RetailEdge’s Consignment Features

Inventory Management · https://retailedge.com/docs/retailedges-consignment-features

Many businesses today are diversifying their businesses to take advantage of changing markets and opportunities. We see a number of traditional retail operations adding consignment items to their inventory to augment what they are already doing. RetailEdge's inventory has a number of features that will help you do this.

Setting Up Consignment Items

Setting up consignment items in RetailEdge is easy. Consignment items can be created by:

1. **Creating a department for your consignment items**. This will allow you to track consignment sales and inventory more easily. And easily remove this section of your inventory in sales from reports (e.g., inventory valuation, since you don't actually own the inventory). You might want to set up multiple consignment departments if you are using the Dynamic Cost feature below.
2. **Setting up a vendor for each consignor.** You are going to need to run reports for each consignor, to know what they are owed and to be able to tell them what has and has not sold.
3. **Creating inventory items for each consignment item.** A consignment item is no different from any other item. Just assign the consignor to the preferred vendor and the Consignment Department to the item's department.

Other considerations

Another way of tracking consignment items, if they are not the only thing you are carrying, is to preface the Stock Number with "C-" and followed by the Vendor Code and then the vendor’s item code or a description of the item. For instance, a typical consignment item for vendor XYZ might look like C-XYZSHIRTXL.

Stock Types

Most of the time the item should be set up as a Stock Type "Stock". This will allow you to track when you received the item and when you sold the item and your current inventory quantities of the item. Sometimes you want to set up consignment items as Stock Type "Non-Stock". Non-Stock items are used when you don't want to track inventory quantities. This would be used if you are not managing the inventory directly. Many convenience stores and markets don't manage sections of their inventory and have the vendors handle it (e.g., snacks and produce). Since the vendors are managing the restocking of products, you only need to track sales of the items.

Using Dynamic Cost

RetailEdge's Dynamic Cost setting is located on the Price Section in the inventory editor. The dynamic cost will calculate the selling cost of the item based on the Department's Margin at the time of sale posting.

Your consignment agreement with the consignors will determine if you want to set up your items with dynamic costs. For instance, if you set up an item with dynamic cost and consignment department and the consignment department has a margin of 50%, when you sell the item at $10.00, the item will have a cost of $5.00 (owed the consignor). But if you discount the item on the sales screen to $8.00, then the cost will be $4.00 based on the department's margin of 50%.

Using Dynamic Cost can also be useful if you have consignment items with different splits. Most items might have a 50/50 split with the consignor. These items would be in the consignment department with a 50% margin. However, you might also have a different split for Shoes of 60/40. These would be set to be in a different consignment department with a 40 percent margin.

Using a Fixed Cost

Using Fixed Costs instead of dynamic costs might also be appropriate for consignment items. Some consignors want to receive a fixed amount for an item, regardless of any discounts you extend. With a fixed cost, discounting won't affect the items’ cost at the time of sale.

Min Sales Price

Setting a minimum sales price can be useful if a consignor wants to receive a minimum amount for a product. The clerks can discount items as necessary but will not be able to discount below the item’s

minimum sales price. With a dynamic cost item, you would need to know products margin and the consignor's minimum cost to determine what this price should be set to

API

If you are using our cloud services, you have access to the API. We have businesses who have developed apps that will allow consignors to log into their accounts and see sales to date and any money that would be owed. In the case where these consignors are restocking the items, they can also see when they might need to replenish stock.