

MEMO

To: PROMPT Business System Users

From: PROMPT-USA Support

Subject: Automatic set of Reorder Points using menu options IC 2, 5, F1

Date: 11/28/00

The process will recalculate the economic order quantity, reorder point, minimum and maximum for all inventory items in the selected group and class based on the sales history of a given calendar year where you tell the program the number of turns to use in the calculation.

The formula for the calculation is as follows:

- If YTD sales for the selected calendar year are equal to 1.
EOQ = 1
Reorder Point = 0
MIN = 0
MAX = 1
- If YTD sales for the selected calendar year are greater than 1 but less than 5.
EOQ = 2
Reorder Point = 1
MIN = 1
MAX = 2
- If YTD sales for the selected calendar year are greater than 4 but less than 11.
EOQ = 5
Reorder Point = 2
MIN = 2
MAX = 5
- If YTD sales for the selected calendar year are greater than 10.
EOQ = Unit sales divided by the number of turns specified
Reorder Point = EOQ divided by 3
MIN = EOQ divided by 2
MAX = EOQ multiplied by 1.5

Experiment with a small group and class to be sure you are satisfied before you do all group's.