Preventing Cost and Pricing Mistakes In RetailEdge

Inventory Management · https://retailedge.com/docs/preventing-cost-and-pricing-mistakes-in-retailedge

We are seeing a number of users having trouble with inventory costs and pricing. Here are some simple solutions to common mistakes you can use to simplify your life.

Best Practices to Prevent Pricing Mistakes

Use receiving

When you receive goods, as opposed to just going into inventory and adjusting costs, the update process will adjust your average costs. Try figuring out your average cost when you have 11 in stock at $2.25 cost and you are getting 7 more at $2.47. Updating from receiving does this for you.

Check your costs after making inventory edits or additions.

RetailEdge uses inventory average costs at the time of sale to track cost of good sold. So bad inventory costs mean bad sales COGs.

If you need to edit inventory costs remember to check your average costs and reset them as necessary. Running a simple inventory report and looking for margins that don't make sense (too large or too small).

Oh yeah, use Receiving

Another reason to use receiving is that if you make a mistake creating or adjusting pricing, you can delete or make the change to the item BEFORE you screw up your inventory.

Negative Purchase Orders (POs)

If you are trying to remove items from your inventory for shrinkage, wearing, marketing, donations, etc. try a negative PO instead. Selling items at zero price, can ruin your reported sales margins.

Importing Inventory

Importing inventory can be good for wholesale vendor pricing updates (among other things) but be aware of what this might do to your average cost. You can exclude adjusting average costs in the import. Here are some import templates you can use.

Use the Price Calculator

Calculate your margins properly. Margin is different from markup. Margin is defined here. You can use RetailEdge's price calculator to calculate either.