

TFG4000™

INTRODUCING TFG4000 INVENTORY MANAGEMENT

Today's manufacturing enterprise faces many challenges – increased competition in the marketplace, increased raw material and labor costs, and shorter product life cycles are only a few.

You need to be able to compete effectively to maintain your market position and competitive edge. TFG4000 helps bring together the functional areas within your enterprise. It integrates your information resources making them available enterprise-wide. It allows business areas to exchange information about the events that happen during every stage of manufacturing. With its multiple editions from which to choose, TFG4000 offers your enterprise a Real Time solution for business and production planning and control. Based on relational databases (see note 1 below), it offers you an open and flexible solution that can grow with your enterprise.

Inventory represents investment for an enterprise. Effective control of inventory helps you keep your costs down and improve your competitiveness in the marketplace. Accurate inventory information is essential for developing material requirements, production plans, profit and loss statements, and balance sheets.

TFG4000 provides you with a complete inventory control and valuation system. Each inventory transaction for material movement is valued – *when it occurs* – real time. Using the cycle counting function, you can record the physical inventory counts and compare them with the running totals and costs. Pooling support allows you to segregate your inventory for a particular contract end-item. Inventory transactions allow you to track the ownership of a particular item of inventory.

TFG4000 supports your enterprise in several key business areas:

In sales and marketing

TFG4000 provides the sales department with up-to-date information about quantities of unallocated, available inventory and its location. You can use this to provide accurate feedback to the customer concerning the time between order receipt and delivery. *If there is an inventory shortfall, TFG4000 triggers the real time Material Scheduling function (see Note 2 below).*

In production planning

Master production scheduling

TFG4000 provides the master scheduler with accurate, up-to-date inventory information. Work is scheduled using available inventory only. This saves wasteful changes to schedules caused by lack of current inventory data.

Materials planning

Accurate information about materials availability is essential for creating material plans that meet the present and anticipated demands for the enterprise's products. The available quantity of the items in the stocking locations and pools are compared to all of

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the current the material requirements. You then create planned orders to cover the inventory shortfall.

In plant operations

Inventory management

With TFG4000, you can track and record material movements to and from stocking locations. Using the real time inventory valuation functions, each movement is valued when it occurs. The *cycle counting* function generates the schedules for counting the items, enables you to enter the physical counts, and prepares the various reports. You can identify slow-moving inventory items and areas with physical inventory count problems.

Materials receiving

When materials arrive at the receiving location, the accepted quantity is booked to the main stocking location defined for the item or the stocking location selected by the user. The immediate re-planning for the item is initiated. If an invoice is not yet available, the purchased items are valued using the price in the purchase order.

Shop floor

When using the TFG4000 Work Order Picking function, the Work Order required materials are transacted into the production location real time. Finished component items are booked to their stocking location upon completion of the Work Order.

In business management

Financial planning and management

TFG4000 provides you with an accurate inventory record. It helps you to track and control the costs of the on-hand inventory and to determine whether the enterprise is meeting its inventory cost targets.

Cost accounting

TFG4000 enables you to track the costs of your inventory. Each material movement is valued – when it occurs. Together with the information from the cycle count, this provides you with information for the enterprise profit and loss statement and the balance sheets.

Potential benefits offered by TFG4000

Improves inventory availability

Authorized departments can access up-to-date inventory information at any time. Production departments can see which components are readily available and use the information to respond to urgent customer orders. If the on-hand quantity of an item falls below a certain level, the re-planning process is started immediately to avoid production losses.

Improves material planning

Rising raw material costs force you to follow a just-in-time order policy for many of your materials. Up-to-date and accurate inventory information allows you to plan and order with

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fewer risks and lower costs. *TFG4000 supports the balancing of the enterprise's master production schedule against the available inventory (see Note 2 below).*

Improves inventory traceability

TFG4000 provides an audit trail of all processed inventory transactions. It supports full-level pegging and lot/serial control (*see Note 2 below*). It tracks the status, segregation, and movement of your inventory. This enables you to meet stringent customer requirements.

