

Pos and inventory system essay

[Business](#), [Accounting](#)



Inventory is basically the total amount of goods and materials held in stock by a factory, store and/or any businesses. An inventory system is a process whereby a business keeps track of the goods and materials available. In its simplest sense, it can be done manually by a count at the end of each day.

In this way it is possible to keep a record of the goods coming in to the business and products being sold. Point of Sale (POS) and Inventory management are vitally important for any business that sells a physical product. An inventory system must be balanced having enough inventories on hand to meet the demand of customers while investing as little money as possible in inventory. However this is only really appropriate for small businesses who have limited stocks. For larger businesses, it is more likely that a computerized system will be required. These days, a computerized Point of Sale and inventory system is most likely to be used by medium and large businesses although some small businesses use it too. This can be used to track customer orders, monitor the stock a business has available for fulfilling orders and also provides details of when of when inventory needs to be restocked. Since manual inventory consumes a lot of time and is susceptible to errors, it would be helpful to build a system that will automate the transactions from acquisition of the product description to update the inventory database.

The automated inventory system will improve employees' work efficiency by automating routinely and time consuming tasks such as the time spent in taking down product information. As a result, the time consumed can be used in more productive activities and would eliminate the need of constantly encoding lengthy details of products. Company BackgroundYakal
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as originally started at the year 1996 at its main branch at Candon City, Ilocos Sur. A year later, they built their branch at Del Pilar Street, Tagudin Ilocos Sur at June, 1997. Yakal is owned by Mr. And Mrs. Bobby Tiu.

They sell Lumbers at the first place; unfortunately a fire accident happened so they have to stop the operation. After 3 months of recovery they were able to continue the business again and aside from lumber they started to purchase different products like furniture and home appliances. At present, Yakal is the biggest establishment at Tagudin. Situational Analysis According to the U. S. Small Business Administration “ Inventory refers to stocks of anything necessary to do business” (U. S.

Small Business Administration 2010. The U. S. Small Business Administration publication describes what constitutes successful inventory management (balancing cost versus benefits of inventory), including: 1) Maintaining a wide assortment without spreading the rapidly moving items too thin, 2) Increasing inventory turnover without sacrificing service, 3) Keeping stock low without sacrificing performance , 4) Obtaining lower prices by making volume purchases, 5) Maintaining an adequate inventory without an excess of obsolete items. Eisen, (2007). further notes that in accounting periods where costs remain relatively constant, the FIFO method is probably the most appropriate. If it is important that replacement costs relate as closely as possible to the cost of the goods sold, the LIFO method is better.

The weighted average method is a third option, even though it does not necessarily bring about the matching of costs and revenue. Its simplicity may have a cost-saving effect. A retail software and POS systems program

needs to offer fast and easy point of sale software transactions, so that your staff can learn the system quickly, and you can record key information about your customer transactions. All retailers need a computerized system. We've been working with retailers, computers, POS software, and point of sale software, retail software, inventory management software, warehouse software, inventory software and stock control software systems since 2001.

We've also seen many hundreds of retailers experience the " stress & pain" of choosing a suitable POS software system. So many retailers make the wrong decisions and select the wrong point of sale software and inventory management software for their business. Point of sale software will have a significant effect on the over-all efficiency and success of your business, and the amount of time you & your staff spend on administrative processes. So you need to get the decision right when you choose your POS applications and warehouse software partner. The reality in selecting inventory management software is very difficult & time consuming.

It requires in depth knowledge of computers, networking, software features, new technology, retail management and much more. We have gone to great lengths to design our website to provide you with as much information as possible, and make your decision easier. And we of course hope you choose Retail Express for your retail software, and join the ranks of our many existing happy customers.

Wal-Mart Inventory System runs its stores on a perpetual inventory system. This system records the quantity of items sold as items are purchased. The

computer system at Wal-Mart constantly keeps up with additions or deductions from inventory and tells management what items are on hand.

The organization also conducts counts of employee manual counts of inventory periodically. When an item arrives at the Wal-Mart distribution centre, it is scanned into the inventory system. When the items are purchased by the consumer, the point-of-sale system reduces the inventory from that purchase. According to Wal-Mart's Gail Lavielle, a leaner inventory will help clear out store clutter and help Wal-Mart focus on specific brands and products that consumers want (The Associated Press, 2006). YAKAL is currently using traditional or manual ways of selling products. They do it by listing the items that they have and the items they have sold. They keep log books for each product agency and it was very bulky for them to keep logbooks.

They still use a calculator with a receipt maker which is slower and more prone to mistakes comparing to the proposed system. Conceptual Framework Rouse (2011) stated that a point-of-sale (POS) terminal is a computerized replacement for a cash register. Much more complex than the cash registers of even just a few years ago, the POS system can include the ability to record and track customer orders, process credit and debit cards, connect to other systems in a network, and manage inventory. Generally, a POS terminal has as its core a personal computer, which is provided with application-specific programs and I/O devices for the particular environment in which it will serve.

