

TENANT INVENTORY MANAGEMENT

Tenant inventory refers to inventory owned by a 3rd party but stored on your premises. As these inventories are not owned by you, the inventory balances must be accounted for separately from your own inventory, and all movement of tenant inventory must be traceable and reportable.

This is one way to track tenant inventory. Another way is to use a separate warehouse for tenants' product. (not covered in this whitepaper). Your accountant may have suggestions as well.

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Where Tenant Inventory May End Up

After tenant inventory comes into your possession, it remains there until it is:

- a. returned to the tenant/supplier
- b. delivered to a customer on behalf of the tenant/supplier
(after which the tenant/supplier will invoice the end-customer)
- c. acquired by your company for your own use (including subsequently selling to your own customers)

Distinct Tenant Inventory Product Codes

The key to this method of Tenant Inventory Management process is to manage all tenant products by supplier name.

By using product codes that are self-explanatory and that have standard prefixes/suffixes (to denote the individual tenant/supplier), this process is much easier to maintain and use on a day-to-day basis than using a virtual warehouse. An additional benefit is that if an incorrect product code is used inadvertently, it is a simple matter of changing it to the correct one for that tenant/supplier's product.

So let's use an example to demonstrate...

You store **46-0-0 (Urea)** on behalf of 8 different tenant/suppliers, as well having inventories for your own use. We recommend a unique product code for each.

Product Code	Description
UREA	46-0-0 (this is for your own use)
4600A or A4600	46-0-0 A Company (<i>example</i>)
4600B or B4600	46-0-0 B Company
4600C or C4600	46-0-0 C Company
4600...	46-0-0 ... Company

Using **unique product codes** will accomplish several goals:

- it will keep inventory quantities separate
- at any given time you will be able to run reports that tell you the current balance for each product (per tenant/supplier), what moved where, how much was returned to tenant/supplier, how much was delivered to customers, etc.
- you will be able to store tenant/supplier inventory product at *any* location or warehouse.
- most importantly, when you deliver tenant/supplier product to the customer directly you will be able to run it through AR as you normally would, and sales data for your own 46-0-0 product won't be affected because nothing is combined.

Tenant Product Setup:

Each product is setup with a unique product code and description that clarifies who the product belongs to. We recommend setting up characteristics for tenant inventory in general, as well as for the tenant/supplier you are storing it for (especially if there will be multiple products per tenant/supplier).

Edit Product: 4600A - 46-0-0 A Company

Save Refresh Delete Prices/Taxes Exit

Product Units Inventory Notes Associated Products Blending Manufacturing Dangerous Goods Regulations

This product is active.

Product Code: 4600A

Description: 46-0-0 A Company

Product Type: Dry Fertilizer

UPC Code:

Default Project:

Manufacturer:

Manuf. Prod. Code:

Inventory Item? ☒

Returnable? ☒

Blendable? ☒

Manufactured? ☒

Dangerous Good? ☐

Sales Account can be changed on Invoice? ☐

GL Accounts

Sales: 45020 - Sales Dry

COGS: 55020 - COGS Dry

Inventory: 15020 - Dry

Inv. Accrual: 16020 - Dry Accruals

Add GL Account

Product Characteristics

Characteristics
> Company A
Tenant Inventory

Remove Add

Inventory > Manage > Products > Add/Edit

This will give you more flexible reporting options.

Inventory Balances

Preview Start Over Exit

Date: Sep 17, 2013

Location: <Company>

Show Details? ☐

Select Products

<Single Product: Start Typing or use Find> Find

Product Type:

Characteristics: Company A

Supplier:

Manufacturer:

More Options

Inventory > Reports > Inventory Balances

Tenant/Supplier Setup

Tenants/Suppliers are setup in the usual manner. Adding a supplier *characteristic* indicating it is a 'Tenant Supplier' allows you to run reports on the AP side relating only to these suppliers who hold inventory with you.

Edit Supplier: Company A Fertilizer (0071)

Supplier Code: 0071
Supplier Name: Company A Fertilizer
Address: 100 Potash Way
City: Miner Province: Saskatchewan
Postal Code: S0A 0A2 Country: Canada
Email:
Website: www.companyA.com
Primary Phone: 1-888-984-5566 Secondary Phone:
Fax: Mobile:
Cheque Comment: Thank you!
Name on Cheque/EFT:
AP Account: 21000 - Accounts Payable
Default Due Date: Days from Invoice 45
Default GL Account for Non-inventory Purchases:
Default Payment Type: Cheque
Pay With EFT: Manage EFT
A/WSA No.:
GST No.:
(overrides supplier name)

Contacts

Name	Role	Phone	MainContact?
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Add Contact Edit Contact Remove Contact

Only enter information for these contacts where it differs from the main supplier information.

