

# Stocktaking in

memsec



## 7

### Stocktakes & Stock Reports

Having ensured that your database is properly configured you can start recording stocktakes. This is of course an exercise you'll undertake periodically, whether that's monthly, weekly or at some other interval. Each stocktake will produce reports for the period in question and while they're invaluable in isolation these reports should also be considered as a tool for measuring trends and changes in performance, hopefully for the better. In the short term that would mean ensuring that any anomalous results in one stocktake are corrected in the next, whether from keying errors, incorrect product setup in the system or deliveries being missed. Over a longer period you ought to be able to identify problem lines and so investigate and remedy any underlying reason.

These are the typical steps;

1. Ensure all deliveries and returns have been recorded correctly
2. Print off a count sheet
3. Physically count your stock and record quantities on the count sheet
4. Open a stocktake for the relevant stock type and set the time and date of the count
5. Enter the recorded values on the system
6. Review the reports
7. Save the values you've entered and investigate any large variances

8. Re-open the stocktake and correct any count values that were incorrectly recorded
9. Finalise the stocktake

Steps 5-8 can be repeated any number of times if necessary. Steps 6-8 do not apply to the first stocktake of any given type.

We've recently changed the way the system works so that you can now select the date and time for each stocktake. This means that in order to get a meaningful result you'll need to record two stocktakes over a period of time. If you've been using Memsec7 for some time already prior to recording a stocktake it's possible that some products will exist on your system which you no longer sell. Any product that has a stock level of zero recorded in a previous stocktake and no subsequent sales or other stock movements won't appear automatically in the next stocktake, so enter zero for the first stocktake for those products and they'll disappear next time.

Before entering your stock into the system you of course need to physically count it. The work you need to have done in making sure that each product is configured to reflect the way you purchase, sell and count it should mean that it's a simple matter of generating a count sheet from the system and using that to record your stock holding for each product (notwithstanding that the act of counting can be a long and laborious process!).

On that subject, products in different categories can present different problems in recording an accurate count. Whilst items such as bottled beers are simple enough to count, either being in whole cases or easily individually counted in fridges etc, others aren't so straight forward.

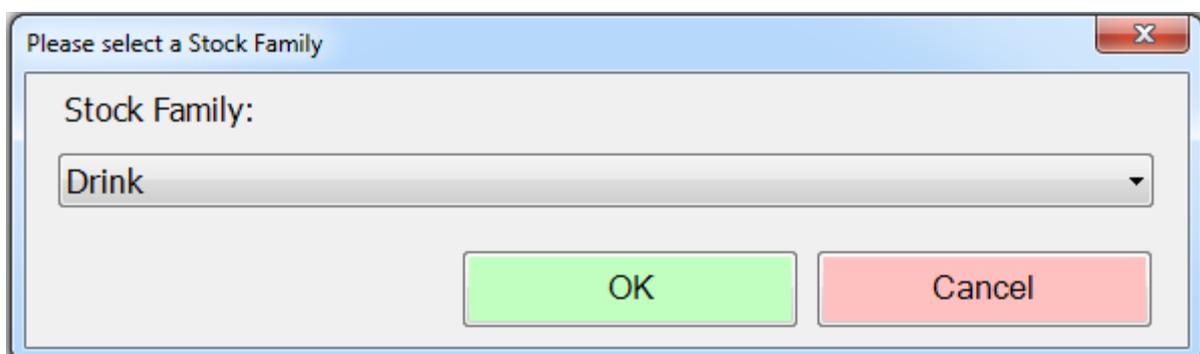
Draught beers are very difficult to accurately measure. Barrelled or cask beer may allow for dipstick type measurement but keg beers can't offer this option quite so easily. Beer keg scales are available which provide a reasonably accurate measurement based on the resistance to movement of a keg, though these cost £150-£200+. The alternative, less accurate weighing method used by many of our customers is to pick up the open keg and guesstimate how full it is! Line cleaning is another consideration for draughts. This can be allowed for either through recording actual wastage or some customers configure their kegs/casks etc as containing slightly less volume (e.g. 11 gallon keg = 1720

fl.oz. or 86 pints) so that only the saleable volume of product is recorded into stock with each delivery.

Open boxes of post-mix syrups are also very difficult to measure for similar reasons. These products also present additional problems for stocktaking for a number of other reasons. Unlike draught beers where the quantities sold are usually explicitly defined as half pint, pint etc, post-mix can be sold in those measures but also in 'dashes' which can't possibly be quantified accurately. There's also the question of how much ice is in each glass which distorts the volume of the drink and finally there's the factor that lots of venues allow their staff to help themselves to post-mix drinks while on shift. Combining those additional complications means that this is one of the most difficult categories of drink to get a meaningful stock result for. This is of course compensated for by the fact that the GP on post mix is typically high, thus allowing for some stock loss.

With wines sold by the glass and spirits the difficulty arises in assessing what proportion remains in an open bottle. Stocktakers will generally break this down to the nearest tenth of a bottle although many of our customers prefer to us the number of shots left with spirits. Wine is more difficult since different glass sizes can be poured which unlike spirits aren't multiples of one another. Unless you're able to assess very accurately the contents of a spirit bottle we recommend using tenths.