A POS system for a restaurant, for example, is likely to have all menu items stored in a database that can be queried for information in a number of ways. POS terminals are used in most industries that have a point of sale such as a service desk, including restaurants, lodging, entertainment, and museums. Increasingly, POS terminals are also Web-enabled, which makes remote training, and operation possible, as well as inventory tracking across geographically-dispersed locations. Jelling (2005) stated that point of sale software gives business owners a convenient way of checking out customers and of recording sales. It can keep a record of the store inventory, updating it when an order is processed. It can also print out receipts; carry out credit card processing, track customers, etc. Point of sale software eases the flow at checkout terminals, while recording all the information that can help you make better business decisions.

Point of sale software allows users to input via keyboard or mouse, and some even have a touch screen interface. You can install the software on your checkout register. When checking out a customer you can either input the sales item yourself or use a bar code scanner. The point of sale software will look up the item in the inventory and bring up the price. It can also calculate tax on the item and change for the customer.

POS software can print out receipts and reports. Point of sale software makes your business accounting a lot easier by creating reports on inventory, sales, customers, etc. Since it is already recording each sale, it can easily tell you the sales and revenue of the day. Point of sale software can also help with credit card processing. Credit cards are the preferred method of payment.

People do not want to carry around cash for all their purchases. Credit card is a convenient method of payment and if you do not have credit card processing, your business can lose some of its competitiveness. POS hardware which is the scanning station for the credit card. The software will process the credit card payment for you.

It can check that the card has not expired and is valid. You will need a merchant account for the point of sale software to do its job. POS software is generally easy to install and easy to use. You will need to know how to update inventory and record a price change for an item.

Point of sale software usually provides an easy to use interface to do this. It can make the job of the cashier a lot easier by automating the routine tasks of the day. There is a wide variety of point of sale software available. You can choose one that fits your budget and meets the needs of your particular business. The software will have compatibility requirements with the point of sale hardware.

It will also have operating system requirements such as it might need a Windows or Linux system. Point of sale software can more than pay for itself over time by making checkout faster and doing your accounting for you. Point of sale software may be the right solution for your business and can provide you with tons of benefits. Inventory can be the largest investment a pharmacy can make. Dealing with inventory can be intricate unless an organization has a good inventory control system. The purpose of this system is to maximize efficiency and effectiveness.

Efficiency is to minimize inventory costs and effectiveness is to meet the customer demands. A reorder point is simply a level of inventory that is designated as the signal to replenish. Whenever the inventory level reaches the reorder point, a replenishment order is placed. It is set such that the inventory level will reach zero at about the time the replenishment order is expected to arrive.

Generally, the quantity to reorder depends on the level of demand and other factors such as market availability, storage space available, and shelf life considerations (Mercado, 2007). Lead time is the period between placing an order and receiving delivery. When lead time and demand are not certain, the firm must carry out extra units of inventory, called safety stock, as protection against possible stock-outs (Siegel and Shim, 2006). Minner (2000) defined safety stock as the expected inventory just before the next order arrives. Using this technique of reordering requires a system that can track the inventory level at any given time. This can be accomplished using a perpetual accounting record or a visual method.

Desselle and Zgarrick (2008) explain that too much inventory ties up pharmacy's money without having adequate return on investment. On the other hand, having too little inventory may result in lost sales and profits when the product is not available for purchase. Not having enough products available also may result in the loss of customers in the future. The management therefore must know the right amount of inventory to order while maintaining the right amount of stock.

To determine this, the purchasing agent must identify the economic order quantity (EOQ). EOQ is the optimum amount of goods to order each time to minimize total inventory costs (Shim and Siegel, 2000). It describes the level of inventory and reorder quantity at which the combined costs of purchasing and carrying inventory are at a minimum. Purchasing or ordering costs include costs of placing the order and received goods while carrying or holding costs include the storage, handling, property tax, and insurance costs, as well as the required return rate on the inventory investment (Siegel, Shim, and Hartman, 1997).

Proper storage of inventory is vital. Improper storage can cause a product to ruin, resulting in a loss of inventory and money. According to Bizmanualz, Inc. (2008), storage refers to protecting inventory from both damage and shrinkage or theft.

Damage control includes insuring and keeping inventory clean and properly sheltered. According to Yadav (2008), proper environmental control (i. e., proper temperature, light, and humidity, conditions of sanitation, ventilation, and segregation) must be maintained wherever drugs and supplies are stored. Proper control is required such as expiry dates of drugs stored must be considered.

With regards to safety, proper consideration should be given to the safe storage of poisons and flammable compounds. Control over shrinkage is directed at human error (data entry, POS error, receiving errors, etc.) and customer or employee theft.