Characteristics

Characteristics
Tenant Supplier

Add Characteristic Remove Characteristic

Accounts Payable > Manage > Supplier > Add/Edit

Supplier Balances

Balance Date: Sep 17, 2013

Select Suppliers
<Single Supplier: Start Typing or use Find> Find

Code:
Name:
Currency:
Characteristics: Tenant Supplier
Active:
More Options

Show Supplier: All Suppliers
Show Details?
Sorted By: Supplier Name

Accounts Payable > Reports > Supplier Balances

Receiving Tenant Product:

Each tenant/supplier for whom you store inventory will be setup as a supplier in agrē. Use that specific supplier when creating the inventory receipt. Then, select the tenant-specific product(s) that are associated only to that supplier. The **cost of tenant inventory is always \$0**.

The screenshot shows two overlapping windows from the agrē software. The background window is titled 'Add Inventory Receipt' and contains fields for Supplier (Company A Fertilizer (0071)), Reference (BOL6677), Receipt Date (Sep 16, 2013), and Comments (Receiving product for long term storage). The foreground window is titled 'Add Inventory Receipt Product Row' and contains fields for Product (4600A - 460-0-0 Company A Owned), Units (MT - Metric Tonne), Location (Parkland Warehouse), Quantity on Hand (0.0000), Quantity (120.00), Est. Unit Cost (\$0.00), Comments (Tenant Inventory), and Lot Number. Both windows have 'Find', 'Add', 'Update', 'Refresh', and 'Exit' buttons.

Inventory > Inventory Receipts > Add

Note

Using a \$0.00 unit cost allows you to track the *quantity* received, but (since you don't own it) won't include the *value* of the tenant product in your inventory assets.

Tenant Inventory Reporting

As activity happens, enter all transactions as you normally would ... making sure to use the appropriate tenant's product code.

At the end of the day you can run several reports to show the movement, activity detail, ending balance, etc.



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Inventory Activity Detail

All Locations Selected and Product Name is 4600A - 460-0-0 Company A Owned between Sep 01, 2013 and Sep 16, 2013

460-0-0 Company A Owned (4600A) - Metric Tonne

Date	Transaction Type	Description	Ref #	Location	In/Out	Balance
Sep 01, 2013	Opening Balance					0.0
Sep 01, 2013	Inventory Receipt	Company A Fertilizer	BOL8016	Parkland Warehouse	400.0	400.0
Sep 02, 2013	Inventory Adjustment	Some blew away on a windy day...	PWIA00001	Parkland Warehouse	0.5	400.5
Sep 05, 2013	Inventory Receipt	Company A Fertilizer	BOL155	Dog River	502.0	902.5
Sep 08, 2013	Loadout Ticket	Baker, Mike	SALOT35	Parkland Warehouse	-18.5	884.0
Sep 16, 2013	Inventory Receipt	Company A Fertilizer	BOL6677	Parkland Warehouse	120.0	1,004.0
Sep 16, 2013	Location Transfer	Dog River-Parkland Warehouse	DLT00014	Dog River	-502.0	502.0
Sep 16, 2013	Location Transfer	Dog River-Parkland Warehouse	DLT00014	Parkland Warehouse	502.0	1,004.0
Totals	Inventory Adjustment				0.5	
	Inventory Receipt				1,022.0	
	Loadout Ticket				-18.5	
	Location Transfer				0.0	
	Net Change				1,004.0	

Inventory > Reports > Inventory Activity Detail



Inventory Balances Company with Location Details

Product Name is 4600A - 460-0-0 Company A Owned as of Sep 16, 2013

Product Type: Dry Fertilizer

Product	Units	Location	Shelf	Minimum Level	Qty On Hand
460-0-0 Company A Owned (4600A)	Metric Tonne	Cardlock Station			0.0000
		Dog River			0.0000
		Edmonton			0.0000
		Parkland Warehouse			1,004.0000
		St. Albert			155.0000
		Stony Plain			0.0000
		Strathcona			0.0000
		Warehouse w/Blend			
Total:				1,159.0000	

Inventory > Reports > Inventory Balances

Direct Delivery of Tenant Inventory to Customers

To One of Your Company's Customers

Tenant inventory delivered directly to a customer is recorded with a **Load Out Ticket**.

The **Product Code** used depends on which tenant is supplying the product.

Edit Loadout Ticket: SALOT36

Save Delete Refresh History View Credit Exit

Reference: SALOT36

Customer: Martin, Lyle (C1000) Find Add Location: St. Albert

Date: Sep 04, 2013 Created By: Anita

Customer and Shipping Products Additional Information

Product (Delivered Units)	Quantity	Work Order Ref	Location	Billed?	Billing Units	Aut. Blender
> 4600A - 460-0-0 Company A Owned (MT)	5.8		Parkland Wareho	☐	MT - Metric Tonne	

Account Receivable > Loadout Tickets > Add/Edit



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Loadout Ticket Activity

Product Name is 4600A - 460-0-0 Company A Owned from Sep 01, 2013 to Sep 16, 2013

460-0-0 Company A Owned (4600A) Metric Tonne

Reference	Date	Customer	Quantity	Created In	Delivered From	Work Order	Billed On
SALOT36	Sep 04, 2013	Martin, Lyle (C1000)	5.8	St. Albert	Parkland Warehouse		
SALOT36	Sep 08, 2013	Baker, Mike (C1002)	18.5	St. Albert	Parkland Warehouse		
Total 460-0-0 Company A Owned (4600A)			24.3	Metric Tonne			

Account Receivable > Reports > Loadout Ticket Activity

Load Out Tickets are still billed – however **all tenant product is priced at \$0** (so there is no effect to the customer's account balance or to your company's accounts receivable GL balance).

