



MEETING MINUTES

State of Louisiana ERP Project

Blueprint Workshop / Inventory & Warehouse Stock Taking

Session: LOG-IM/WM-003

When: 10/16/08

Location: DOTD Bldg, East Wing, 5th Floor, Room 507

Attendees:

No.	Name	Agency	Invited?	Day 1	Day 2	Comments
1.	Anderson, Shannon	DPS	Y	N	n/a	
2.	Ardoin, Diane	DOTD	Y	Y	n/a	
3.	Bielkiewicz, Erin	DPS	Y	N	n/a	optional attendee
4.	Breaux, Margaret	DOTD	Y	Y	n/a	
5.	Cali, Dom	ERP Team	Y	N	n/a	optional attendee
6.	Denham, Brad	ERP Team	Y	N	n/a	
7.	Dutt, Dev	ERP Team	Y	Y	n/a	
8.	Elliott, Sterrie	ERP Team	Y	Y	n/a	
9.	Evans, Karen	Veterans	Y	N	n/a	
10.	Guedry, Mary	LDWF	Y	N	n/a	
11.	Hebert, Sharon	ERP Team	Y	N	n/a	
12.	Humm, Lori	ERP Team	Y	N	n/a	optional attendee
13.	Jarreau, Mary	DOTD	Y	Y	n/a	
14.	Kees, Wynette	LDWF	Y	N	n/a	optional attendee
15.	Ladhur, Jack	ERP Team	Y	N	n/a	
16.	Lawrence, Bernadette	DOTD	Y	Y	n/a	
17.	Leerhoy, Michael	ERP Team	Y	Y	n/a	
18.	Maranto, Cynthia	ERP Team	Y	Y	n/a	
19.	Nolan, Debbie	DVA	Y	N	n/a	
20.	Olivier, Herbert	ERP Team	Y	Y	n/a	
21.	Pierce, Karen	ERP Team	Y	Y	n/a	
22.	Roberts, Ginger	ERP Team	N	Y	n/a	
23.	Rogers, Belinda	ERP Team	Y	N	n/a	
24.	Roubique, Margaret	DOC	Y	N	n/a	
25.	Sides, Ryan	ERP Team	N	Y	n/a	
26.	Sloper, Sondra	DVA (see comment)	N	Y	n/a	Representing DHH
27.	Taylor, Danny	DPS	Y	Y		
28.	Templet, Marty	DOC	Y	Y		
29.	Trahan, Sandy	ERP Team	N	Y		
30.	Trivedi, Mandar	ERP Team	Y	Y		

<i>Agenda Item and Notes</i>	<i>Owner(s)</i>	<i>Action Items & Assignments</i>	<i>Comments / Follow-up</i>
1. Logistics, Ground Rules, & Introductions	Karen Pierce	•	
2. Workshop Objectives <ul style="list-style-type: none"> • Physical Inventory • Recommendations 	Karen Pierce	•	
3. Project Overview/Timeline	Karen Pierce	•	
4. Business Process Review <ul style="list-style-type: none"> -SAP Terms Glossary -Process improvement opportunities -SAP concepts & functionality -Leading practices -Enterprise readiness Challenges 	Mike Leerhoy Dev Dutt Mandar Trivedi	•	Handouts: PowerPoint slides Tentative IM/WM Blueprint Schedule
5. Action Items		<ul style="list-style-type: none"> • Look into RF gun process for inventory taking. • Discuss with PM – blocked Goods Issues when materials are block for inventory (organizational impact?) • Check to see if Annual Inventory is required by law or if Continuous Inventory can be used • Need reason code or common field for discrepancies in inventory 	
6. Key Decisions		•	
7. Organizational Impact		<ul style="list-style-type: none"> • Effects of blocked Goods Issues when materials are blocked for inventory taking (example: PM – asphalt for roads) 	
8. Parking Lot		•	
9. FRICE-W <ul style="list-style-type: none"> - Forms - Reports - Interfaces - Conversions - Enhancements - Workflow 		<ul style="list-style-type: none"> • (E) RF gun capabilities in inventory taking processing • (F) Need form layout for counting sheet that <u>does not</u> show system inventory quantities 	FRICE-W items for form layout sheets added per Michael Leerhoy's request on 11/3/08.

<i>Agenda Item and Notes</i>	<i>Owner(s)</i>	<i>Action Items & Assignments</i>	<i>Comments / Follow-up</i>
		<ul style="list-style-type: none"> (F) Need form layout for counting sheet that <u>does</u> shows system inventory quantities for auditors 	
10. Integration Points		<ul style="list-style-type: none"> 	

11. Discussion

Karen – In opening statements, introduced Ginger Rogers and Sandy Trahan and explained their position to help make sure that all of our training needs are met.

AS-IS

Karen – DPS fills out sheet for all discrepancies from inventory and turns the sheet back in to Finance and the audit team.

Sterrie – Is the DPS inventory based on money or quantity?

