2016	7/29/2016	
<input type="text" value="1"/>	<input type="text" value="\$51.00"/>	1	HQ	7/19/2016		
<input type="text" value="1"/>	<input type="text" value="\$51.00"/>	1	Store #2	7/19/2016		

OK Cancel

Fields and information in the **Allocate** window include:

- Cost** Cost of the total quantity of items in the line item.
- Invoice #** The invoice number associated with the item order.
- Description** Description of the item.
- Style Note** Text added to the style number that will help identify the item. For example, it might be stone type, size, etc.
- Allocate** Quantity of this item to allocate to this store or special order.
- Price Each** Price of the item to the customer.
- Ordered** Quantity on order from purchase order for this store or special order.
- Customer/Store** The special order customer or store for this allocation line.
- Entered** Date the item was entered for special order at POS.
- Ready By** Date the order is to be available.
- Promised** ETA date is firm, not an estimate.

2. Enter the number of that item to be allocated to each store.
3. Select **OK**. You will be returned to the add item process you were in.

Adding a Bulk Item from Invoice

With a purchase order, we recommend **Add From Invoice** to create bulk records and replenish bulk quantities because it supports inventory entry with the primary data fields: category, style, description, price, and quantity. To do so:

1. From The Edge Inventory area, select **Item ► Add by Invoice**. The **Select a Vendor** window will open.

2. Enter the vendor ID or select it from the drop-down menu and select **OK**. The **Items Ordered** window will appear.

Source	Vendor Style	Style Note	# Ordered	PO # / Customer	Description
<input type="checkbox"/> SO	01/231		1	001-00009 Mike Abbott	3MM 14K GOLD PEARL HEART EARRINGS
<input type="checkbox"/>	01/042		1	001-00009	.02TDW 14K GOLD 5MM PEARL AND DIAMOND EARRINGS

3. Check the items that are included in this shipment. This should only be done for one invoice at a time.
4. Select **OK**. The **Receive Invoice** window will appear populated with the selected items.

5. To add a line, select **Add Line**. An empty item line will appear.
6. Complete the fields. **Rec'd Today** should include the total number the item being entered.
7. If you have a multi-store system, when you are finished completing the required fields, you will be prompted to allocate the items across the different stores.
8. The item line will reflect the allocation.
9. The item master record is now created for editing and future replenishment.



- **Bulk inventory quantities will vary in price from time to time. By default, The Edge will always use the price from the most recent quantity added.**
- **The Edge will use the most recent cost added as the re-cost of the item.**
- **The cost of each item sold will be posted accounting first in, first out. So any old pricing and costs will be used first. So cost of goods sold will be based on the oldest quantity left on hand.**

For much more detail about adding items and each of these screens, see the sections in The Edge help entitled Adding an Item (Standard)

(<http://docs.edgeuser.com/NetHelp/Documents/addinganitemstandard.htm>) and Add Item from Invoice (<http://docs.edgeuser.com/NetHelp/Documents/additemfrominvoice.htm>).

For much more detail on working with these features, see the tip sheet entitled Purchase Orders and Receiving v. 16.1 (http://docs.edgeuser.com/TIP-2015-069_Purchase_Orders_and_Receiving_v.16.1.pdf).