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# Functional explanation of Warehouse That is consumed and/or sold

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## Introduction to the Warehouse concepts



### Introduction to the **WAREHOUSE** concepts

We understand by WAREHOUSE, all the problem of WAREHOUSES that originates in the HOTEL, that is to say:

- >The Goods that it's purchase.
- >From whom we purchase it.
- >Where the Goods are.
- >What goods WE CONSUME, LOSE and/or READJUST.
- > ...

So first we will go to specify the CHARACTERISTICS of the GOODS. First we will say that the Articles are grouped in different PRODUCT FAMILIES, according to a series of common data such as:

- By any of the THREE MACRO-GROUPS that exist in RESTORATION: FOOD, DRINKS and OTHERS.
- By GROUPING of CHARACTERISTICS. e.g. BEEF, VEGETABLES, etc.
- By ACCOUNTS of PURCHASING.
- SALES ACCOUNTS (when the concept of DEPARTMENT ACCOUNTS is not used)
- By ANALYTICAL CODE of TYPE OF INCOME and EXPENSES.



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We explain the different formulas or ways, by means of which a GOOD is given of LOW (CONSUME, LOSS, ...).

- a). **By means of the SELF-CONSUMPTION LOAD**, as in section .3., as in the previous section with the self-consumption option. The movements generated in this section will have a [C] for CONSUMPTION, or a [P] for LOSS/REGULARIZATION, depending on what we type.
- b). **By means of the sale of GOODS** by the different POS, the above mentioned goods (that is updated on having realized the UPDATE of TICKETS), it is marked as movement type [V] of SALE.
- c). **When making an inventory readjustment**, if where there had to be 10 we say that there are 8, the difference is  $(10 - 8 = 2)$ , it is marked as movement [P] of LOSS/REGULARIZATION, it is evident that there can be negatives, e.g. there had to be 10 and we say that there are 12, the difference is "minus two"  $(10 - 12 = -2)$ .
- d). Loading of **CONSUMPTIONS according to the recipes** of the DISHES sold during a given period. It is the accumulation COMPONENT by COMPONENT of each of the INGREDIENTS that form part of a DISH, since it is assumed that if it was sold it was consumed. We mark it as [C] for CONSUMPTION. . **Option ONLY AVAILABLE if you have the RESTAURANT application.**
- e). **Re-inventory of DISHES to COMPONENTS**. When we have ready-made DISHES and we want their ingredients to be part of the INVENTORY again. This case should REALLY be considered as if it were an entry so StarEcon treats it as a [P] LOSS/RESET in NEGATIVE. Less OUTPUT plus/minus equals INPUT. **Option ONLY AVAILABLE if you have the RESTAURANT application.**
- f). **Transfer of DISHES to DEPARTMENTS**. In reality, it is as if we moved the COMPONENTS of the DISH from one DEPARTMENT to another and in the DESTINATION DEPARTMENT, we gave it as SELF-CONSUMPTION. We mark it as [C] for CONSUMPTION. **Option ONLY AVAILABLE if you have the RESTAURANT application.**
- g). **Transfer between WAREHOUSES and AUTOCONSUMPTIONS** with imputation to WEDDINGS and BANQUETS. When the option of counting the GLOBAL CONSUMPTION of a BANQUET is given, which is a transfer from KITCHEN STORAGE to BANQUET and its self-consumption. We mark it as [C] for CONSUMPTION. **Option ONLY AVAILABLE if you have the RESTAURANT application.**

Note: The section that we must explain, is obviously the a), since the rest are "let's say" automatic processes. (Option .3.3.)

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### .2. What is CONSUMED and/or SOLD

#### ARTICLE-FAMILY DEFINITIONS

In a DEPARTMENT will enter GOODS that is only CONSUMABLE. As clear examples of this section are the EXCLUSIVE EXPENSES Departments (BREAKFAST-DINNING ROOM, FLOOR MAINTENANCE) or

**GOODS THAT BE TRANSFORMED.** A "cubalibre" is a set of COCA-COLA and RUM, but let's talk about COMBINED in GENERAL, or simply SOFT DRINKS, COFFEE, etc. At this point it is clear that no study will be made of the cost of TRANSFORMATION, OR COMPOSITION of PRODUCTS, as we would be heading towards a utopia that leads us nowhere. Therefore, the following conclusion is reached:

- We will have articles that are CONSUMABLE. COCA-COLAS, RUM, KAS, SANDWICHES BREAD, etc.
- We will have articles that are ONLY SOLD COMBINED, COFFEE, SOFT DRINKS, SANWICHES, etc