Danny/Karen – Both.

Sterrie – Ours is based on money, not item.

Herbert – Since you aren't supposed to have discrepancies, how do you resolve/explain?

Karen - You are going to have discrepancies. For example, you find that an item was shipped in error and adjust inventory based on that. A lot of the discrepancies are human error.

GLOSSARY – Mike Leerhoy

Mike – Periodic Physical Inventory can be done once per year, or at pre-define periods (quarterly, etc). If you have history of inaccurate inventory, best practice is to do more often throughout the year. With Continuous Physical Inventory, you have to count all items in the entire warehouse over a period of a year...not at once, but all items counted once throughout the year. Cycle Counting is used for items issued and/or received more often...you want to count more often. Inventory Sampling is used when you have a large number of items in your warehouse, but instead of counting all items, you take randomly selected items to count. If they balance, then it is assumed that the rest of the warehouse is accurate.

Karen – Will it randomly select for the entire warehouse?

Mike – Yes.

Karen – Will the system force you into another sample inventory if the first sampling failed?

Mike – No.

Karen – Auditors come and do random checks, so we could use the Inventory Sampling for those instances.

Mike – Annual Inventory is essentially the same as Periodic Physical Inventory. Recounts can be done as many times as you want – one material or up to all. Zero Stock check is for Warehouse Management's use only; not used in Inventory Management.

Sondra – Can you use all types of inventory, or are you limited to just one?

Mike – You can use all or one...mix and match.

Karen – Sondra, how often do you do inventory?

Sondra – Quarterly.

Margaret – When someone tries to issue an item with a block on it, does system allow the issue?

Dev/Mike – We will discuss later in this session.

IM PERIODIC AND CONTINUOUS INVENTORY – CREATE PHYSICAL INVENTORY COUNTING DOCUMENTS

Mike – Selections for Physical Inventory (PI) counting documents can be by Storage Location, Material Type (operating supplies, etc), Material Group (UNSPSC), or Bin Number. Selections can also be by min/max stock quantity or stock value based on UoM, but these two are rarely used.

Karen – At the top of this screen (slide 15), those are all variants of how you want to set up your inventory. You can choose by material type, Material Group, Storage Type, etc.

Diane – So if you want to inventory the whole stock room, would you choose the Storage Location?

Karen – Yes.

Diane – Do you have to name your bins?

Mike – If the warehouse is so small that you know where everything is, then you do not need to name the bins.

Karen – You can only have one bin per material for each Storage Location. For example, if you have two sand piles with the same material number, and you want to identify which pile to pull from first, you have to have one Storage Location for each pile.

Mike – This is really FIFO, which is another option. You don't have to segregate into Storage Locations if you handle by FIFO.

Karen – Mike, explain min/max stock quantity and stock value.

Mike – If you only want to count bins with less than 10 items in them, or want to count only those with less than \$10 value, the system pulls only those. Or you could only check those bins that have zero quantity. Since zero check is only at WM level, this is a way to zero check in IM.

Karen – I don't really see need for those, do ya'll?

Diane – No.

Sterrie – Can I find out what has been counted so far this year and what has not?

Mike – Yes.

Mike – Planned Count date – can schedule the PI counting document to be run whenever you want (i.e. during the night – will be there in morning waiting for you).

CYCLE COUNTING

Mike – Can be based on past consumption or what is anticipated in future. Future based is not planned for this implementation. Float time is the tolerance of days before or after the scheduled date that inventory can be done. An A B C D indicator is set to divide materials into various classes and allow you to specify which intervals or cycles the inventory is to be counted.

Karen – Is the A B C D indicator set on material master?

Mike – It is on the "Plant data / stor. 1" tab of Material Master (slide 19).

Karen – If you set it as an A, will the system change it?

Dev – The system cannot change it automatically once the checkbox is checked on the Material Master.

Karen – How do you identify A B C D?

Mike – It goes by consumption.

IM PHYSICAL INVENTORY PROCESS STEPS

Mike – It is a human process to check variances between PI doc and actual count and decide which items need a recount.

Dev – Recount items are chosen and not automatically created.

Karen - Is there a place to list the justification for the discrepancy?

Mike – I will look into it.

Karen – Are there built in approvals for this?

Mike – No. Not a formal one.

Karen – Instead of printing a report, can we use the RF device to scan the aisle/bin and count?

Mike – It can be configured.

Karen – Is that a developmental or standard issue? (Added to Action Item and FRICE-W (E) Enhancement)

Mike – The inventory can be blocked at the time of PI document creation or at later date when the inventory count commences. You can freeze inventory quantities to get a snapshot of current inventory, and then unfreeze to continue business (issue GRs/GIs).

Sondra – What if you have an emergency issue? Can you freeze, unfreeze, and then freeze again?

Mike – Not best practice.