Add Invoice

Save Refresh View Credit View Prepayment Report Exit

Reference: * ☒ Generate Reference Automatically Location: St. Albert

Customer: Martin, Lyle (C1000) Find Add Created By: Anita

Invoice Date: Sep 16, 2013 Due Date: Oct 31, 2013 Invoice Total: \$0.00

Customer and Shipping Purchases (1) Returns Totals Immediate Payment

Product	Quantity	Unit Price	Taxes	Line Total	Prepay?	Location	W/O Ref	LOT Ref
> 4600A - 460-0-0 Company A Owned (MT)	5.8	\$0.00	\$0.00	\$0.00	☐	Parkland Wareho		SALOT36

Accounts Receivable > Invoices > Add/Edit

The tenant, in this example Company A, will bill your customer directly for product received.

If the **delivery** service you provide to *your* customer is chargeable, you could add it to the loadout ticket with the tenant inventory and price it as you usually would, or you could create a separate LOT or invoice for just the delivery.

To a Tenant/Supplier's Customer

When you deliver directly to a non-customer of your company (i.e. to the tenant's customer and not to one your own), **add a 'Company A' AR customer** (supplier as a customer) and setup a "ShipTo" (shipping address) for *each* of the supplier's customers that you deliver to.

Description	Full Address	Shipping Default?	Active?
> Supplier A Customer	customer address Fort Saskatchewan, Alberta	☐	☒

Accounts Receivable > Manage Customers > Add/Edit

This will eliminate adding multiple customers to your agrē database that your company will never deal with directly.

Select this address as the **Ship To** address on loadout tickets and invoices, still pricing the product at \$0.

Customer and Shipping	Purchases	Returns	Totals	Immediate Payment
Billing Address: Box 12 Gibbons, Alberta				
Ship to: Supplier A Customer customer address Fort Saskatchewan, Alberta				

Accounts Receivable > Invoices > Add

The tenant/supplier, in this example Company A, will bill their customer directly for product received.

If the **delivery** service you provide to the *tenant's* customer is **chargeable back to Company A**, you may want to track that on the AP side (where Company A lives as a supplier) on a non-inventory purchase invoice instead of adding it to the LOT or invoice. This would maintain a \$0 balance for Company A on the AR side.

Return of Tenant Inventory back to Supplier

At any point in the cycle you can return tenant product back to the supplier easily via an **Inventory Receipt** with a **negative quantity**.

Supplier: Company A Fertilizer (0071) Find Add

Reference: RTNBOL8016

Receipt Date: Sep 16, 2013

Trucker:

Comments: Company A wants BOL8016 returned to them...

Product	Quantity	Location	Est. Cost	Billed On	PO Reference
> 4600A - 460-0-0 Company A Owned (MT)	-400.0000	Parkland Warehou			

Add Product Row Edit Product Row Remove Product

Import From PO Link to PO Pricing/Taxes

Inventory > Inventory Receipts > Add/Edit

Purchase of Tenant Inventory by Your Company

When your company acquires/uses/sells to your own customers some of a tenant/supplier's inventory, add a return to supplier (as shown above) and then bring in the same quantity of product using your own product code.

Supplier: Company A Fertilizer (0071) Find Add

Reference: RTNBOL8016

Receipt Date: Nov 27, 2013

Trucker:

Comments: Taking some of Company A's 46-0-0 for our own company's retail use

Product	Quantity	Location	Est. Cost	Billed On	PO Reference
4600A - 46-0-0 Company A Owned (MT)	-400.0000	Parkland Warehou			
> Urea - 46-0-0 (MT)	400.0000	Parkland Warehou	\$759.00		

Add Product Row Edit Product Row Remove Product

Import From PO Link to PO Pricing/Taxes

Inventory > Inventory Receipts > Add/Edit

Tenant Inventory Reconciliation

To reconcile at the **Purchase Invoice** level, import all existing Inventory Receipts (how often this is done is at your discretion). In most straight-forward tenant situations, the PI value will be \$0.00.

If you have acquired some of the **tenant's inventory for your own use**, there will be an amount owing.

Accounts Payable > Purchase Invoices > Add



Inventory Balances

Company with Location Details

Product Characteristics is Company A as of Nov 27, 2013

Product Type: Dry Fertilizer

Product	Units	Location	Shelf	Minimum Level	Qty On Hand
0-0-60 Company A Owned (0060A)	Metric Tonne	Edmonton			200.0000
		Stony Plain			742.0000
				Total:	942.0000
11-53-0 Company A Owned (1153A)	Metric Tonne	Stony Plain			486.0000
				Total:	486.0000
46-0-0 Company A Owned (4600A)	Metric Tonne	Edmonton			100.0000
		Parkland Warehouse			473.2000
		St. Albert			153.0000
				Total:	726.2000