**or GOODS that is PURCHASE and SELLING.** Those articles that are the same in PURCHASE and SELLING, e.g. SOUVENIR T-SHIRTS, PINS, GREETING CARDS, or other products that it is interesting to control strongly for TWO DIFFERENT REASONS:

- HIGH VALUE PRODUCTS:** CHIVAS 21 (enter ONE BOTTLE and it gives for 12 DRINKS), BLACK HAM (enter ONE HAM and it gives for 24 PORTIONS), ONE BOTTLE of VEGA SICILIA ESPECIAL RESERVE is a BOTTLE of VEGA SICILIA ESPECIAL RESERVE.
- Products of very HIGH ROTATION:** For example the "CHIRINGUITO" (BEACH BAR) of the BEACH, sells 80% in BEER CANES, would be given entry to the BARRIL and telling the number of units, as well as its UNIT PRICE.

Once these points have been clarified, we realise that we have some REAL articles, which in the immense majority of cases we do not sell as such, but TRANSFORMED, and others that are "FICTIONAL" and that we use exclusively to SELL.

First of all, we should ask ourselves why the articles we BUY are not the same as those we SELL. Imagine for a moment that in MY COFFEE SHOP, which is FULL, I tell the BARTENDER that when he sells me an ORANGE KAS he must sign up for one ORANGE KAS, when a GLASS of "FINO LA INA" (spanish wine), the same, and when a SODA WATER MONDARIZ, the same. Most likely it will tell us if we are CRAZY.

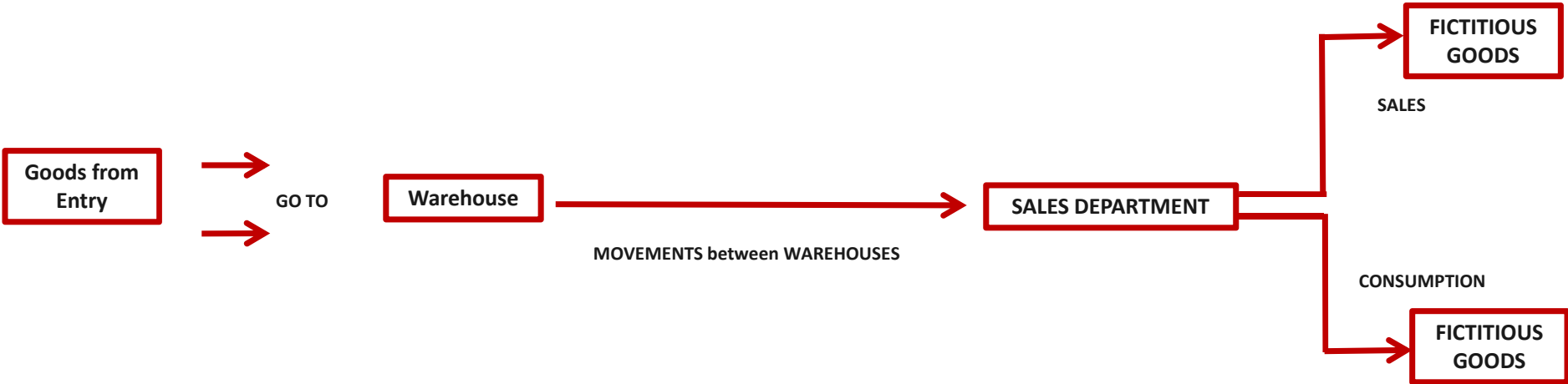
Let's go back to the "old school", the CLASSIC REGISTER BOXES, have SALES FAMILIES, which usually corresponds to a KEY, and there are usually say 12, 24, ... 88, ..., so let us apply the same LOGIC. We will create articles-family and we will say to him that it has to file a REFRESHMENT, a WINE CUP, etc. Truth that all the WAITERS understand it? WE DO TOO.

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Well arrived at this point and accepting the facts as they are exposed, we find that we possess some ARTICLES that are not such, but rather they are ARTICLES-FAMILY, and besides their existences ARE NOT ABSOLUTELY VALUABLE TO US FOR ANYTHING, since the only thing that we do is PULL OUT.

What's the situation, let's see it GRAPHICALLY:



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A GOODS enters WAREHOUSE, the PURCHASING RESPONSIBLE gives it ENTRANCE, in turn a DEPARTMENT asks for GOODS, WAREHOUSE supplies it.

This DEPARTMENT sells FICTICAL ARTICLES, therefore in order to know the PROFITABILITY we will have to tell you about the TRUTH ARTICLES that are equivalent to those that have been SELLED. For this there is the term CONSUMPTION, which has a double implication, on the one hand PRODUCTS that have actually been consumed in order to SELL OTHERS (napkins, chopsticks, coasters, sliced bread) and others that have actually been sold but "transformed" (COFFEE, KAS LIMON, RON BACARDI) .