To generate the count sheet, in the back-office program go to Stock>Stock Take>Stock Count Sheet. In the form that appears select the relevant stock family and then click OK.



The image shows a screenshot of a software dialog box. The title bar at the top reads "Please select a Stock Family" and includes a close button (X). The main area of the dialog contains the text "Stock Family:" followed by a dropdown menu. The dropdown menu is currently displaying the word "Drink". Below the dropdown menu, there are two buttons: a green "OK" button and a red "Cancel" button.

The count sheet shows each category and its products with columns for the measurement expected for counting that product and then multiple spaces to enter counts from different areas of the building (e.g. bar fridges, cellar). These separate counts can then be totalled in the end column to give you the figure that you need to enter into the stocktake on the system. Once it's built on your screen you can either print or export the count sheet.

## Stock Count Sheet

Compiled:

10 Apr 2017 14:51:36

Product	Stock Measure	In Stock			Total
<b>Bottles</b>					
Alcoholic Ginger Beer	Each				
Baroni Btl	Each				
Brown Ale	Each				
Bucks Blue	Each				
Buzwider	Each				
Forkwindowbox	Case 24 / Each	/	/	/	/
Honneken Btl	Each				

Care should be taken when totalling 'unusual' sub measures such as gallons and pints. Since there are 8 pints in a gallon it's not a simple matter of adding up 2 separate totals. If you have 2 open kegs of a draught beer with 8.4 and 7.6 gallons/pints respectively then the total is not 16 gallons but 16.2 (4 pints plus 6 pints = 10 pints or 1 gallon and 2 pints).

With your count sheet complete you'll next need to enter the count into the system. All the reports and calculations for a stocktake are based on the time and date it's started. For this reason it's always best to count and enter your stock while you're closed for trading. If this isn't possible then we recommend starting the stocktake immediately after printing the count sheet. This will set the expected stock levels at the start of the count so that any shortfall won't be masked by sales that happen while you're counting. The stocktake entry screen is shown below.

Stock Take

Add to the Stock Take

Search a Product:  25 found Add to Stock Take

Select a Product:

Product	Stock Measurement	In Stock
<b>Bottles</b>		
Alcoholic Ginger Beer	Each	3
Baroni Btl	Each	23
Brown Ale	Each	14
Bucks Blue	Each	73
Buzwider	Each	16
Forkwindowbox	Case 24 / Each	1 / 14
Honneken Btl	Each	36
Hoover Damm	Case 24 / Each	1 / 4
Light Ale	Each	84
Monty's IPA<Discontinued>	Case 24 / Each	0 / 12
Monty's Pilsner<Discontinued>	Case 24 / Each	1 / 1
Monty's Summer Ale<Discontinued>	Case 24 / Each	0 / 2
New Moon btl	Case 24 / Each	2 / 21
Old Gout Cider Passionfruit & Apple	Case 24 / Each	1 / 10
Old Gout Cider Summer Berries<Discontinued>	Case 24 / Each	1/11111111
Recordering Apple	Each	
Recordering Apple Guava<Discontinued>	Case 24 / Each	

Remove Product   Save Values   Finish   Close

Entering a valid value will make the background colour in that cell turn green. Invalid values will show red and missing values are brown. Once you have valid values in all cells, click 'Finish'. Clicking this will build reports based on the values entered and display them and you'll then be presented with the choice of either saving the stocktake or finalising it. Saving allows you to review the deliveries recorded for the stock period and edit them if necessary while finalising closes the stock period off meaning that no further changes can be made. Whether you need to save and review will depend on a number of factors but the reports that the system generates ought to be your guide.

Cont'd

## **Stocktake Reports**

Each stocktake will produce reports for the period in question with various statistics about each product. Foremost in those statistics is the variance, or how much you are up or down against the expected stock level. It's highly unusual for there to be no variance at all on a stocktake so it's more a question of being able to recognise what's normal. This will depend on your understanding of the product in question as much as your familiarity with the system.

Products in different categories would have different 'acceptable' levels of variance; items sold exclusively in bottles such as bottled beers, soft drinks and wines not sold by the glass shouldn't see much variance at all. Draught products, because of the vagaries of measuring them, will usually have some variance, the scale of which may well show some correlation to their popularity. Post mix is very difficult to measure as well but also has less clearly defined sale measures so is prone to even greater variances. Spirits will show variance in most cases but again the scale can vary according to popularity and pouring method – optics, if used correctly, are generally much more efficient than free pouring.

The reports generated by a stocktake in Memsec7 were designed by a former Scottish & Newcastle stocktaker with over 20 years experience. They provide ample information for analysing all aspects of stock performance but are so comprehensive as to be potentially quite daunting. There are some key indicators for the overall result as well as details for each individual product. The different reports provide different data on all aspects of sales, deliveries and financial performance in the period. The two main reports are the Detailed Stocktake Report and the Detailed Variance Report. These two share some columns but each has its own purpose as suggested by its name.

