How the System Calculates Average Monthly Usage

(A) Calculate average monthly usage for a product in a warehouse

Product Management tab, Main screen

Is the ABC code for this product in this whse set to Manual? — Yes → Do not update average monthly usage.

No ↓

Vision Configuration tab, System Configuration screen, Warehouse folder, Purchasing subfolder

Is an ROP model assigned to the warehouse? — Yes → **Does the product fit a set of ROP factors in the ROP model?**

Pricing tab, ROP Model screen

Does the product fit a set of ROP factors in the ROP model? — Yes → **Go to (B) Use ROP model to calculate average monthly usage**

No ↓ (from "Does the product fit...")

No ↓ (from "Is an ROP model assigned...")

Vision Configuration tab, System Configuration screen, Warehouse folder, Main subfolder

Is the warehouse a replenishment whse? (Is it listed as a repl whse for any whse?) — No → The usage calculation is based on usage in the current warehouse only.

Yes ↓

The usage calculation is based on sales quantity in the replenishment warehouse plus the replenishment transfer quantities provided to warehouses it replenishes.

Calculate the average monthly usage based on quantities sold in the warehouse(s). The most recent month's usage is counted twice in order to weight it as most important.

Base the average on the last 3 non-exempt months. If usage for a month is overridden, use that usage override instead of the actual usage for the corresponding month.

$$\text{Avg Monthly Usage} = \frac{\left[2 \times \text{Usage During Most Recent Month}\right] + \text{Usage During the 2 Months Prior to the Most Recent Month}}{4}$$

Note: If a product's very 1st release date as a stock or temporary item in this warehouse fell within the 3-month usage period, then the usage for that product is based only on that 1st release date month and the month(s) since then—not the full usage period.

Update Avg Monthly Usage field for product on Main screen of Product Management tab

(B) Use ROP model to calculate average monthly usage

Vision Configuration tab, System Configuration screen, Warehouse folder, Main subfolder

Is the warehouse a replenishment whse? (Is it listed as a repl whse for any whse?)

Yes

No

The usage calculation is based on sales quantity in the replenishment warehouse plus the replenishment transfer quantities provided to warehouses it replenishes.

The usage calculation is based on usage in the current warehouse only.

Pricing tab, ROP Model screen

Find the first set of ROP factors (manufacturer, product class, product type, ABC code) in the ROP model that are applicable to the product.

Is Gordon Graham selected as the average monthly usage calculation type?

Yes

No

Pricing tab, ROP Model screen, ROP calculation dialog box

Calculate the average monthly usage based on quantities sold in the warehouse(s). The most recent month's usage is counted twice in order to weight it as most important.

Base the average on the last 3 non-exempt months. If usage for a month is overridden, use that usage override instead of the actual usage for the corresponding month.

$$\text{Avg Monthly Usage} = \frac{\left[2 \times \text{Usage During Most Recent Month}\right] + \text{Usage During the 2 Months Prior to the Most Recent Month}}{4}$$

Note: If a product's very 1st release date as a stock or temporary item in this warehouse fell within the 3-month usage period, then the usage for that product is based only on that 1st release date month and the month(s) since then—not the full usage period.

Update Avg Monthly Usage field for product on Main screen of Product Management tab

Is Straight Average selected as the avg monthly usage calculation type?

Yes →

Calculate the new average usage based on usage during the last month(s). The number of months is specified for the set of ROP factors.

Note: If a product's very 1st release date as a stock or temporary item in this warehouse fell within the designated usage period, then the usage for that product is based only on that 1st release date month and all months since then—not the full designated usage period.

Update Avg Monthly Usage field for product on Main screen of Product Management tab

No ↓

Pricing tab, ROP Model screen, ROP calculation dialog box

Is Weighted Rolling Average selected as the avg monthly usage calculation type?

Yes →

Calculate the new average usage based on usage during the number of months specified. Weight the months as indicated for the set of ROP factors.

Note: If a product's very 1st release date as a stock or temporary item in this warehouse fell within the designated usage period, then the usage for that product is based only on that 1st release date month and all months since then—not the full designated usage period.

Update Avg Monthly Usage field for product on Main screen of Product Management tab

No—Selected Months is the specified calculation type

Calculate the new average usage based on usage during the selected month(s) as indicated for the set of ROP factors.

Note: If a product's very 1st release date as a stock or temporary item in this warehouse fell within the designated usage period, then the usage for that product is based only on that 1st release date month and all selected months since then—not the full designated usage period.

Update Avg Monthly Usage field for product on Main screen of Product Management tab

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