So all that remains is to know which ones have been consumed:

If the DEPARTMENT HAD TO HAVE 100 of ????? and HAS 50 it is clear that the difference is what WE HAVE CONSUMED. This would be one of the procedures to give the CONSUMER'S IMPUTATIONS. In some of the cases it is valid and in others EXCESSIVELY COSTLY so that it can be done in a REAL way, for that reason there are users who apply another procedure that although NOT LOGICAL is curiously exact:

The goods that I transfer to the DEPARTMENT, in turn I charge it as CONSUMPTION " How can you do such an outrage? " How can I say that I have consumed something that I know positively that I have not ?

Again we have to resort to the "old school", " What made a bar manager ?. He kept the empty bottles and changed them to the WAREHOUSE for FULL BOTTLES " What does it mean?: that what I am replacing is actually more/less what has been consumed. This method has been proven in CERTAIN CUSTOMERS with very high rotations, and it has always reached an accuracy above 95%.

There is also a valuation in the articles for each DEPARTMENT. THEORETICAL SALES PRICE, that is to say, each consumption of this ARTICLE in this DEPARTMENT, theoretically should mean a SALE of "x". It is a quite common practice in many Hotels/Restaurants/Bars... this technique, since in general they usually admit a margin of +- 3%. This error occurs in the waters of Whiskies, Soft drinks in combinations, etc.

According to what we have CONSUMED it would be THEORICALLY equivalent to a pre-determined SALES AMOUNTS.

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### STOCK-INVENTORIES

At all times we must be informed of the stocks we have of the different ARTICLES, where they are and how much they are worth. There are 2 options:

according to control of CURRENT INVENTORY.  
according to control of HISTORICAL INVENTORY.

Son dos filosofías diferentes lo que implica en StarEcon, grandes diferencias.

They are two different philosophies involved in StarEcon, big differences.

The first method is the traditional and easier to use, as it does not require a rigid methodology from the different operators.

The second one requires an adequate mechanics, it is also true that it is the one that provides us with more power and data, let's analyze how it works.

Part of the historical files of PURCHASES, TRANSFERS and DEPARTURES, all the stocks both total and of each Department are obtained from this database, and at the date indicated, that is to say, we could ask you for an inventory at the date we wish, just as we can make a readjustment of the inventory of previous days, even if we have introduced later goods, as it works on dates does not affect it.

**Currently, the second procedure is ALWAYS applied**

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### OUR SUPPLIERS

It is more and more important to have a greater CONTROL of the GOODS we buy and of course WHO SELLS IT TO US, moreover, StarEcon, in its HOTEL CENTRALISATION program (Available from October 1.997), foresees the treatment of a Purchasing Central, for the different set of Hotels or Hotel Chains.

In principle StarEcon contemplates two big GROUPS:

- CONTRACTS with SUPPLIERS, and
- ORDERED from SUPPLIERS.

The first one contemplates all those exceptions that we make with certain suppliers annually.

and the second section is a TOTAL CONTROL of those hotels whose person in charge of PURCHASING wants to BUY exclusively what HE has asked for, for that reason this section is developed more than what normally a hotel could need, even more, it is contemplated the entrance by bar code that is universal, since a CORRESPONDENCE TABLE exists between both.



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### FINAL POINT

Sure, but I'm the OWNER, "like I know, when a BARTENDER is cheating on me ?, I really win at the COGNAC ?, etc.

To answer these questions is very easy:

1<sup>o</sup>). The DEPARTMENT Ratio is the RIGHT one. Sales - Purchases. If so, it makes no difference to me, since it works according to the objectives I have set. Profitability and Sales Volume.

2<sup>o</sup>). Let's make PHYSICAL shocks. Look at the documents of the SALES FAMILIES with their similar ones of PURCHASING, and it is immediate.

3<sup>o</sup>). I check the consumptions and since I have introduced the theoretical SALES PRICES, you will have to tell me according to what I have consumed how much I should have SELLED.

What is evident is that the COMPUTER does not control whether a BARTENDER taps everything or not. Evidently if PEPE asked for a COPA of ....., they gave him a TICKET, that same ticket we can check if it was really fictitious. If I invite, I can reflect the invitation if I want (except that you have to pay the VAT of the invitation and the sale price).

We must know that we can always arrive UNTIL the END and with the least possible computer cost, perhaps the only problem that StarEcon poses us, is to decide which of all the possibilities we have will be the most appropriate for our Hotel/Restaurant/Bar .