Human error is a continual possibility. Successful business systems acknowledge this fact and incorporate preventative and detective controls to mitigate the anticipated human error. Preventative controls include written POS procedures, supervisory control, use of logs, cash-up reports and other checklists. Detective controls include cycle inventory counts, exception reports, and gross margin analyses.

Improper inventory also produce a higher risk of theft and fraud. Customer theft protection involves many elements from security to customer return policies. Businesses should focus on high-dollar merchandise that can be easily hidden and carried out of the store. Also, employee theft protection must be given proper attention.

Employee theft protection involves two important ingredients: maintaining a high level of security and eliminating the easy opportunities for theft. A high level of security is maintained when cycle count exceptions are followed, medicines are stored properly and shelved quickly, and unresolved damage claims, customer returns and returns to vendors are not allowed to build up. Eliminating easy opportunities for theft involves structural security as well as numerous written employee procedures. A well-lit storage space, restricted areas, and installation of security cameras are example of structural security features. Written procedures that reduce opportunities for theft include limiting storage access only to designated personnel, mandating allemployees to exit and enter only through the front door, preventing employee from ringing up a sale for him/her or family members, monitoring customer returns, and proper cash drawer and petty cash usage. “ It is

nearly impossible to overemphasize the importance of keeping inventory levels under control," Ronald Pachura wrote in an article for IIE Solutions. "Whether the problems incurred are caused by carrying too little or too much inventory, manufacturers need to become aware that inventory control is not just a materials management or warehouse department issue.

The purchasing, receiving, manufacturing, and accounting departments all contribute to the accuracy of the inventory records." Business experts commonly cite inventory management as a vital element that can spell the difference between success and failure in today's keenly competitive business world. Writing in *Production and Inventory Management Journal*, Godwin Udo described telecommunications technology as a critical organizational asset that can help a company realize important competitive gains of Inventory.

Figure 1. Research Paradigm
Problem Definition
As the researchers interviewed the owner of Yakal these are some problems they encountered during transaction period because of the manual operation. 1. Since they are using manual way of transaction there are times that they consume a lot of time in only particular job.

Instead of multitasking they cannot afford to do so because they have to be strict especially when customers come simultaneously. 2. There are times that when a customer is in a hurry and they need urgent response to what they are asking for and there is a possibility that they will lose a customer if their transaction will always this slow. 3. When it comes to the payment of

the customers they consumes a lot of time just to double check the amount computed due to manual entry of designated products.

In the part of the customer it is time consuming. 4. During the arrival of the new products they still have to base and look for the old records just to see codes of some products and they have to create another new list of records for the new products arrived. If the case is always like this they may misplaced some products and lose some capital. Statement of Objectives The General objective of the study is to come up with Point of Sales and Inventory System of YAKAL Lumber in partial fulfilment of the requirements in the course. The specific objectives are the following: 1. Provide easy to use mechanism in selling products.

2. Provides an essential data collection and information dissemination device that can help business run more efficiently and deliver better customer service. 3. Improves customer-service metrics and fulfilment rates.

4. No Double Entry of product. It can secure the records, and the new arrival of products is easy to add on the checklist. Significance of Study This study aims to help the company's employee to give instant services to the customers.

In order to satisfy their needs, we come up with the idea to propose this kind of system to have an easier way of transaction so that the customers will not be disappointed due to slow delivery of service. For the customers, they will get the exact change when buying large quantity of items. They don't have

to wait for the Cashier/Owner in computing their purchased because the system will automatically compute the input items.

They don't have to wait for the cashier/owner in looking for the items needed because the system will provide the information of the items availability. To the Company, with the help of the proposed system, they can give better services to the customers which are a benefit for them to have a good impression and feedback. To Students, it will give them profound understanding about the advantage of point of sale and inventory system. The proposed system can help the development of the company.

To Future Researchers and Other Researchers, output of this system will serve as a useful source for them to gather information related to their studies. Finally, the Researchers will enhance their knowledge and will improve their IT skills by means of creating this system and having a further study about this. Project Description Point of sales system of YAKAL can control inventory right at the cash register. The POS software records each of their sales when it happens, so their inventory records are always up-to-date.

Better still, they get much more information about the sale than they could gather with a manual system. By running reports based this information, they can make better decisions about ordering and merchandising. With this system YAKAL will be able to: Analyze their sales data figure out how well all the items on their lumber shelves sell, and adjust purchasing levels accordingly. They can maintain a sales history to help adjust their buying decisions. The system will be able to add records, can save information, edit

and delete records. Only the authorize person is allowed to manipulate the system.

Limitations of the StudyThe system will not cover the following: The system will only use one computer for the system. This standalone unit will process everything needed by the system hence no network connections like LANs and internet connections would be needed in order for the system to function properly. The system does not accept credit card and gift checks as form of payment. The system does not accept membership.