Margaret – Should this be added to the Integration Points or Parking Lot? Currently items used on the road (cold mix, etc) are entered using work orders. For example, work is done on Friday and on Monday the Clerks enter into the system the work that was done on Friday. If we block the warehouse for inventory, what happens when they try to do a work order? We can't shut the crews down.

Mike – The system will give an error message and not allow issue through the system. One option is don't block those items; freeze them instead to get a snapshot. Or you could issue outside of the system, and make a note to add the GI's to the system after the block is removed.

Margaret – So entries can be posted after the block is lifted.

Mike – Yes.

Added to the Actions Items List and Organizational Impacts List to discuss with PM the effects of blocked GI's when materials are blocked for inventory taking.

PI – WAREHOUSE MANAGEMENT ONLY – floor handed over to Dev

Dev - IM Inventory is at the Material /Storage Location level; WM Inventory is at the bin level. WM Physical Inventory must be carried out once per fiscal year. Continuous Inventory can be done during Putaway. It can also be based on zero stock check. Discrepancies in WM inventory have to be adjusted in WM and then cleared so the system can automatically adjust IM.

Karen – Since WM is always linked to IM, can counts be done only at IM level?

Mike/Dev - Once WM is associated to a material, then you have to do WM inventory for that material.

Dev – Any differences between WM and IM inventory counts will post to “Interim storage area for differences”. You will have to review the differences to determine if they are valid. If not valid, then a recount for that material may be needed. If valid, you will clear the differences, which will automatically update IM inventory to match WM.

Karen – When you pull count reports, IM and WM should match. After the count, you will enter the results in WM, clear the differences, and then it will go into IM and adjust.

Danny – So WM gives you the count with a break down of the material quantity of all bins; IM only gives the total quantity of the material. And WM tells you which bin location you are off on; IM only tells you which item you are off one.

Dev/Mike – Correct.

Dev - PI can only be done if there are no open Transfer Orders (TOs).

Karen – We'll have to periodically check to make sure all TOs are closed.

Karen – If open issues have not been completed, how will it affect IM if you have just IM and not WM?

Mike – In IM you can have open issues, but not in WM. In WM all TOs must be confirmed.

Dev – When you try to create the PI doc when TOs are still open, the system will give an exceptions list for the open TOs.

Karen – Can you get a report that shows what has not been counted during that year?

Dev – Yes. It will show what was counted or areas that were counted.

Karen – Does SAP require all bins to be counted?

Dev – SAP recommends that all bins to be counted during the fiscal year.

Diane – Is there a law that requires us to do annual inventory?

Karen – I don't think it's a law.

Sterrie/Karen/Sondra – I believe it is a Legislative auditor requirement.

Karen – Add to the Actions items List to find out if it is law or if Continuous Inventory can be used instead of the Annual Inventory.

CONTINUOUS INVENTORY

Ryan – Dev, do you see the State using Continuous Inventory so they can only shut down parts of the warehouse at once instead of the entire warehouse?

Dev – The system would definitely give you the ability to do so.

Ryan – This is mainly used for large warehouses with items constantly coming in and out of inventory to prevent them from completely closing for several days. Sterrie, do you see this changing your process if Continuous Inventory can be used?

Sterrie – Yes, especially with limited resources we have.

CONTINUOUS INVENTORY DURING PUTAWAY

Karen – If we are doing TOs on RF guns and we check for TOs being done, will the gun tell you to count this while you are there?

Dev – TOs are in the system and can be seen in the RF gun.

Karen – If there were already 40 on the shelf and you are adding 50, can you see that in the RF gun to confirm the quantities as correct?

Dev – Yes.

Mike – The rule is that the first putaway in the year will trigger a count. Inventory will update at first putaway of fiscal year.

Dev – When performing a WM Inventory, the system will automatically update the differences in WM, but the IM inventory has to be updated thru "Interim storage area for differences".

Karen – The items will sit in "Interim storage area for differences" until the items are manually updated to the IM side.

Danny – Is it correct that the accounting side will not be updated until the IM inventory is updated?

Karen – Yes. When the discrepancies are cleared in IM, the accounting records are updated.

Danny – Is there a place for an explanation as to why the discrepancy was cleared?

Mike – We need to look into this.

Added to the Action Items List – Reason code field needed for clearing discrepancies.

Bernadette – Can you set it UP to do a spot count every time you fill a bin?

Dev – You would have to set it up manually.

CONTINUOUS INVENTORY DURING STOCK REMOVAL – ZERO STOCK CHECK

Mandar – Basically, zero stock check is a quality check. If the system shows zero check, but there are items on the shelf, the operator should notify management of the problem.

Karen – Is zero stock check for fixed bins only? My warehouse does not have designated bins for the same materials all of the time. We put different items in the bins at different times.

Dev – Bins are already dynamic. If you are using bins randomly, then the system does not know when it should be empty. The bottom line is you have to check each and every bin by the end of the year.

Karen – In closing statements, reviewed items on the wall post it notes.