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How To

How to Manage Backordered Items

A new functionality in the Magaya Supply Chain Solution version 8.5 enables your system to process items in Sales Orders even if the items are not on hand. These items are given the status of "Backordered" and saved in the Backorder Items list for you to create Purchase Orders for later. Let's look at this feature in detail.

What is a Backordered Item? A Backordered Item is an item that has not been purchased and is not in your inventory.

Where is the Backordered Items List? In the Jobs folder.
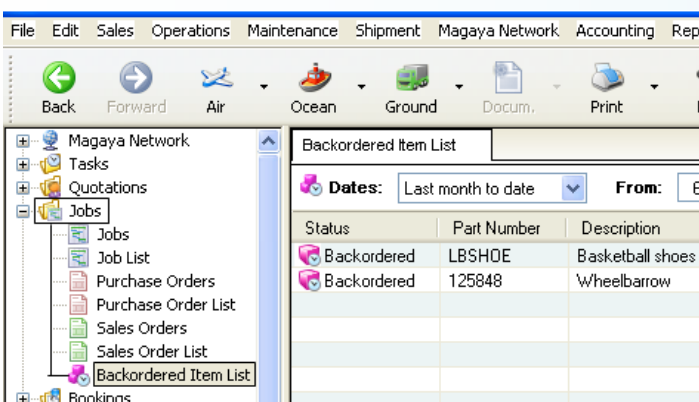
What is the benefit of creating a SO with backordered items? Then you won't miss an opportunity to make a sale. Add part numbers to a SO without waiting to create the PO first. You also have the option to take the items from the PO and place them in a Sales Order. You can even create a Quotation to sell items out of stock, and convert the accepted Quote into a SO and then into a PO, all without retyping anything.
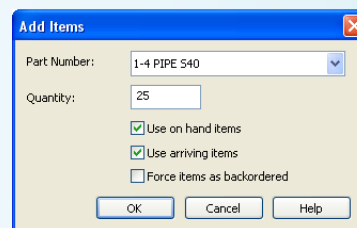
How does it work?

1. Setup:

In Maintenance > Configuration > Sales, verify the box to allow the system to create sales orders with backordered items is checked. Checkmark other options as needed.

2. Create a Sales Order:

On the Commodities tab, select part numbers. In the "Add Items" dialog box, select the part number and enter the quantity.

- The first two checkboxes on the "Add Items" dialog box are checked by default. The system will use items on hand first. Items are filled according to the inventory method set for your company, either LIFO or FIFO.

- Then the system takes items that have a status of "Arriving" (in Pickup Orders and POs).

- If there aren't enough items of these types (On Hand or Arriving), the system will create Backordered Items.

- The last checkbox, "Force items as backordered" is used when there are items in stock but you do not want to use them for this order. The system will order items specifically for this SO. Checking this option will disable the other two checkboxes.
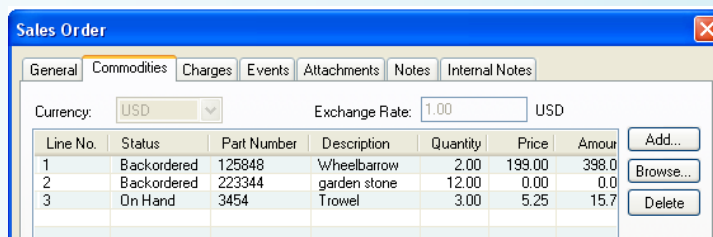
Complete the transaction by entering details on the other tabs such as Charges, Events, or Attachments as needed. Click OK to save.

3. Process the SO: After the SO is accepted by the customer, convert it into a Cargo Release or Shipment via the Actions button in your Magaya system. You can also create an Invoice, generate commissions, or run reports.

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4. Buy the Backordered Items:

If the system created backordered items, then go to the Backorder Items list and right-click on the item to create a Purchase Order. After the PO is done, you can get the items to your customers.

Other Options:

Share the Sales Order Online: Give your customers access to view their Sales Orders in LiveTrack by setting permissions:

- Per customer: Right-click the Customer name and select "Allow Tracking"

- Per Sales Order: Click the Actions button in the Sales Order and select "Exclude from Tracking"

Customers Place Orders Online: In Magaya LiveTrack, your customers can place orders by selecting from your inventory. In your Magaya Explorer, add items to the Inventory Organizer. Set customer permissions by right-clicking the customer name and selecting "Allow Tracking". See the Magaya LiveTrack chapter in the *Magaya Software Communications Manual* for full details. ◼