

There are two types of Open-To-Sell in MOD2 and in the business in general: Open-To Sell on future inventory and Open-To-Sell on stock inventory. Open-To-Sell on future inventory is what you have available to sell of goods that are currently on order with your various suppliers. This is determined by considering what customer purchase orders (sales orders) have been “carved” or reserved out of each purchase contract. Open-To-Sell on stock inventory is simply what you have available to sell from stock inventory. These are goods that are not on hold and are not reserved or intended for a particular customer.

That being said, it must be understood that the Open-To-Sell reports in MOD2 (namely Formats #26 & #36) only tell you about your future inventory, nothing more.

For example, imagine that in purchase contract #1000 you ordered 10,000 yards of a CHS1000 BLACK. Then you receive 3 customer orders for that item totaling 6,000 yards (each customer ordered 2,000 yards apiece). After printing one of the open to sell reports, the system will correctly show that you have 4,000 yards open to sell for CHS1000 BLACK in Contract #1000. But what does that really mean? Simply put, it means that although you have 10,000 yards on order with your supplier, you only have 4,000 yards available to sell to your customers because other customers have already booked 6,000 yards. The Open-To-Sell of 4,000 yards only applies to how much you can “squeeze” out of Contract #1000 for CHS1000 BLACK.

Following the above example, you could actually have more than 4,000 yards available to sell to your customers for CHS1000 BLACK. You may have some extra CHS1000 BLACK already sitting in your warehouse. Let’s say you go to your warehouse and you see you have 3,000 yards of CHS1000 BLACK. Does this mean you have a total of 7,000 yards open-to-sell of CHS1000 BLACK? No, it necessarily does not. Those 3,000 yards could have been a partial shipment from your supplier for Contract #1000. If that is the case, then those goods may already be booked for certain customers and are simply awaiting shipment. Or maybe the supplier sent you 2,000 yards and you had an extra 1,000 yards before. Regardless, your stock is 3,000 but it is unclear whether those 3,000 yards have already been booked, are simply extra rolls sitting around your warehouse, or a combination of both.

The Open-To-Sell reports cannot help you when such situations similar to the above occur. Their sole purpose is to tell you what goods you have available to sell from your future inventory. Once the Open-To-Sell becomes zero for a particular style, that tells you have completely “squeezed” the contract dry for that item. When that happens and somebody places an order for the item, you have three choices to choose from:

1. You can try to find another incoming purchase contract that contains the item and has enough open to sell to cover the customer’s order
2. You can place a new order with your supplier for the goods
3. You can notify your supplier to increase the quantity your company ordered for the item in an existing contract.

We hope these notes clarify what the Open-To-Sell reports in MOD2 can tell you and what they cannot.