Some key terms need to be understood in order to view these reports, as follows:

- **Stock Period:** The time between two stocktakes. This is dictated by the start time of each stocktake, so that every time you record a stocktake you're ending one stock period and starting another. The period is measured down to the second so that all sales are recorded correctly.

- **Opening Stock:** The stock of a product that was recorded in the previous stocktake, i.e. the stock held at the start of this stock period.
- **Closing Stock:** The stock recorded on your count sheet for the current stocktake. This will of course become the opening stock for the following stocktake once you finalise this one.
- **Till Sales:** This is how much of a product has been rung through the till in the stock period. It is expressed as a quantity (in the same measure(s) as the count is recorded), a retail value and a cost value. There is also a figure for the quantity 'in live', i.e. sold but awaiting payment (on tabs).
- **Computed Sales:** This is the amount of stock you've actually got through in the period, irrespective of whether it's been rung through the till. This is calculated by taking the opening stock, adding to that any deliveries, taking away any wastage and any returns and finally subtracting the closing stock. If there's no stock loss (or gain) for a product then this will be identical to the till sales. Computed sales are expressed in the same 3 ways as till sales.
- **Variance:** The difference between the closing stock and the expected stock, or if you prefer between the till sales and the computed sales. Once again this is expressed as volume, retail value and cost value.
- **Yield:** This is a percentage representation of the amount of revenue actually received in the period (Till Sales @ Retail) in comparison to the computed revenue (Computed Sales @ Retail). Although on the face of it one might think that 100% is therefore an ideal yield this can be impacted by various factors (head on beer, ice in post mix, expected wastage levels) such that anything between 98% and 102% might be considered correct.
- **Stock on Hand:** This is the closing stock expressed in cost terms (£) and the period of time that's expected to take to sell (Days)
- **Gross Profit:** This is of course a key indicator and in Memsec7 stock reports is calculated by taking the actual revenue (net of VAT) and comparing that to the cost of the computed sales (i.e. the cost of the stock actually consumed in the period). This is expressed in value terms and margin percentage. You will hopefully have an idea of what represents a good gross margin for your products but this will of course

vary from site to site, product to product and indeed possibly even one time of year to another.

All costs within Memsec7 are calculated on a First-In-First-Out or FIFO basis. This means that the stock take reports are as accurate as possible, reflecting the actual price paid for each item sold rather than its average or latest price. For assumed costs, such as variances, the average actual cost in the period is used. Where a sale item contains more than one product the cost of each product as a proportion of the total cost dictates how much of the sales revenue goes to that product.

As well as the detailed reports there is a summary report for the stocktake as a whole and a category breakdown. There is also a promotions analysis, which gives an indication of the impact any promotions run in the stock period might have had on Gross Profit, and a Stock Period Sales Report which details how many of each applicable sale item was sold in the period, at what prices and what percentage of the overall sales mix it represented, along with gross margin information.

Normally then you'll look at the reports in order to decide whether you're happy with the result of the stocktake. Even if the overall result is acceptable you may wish to examine individual lines in order to identify any unusually large variances. If none are found then you'll presumably finalise the stocktake but if one or more products has a large variance you may wish to save the stocktake and verify deliveries etc. If there are any figures that look particularly strange, such as excessively high negative GP percentage or variance quantities then it's definitely worth rechecking the structure of the product, its delivery size(s) and its sale items to ensure that they're in the correct proportions.

There is a separate Stock Take Reports screen (Reports>Stock Reports>Stock Take Reports) which allows you to view the above reports along with some others. Selecting a stock family and then the relevant opening stocktake from the drop down lists will generate the standard reports for that period as described above plus an Average Retail Price report and a Sale Item Recipe report which details each sale item, its constituent products and their respective quantities and the cost of each, together with a theoretical GP% based on the standard sale price and default cost price(s).

## **Food Stock**

As mentioned in the overview food stock works in broadly the same way as drink. However there are some special considerations. The relationship between what you buy and what you sell is rarely as direct with food as it is with drink. This means that food purchases tend to need to be separate products with no direct sale items on the till. Instead the relevant quantities of each food product that you want to include in a stocktake have to be added to the makeup of the sale items (see related 'Sale Items' document). This additional work also has to be undertaken for each change to a menu, which can of course be quite frequent.

Food stock isn't always purchased in the form it's kept in either. Many kitchens will make large batches of base sauces that become ingredients in various dishes. This kind of stock is handled using the composite product feature in MemSec EPoS. Please contact us if you'd like to know more.

Other differences between food stock and drink stock include greater perishability, less controlled measurement in recipe items, and unquantifiable amounts of usage of items like condiments.

These extra complications mean that quite often food stock isn't undertaken in the same way as drink. There are essentially 3 ways to complete food stock; full recipe stocktaking, high-value only and consumption stock. The second option just includes products with higher individual costs such as steaks, chicken breasts etc. The final option will often include all items but won't describe recipes, meaning that all the reports will show is how much of a product has been delivered in a period and how much used, with sales being zero and therefore no meaningful variance analysis. The first option is therefore the most meaningful but involves a lot of work maintaining recipes and recording all deliveries. Any stock loss identified is likely to be less easy to eliminate in future so the 'value' of doing this type of stocktake is generally considered lower than drink stocktakes.