Tracks and controls material costs

Purchased and manufactured materials represent a high investment to the enterprise. TFG4000 helps you to protect your investment by valuating each material movement immediately, giving you an accurate picture of the current investment level. You can use several costing methods for an item in parallel.

Increases accuracy of financial planning

To remain competitive, you need accurate input for your financial planning. Using TFG4000, you can track and control the costs of the on-hand inventory. This helps you to determine whether the enterprise is meeting its financial targets.

Improves your customer service

In today's competitive market, it is important to be able to react quickly to the requirements of your customers. When you enter an order, if inventory is not available, a planned order is created. This results in accurate release dates, and reduced order processing times for your customers, as well as improved customer service and satisfaction.

Supports integration of your enterprise information

TFG4000 produces information that can be used in finance and accounting systems, such as general ledger, cost center accounting, and profit accounting. Using the TFG4000 Finance Applications or the QuickBooks Data Interface feature, you can transfer information from TFG4000 to installed applications for general ledger and cost center accounting (*see Note 2 below*).

Increases the effectiveness of your staff

TFG4000 can help you reduce many of the administrative tasks carried out by your staff. It provides you with a complete cycle counting system that classifies inventory, schedules counting activity, prepares reports, and maintains results.

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Checklist for using TFG4000

Here is a checklist for you to evaluate how TFG4000 can help you with inventory tracking and controlling.

Organize item information

Inventory Data is available to support the following structure of stocking locations:

- Manufacturing-controlled stocking locations:
 - Stocking location (main stores)
 - Producing location (line stores or staging area)
 - Purchasing location (supplier location)
 - Receiving location (goods inward location)
 - Inspection location (quality control)
- Sales-controlled stocking locations

Track items

You can track items by:

- Location
- Lot identification
- Serial number
- Subsequent association of items by pool
- Contract end-item (CEI).

Segregate inventory

You can segregate inventory as follows:

- Logical segregation where inventory belonging to one or more Pools can be identified
- Physical segregation of the work-in-process and in-stock inventories

Maintain item definition data

You can maintain:

- Item inventory reference data
- Item summary data
- Item location data

Process inventory transactions for an item

You can:

- Determine the ownership of inventory (pegging/pools)
- Update the inventory status of an item
- Display and audit processed inventory transactions
- Purge inventory transaction records.

Perform cycle counting functions

The cycle counting feature provides the following functions:

- Schedule a cycle count entry
- Generate cycle count schedules
- Record and display cycle counts
- Valuate and display cycle count variances.

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Produce reports

TFG4000 produces several reports to help you to track and control your material movements. These include:

- Inventory transaction journal
- Inventory valuation report
- Inventory classification report
- Cycle count reports

Maintain item cost information

You can maintain the following:

- Item valuation information
- Item costs, including: Current Fixed standard cost, Average cost and Last purchase cost

Support for different valuation methods

According to the item's importance, you can use:

- Permanent valuation, where each material movement is valued when it occurs, with the following costing methods:
 - Standard cost
 - Moving average cost
 - Actual cost.
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TFG4000 values inventory movements for all Inventory Transactions

Support for cost adjustments

Differences can occur between the value of an item based on its purchase order price and on its final purchase price based on the invoice value. You can make the following cost adjustments:

- Adjustments to the cost of the item are booked to a general ledger account
- Adjustments to the cost of the on-hand quantity are booked proportionally to a material account and the remaining is booked to a general ledger account.

Support for finance and accounting systems

TFG4000 provides information about the value of material movements that can be used by finance and accounting systems.

Note 1: TFG4000 uses Microsoft Access Database. TFG4000 products can also use IBM DB2, Microsoft SQL Server, Oracle, and other databases.

Note 2: Not all functions are in each of the TFG4000 editions.