

TNT APPLIANCE PARTS

TNT Appliance Parts is a family owned business specializing in repair parts for washers, dryers, stoves and other major household appliances. TNT is operated by Tom and Teresa Nevarro in an unobtrusive section of the city's historic district. The store was started by Teresa's mother, Joan, in the early 50's. TNT is "grandfathered" under zoning ordinances, and the building is paid off. Teresa believes the location, reputation, and low overhead are responsible for the success of TNT. However, to maintain a competitive edge, TNT must keep up with the superstores that opened in the suburbs. Because of zoning laws, TNT cannot expand its facilities. Tom believes that the information handling system can be updated to help TNT to better manage the growing number of appliance types and brands. Tom has provided the following description of the repetitive aspects of their business.

SALES

TNT fills orders by phone and over the counter. If a customer can provide the brand, model and part number, the master inventory list is checked for the part. If it is on the inventory list, the bin location, description and price is noted on the order slip along with the customer's name, address and the quantity required. The order slips are preprinted, in triplicate (white, pink, yellow) with a unique number. The bin area of the store is checked to see if the parts are in stock. If the parts are all available, the order slip becomes the sales receipt by adding the quantity delivered to the customer's name, address, the part number, the quantity required and the price for each part. Customer's may pay by cash, credit card, or on account for commercial repair businesses. The white copy of the sales receipt is then placed in the "completed sales" box and the credit card copy, billing information, or check is attached. The yellow copy is discarded and the pink copy given to the customer. (See Exhibit 1)

If the customer cannot provide a part number, the order taker must look up the brand and model in a reference book. Often this requires the customer to look through the book or an extensive question and answer period on the phone until a part number is determined.

When an order cannot be completely filled, competitors will be checked for the part by phone. If available, TNT will either buy the part from the competition or tell the customer where it can be found. If the customer elects to buy from a competitor, that part will be scratched off the order slip. If the part is to be ordered from a competitor, the vendor, price and destination (store or customer) is noted on the order slip and the yellow copy placed in the "local orders" box. If the part must be ordered from a factory or wholesaler, the yellow copy is placed in a box for factory orders. For partial orders, the white copy is processed as above. If no parts can be immediately delivered, the white copy is stapled to the yellow copy and placed in the appropriate box. For orders with both local and factory suppliers, the yellow slip is placed in the local orders box.

INVENTORY CONTROL

Each afternoon, a part-time college student shows up. If there are any local orders, he will gather up the yellow copies and go to the local vendors, obtain the parts, save the receipts from the competitors, and deliver the parts to customers if requested. When he returns, any yellow slips requiring a factory supplier are placed in the factory orders box. Receipts from vendors are placed in a box for packing slips.

Each bin has a reorder card. The reorder card has the part number, bin location, a vendor number, the date the last order was placed, the date of the last order received, the unit price, quantity ordered, and the minimum stock level. If the quantity in the bin is less than the minimum stock level, the reorder card is removed & placed in the factory order box. (Exhibit 3)

The master inventory list is kept on large Rolodex files (Exhibit 4). Each part is filed by part number and manufacturer and notes the location for the part. Only parts that are stocked have an inventory card. For special order parts, no inventory card is created.

Each day, the factory order box is checked. A vendor order is started for each vendor to be called (Exhibit 2) Both order slips and reorder cards are checked until a complete order is filled. The ordering and shipping information are obtained from the master vendor list -- another rolodex file organized by vendor number (Exhibit 5). If there is a part for a special order, the order slip number is noted on the vendor order and the order slip is placed in the backordered

box. Reorder cards are attached the vendor order and placed in the "on order" box.

When a shipment arrives, the packing slip is matched against the vendor orders. Any discrepancies are noted. If an order is only partially filled, a xerox copy of the vendor order is made. The packing slip is attached to either the copy or the original and placed in the filled vendor order file. Partially filled vendor orders are returned to the on-order box until completely filled.

If the part is a special order, the part is attached to its order slip (from the backorder box) and placed on a shelf marked for that purpose. As part of the college student's job, those parts to be delivered will be marked on the shelf. For parts to be restocked, the reorder card is removed from the vendor order, updated and returned to the bin with the parts.

ACCOUNTING

Each evening, the receipts in the completed sales box are sorted into cash, credit card and commercial accounts. Excess cash and checks are gathered and deposited in the bank. Credit card charges are gathered and submitted to credit card companies. Commercial accounts are noted in the Accounts Receivable ledger. Once a month, bills are prepared for each commercial account with a statement of account activity.

Vendor invoices may arrive either before or after parts are received. For invoices arriving before the parts, the invoices are held until parts arrive. If the invoice arrives after the parts, the invoice is attached to the packing slip/vendor order bundle from the filled vendor order file. If the order, packing slip, and invoices match up, then an entry is made in the Accounts Payable file and the invoice bundle is archived. If there is a discrepancy, a vendor complaint letter is sent. Once a month checks are issued to vendors.

When checks are recieved from commercial accounts, the check is noted in the Accounts Receiveable ledger and the bill is sent to the archives. The check is added to the daily deposits.

EXHIBIT 3 -- REORDER CARD

MINIMUM STOCK: 2				
PART#: HP 3345-45		BIN #: C-4-221		
BRAND: Hotpoint Range		MODEL: 3345		
DESCRIPTION: Oven Knob for Gas\Electric Models				
Ordered	Received	Quantity	Cost	Vendor #
3/6/88	3/14/88	10	1.44	M-2
11/19/88	12/2/88	10	1.47	M-2
7/12/89	7/17/89	6	1.55	M-2
12/12/89	12/16/89	7	1.55	M-2
4/14/90	4/30/90	10	1.33	D-3
2/9/91	2/18/91	5	1.47	D-3
8/17/91	8/19/91	5	1.44	D-3

EXHIBIT 4 -- MASTER INVENTORY LIST - ROLODEX CARD


Part # HP-3345-45
Bin # C-4-221
Oven Knob for Gas/ Electric
Hotpoint Stove


EXHIBIT 5 -- MASTER VENDOR LIST - ROLODEX CARD

Vendor# D-23
Diego Manufacturing & Distribution
4832 E. Industrial Way
Frootcake, CA 99999
Phone: (412) 555-2312 FAX: (412) 555-9823
Consuela Verdugo - Distribution
LeRon Kenyon - Accounts
