

Your Sales People Will LOVE This “Stock Request” Form

By Mark Tomalonis
Principal, WarehouseTWO, LLC
July 2013

Your outside sales people will LOVE this “Stock Request” form!

Eh, maybe not so much. You know how much they enjoy paperwork. ;-)

But if you are responsible for inventory management, and you find it hard to say “NO” to an outside sales person’s casual request that you put something into stock even though you have never sold it before, then YOU may love this form, and the simple process that goes with it.



What? Printed documents that are filled in manually, and then passed around and filed??? What are we thinking? No worries. The purpose of this article is to present business process concepts and examples of process forms. How you implement these ideas and forms, and whether you do so using printed documents or paperless forms is up to you. We chose to present printable forms for instant deployment by those who are comfortable with managing such “classic” technology.

Topics in this article:

- I. **Why Have a Formal Stock Request Process?**
- II. **How to Implement a Formal Stock Request Process**
- III. **How to Review Stock Requests**
- IV. **“Gotchas” to a Stock Request Process, and How to Mitigate Them**
- V. **Who Creates Forms for Your Company?**

Addendum: Sample Stock Request Form

Addendum: Sample Stock Request Form (Instructions)

Addendum: Sample Stock Request Quarterly Review Form

Addendum: Sample Stock Request Quarterly Review Form (Instructions)

I. Why Have a Formal Stock Request Process?



What personality traits make for successful sales people? “Optimism”, “self-confidence” and “willingness to take risks”. Add to that mix “lack of attention to detail” and “lack of accountability” and the result is over-exuberance to put new items into stock. But putting an item into stock that you have never sold before is risky. An effective way to support a sales person’s sales efforts, while minimizing the chance of buying future surplus inventory, is to create a formal stock request process with supporting documentation. The benefits of a formal stock request process include:

- ✓ Objectivity in determining whether or not to purchase items speculatively
- ✓ A method of recording and tracking the results of a stock request
- ✓ A tool for measuring a sales person’s success rate in predicting future sales

II. How to Implement a Formal Stock Request Process

A formal stock request process can consist of two process-specific documents and a few simple steps:

Documents:

“Stock Request Form”: records the sales person’s request, and your initial stock plan implementation.

“Stock Request Quarterly Review Form”: triggers four quarterly reviews of the original stock request, to provide multiple opportunities to modify the speculative stock plan (or get rid of the speculative inventory, perhaps while still under warranty, if actual sales fall far short of forecasted sales).

Process steps:

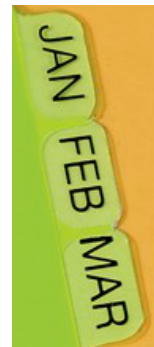
- Step #1** (by requester): Complete and sign formal stock request form.
- Step #2** (by requester’s direct supervisor): Sign the completed stock request form.
- Step #3** (by requester): Submit completed and co-signed form to Inventory Controller.
- Step #4** (by Inventory control specialist/manager): Review stock request form. Determine proposed speculative stocking plan.
- Step #5** (by inventory control specialist/manager and requester): Meet to review proposed speculative stocking plan. Negotiate mutually acceptable plan.
- Step #6** (by inventory control specialist/manager): Implement speculative stocking plan. Attach a “Stock Request Quarterly Review Form” to the completed and signed stock request form, and file for future review.

As addenda to this article, we have attached a sample “Stock Request Form” and a “Stock Request Quarterly Review Form”, with instructions on how to use them. Even if these forms are not perfectly suitable for your business, consider them as catalysts to help you create forms and processes that work best for your business.

III. How to Review Stock Requests

Once you have implemented a speculative stock plan in support of a sales person's formal stock request, review the results four times, each time after a three-month interval. It is important that you compare actual sales to originally forecasted sales, and make appropriate changes to your speculative stock plan. An easy way to do this is with a "Stock Request Quarterly Review Form", and a method of creating a reminder to perform the quarterly reviews. Entering four "appointments" into a PC-based calendar is a paperless way to do this.

In the absence of such an electronic event scheduler, consider creating a "Reminder Binder". A "Reminder Binder" can be as simple as a three-ring binder with a divider for each month. Place a completed "Stock Request Form" and its accompanying "Stock Request Quarterly Review Form" behind the tab corresponding to three months after the month during which the speculative stock plan was put into place. Each month, turn to the tab for that month, remove the stock request forms from that tab, review the requests, and then place the completed forms back into the binder behind the tab three months into the future. Hold someone accountable for managing the forms kept in the "Reminder Binder".



IV. "Gotchas" to a "Stock Request" Process, and How to Mitigate Them

It's not a perfect world. Life is unfair. Here are some possible challenges associated with using this "Stock Request" form and process, and how to deal with them.

1. **Your field sales person is unwilling to submit a completed, signed stock request form.** Easy: do not purchase any new inventory for this person. ;-)
Seriously, merely having a formal form and process will reduce the number of indefensible speculative stock requests.
2. **Despite receiving a completed stock request form, you are not comfortable buying the requested inventory.** This is an expected outcome. Meet with the requester and explain how you came to your decision. Perhaps the two of you can find some middle ground.
3. **The requester tells you how much you should buy/stock.** The requester should tell you how much he/she plans to SELL. YOU determine how much to BUY and/or put into stock. How much you buy should depend on many factors, including forecasted sales, lead time, supplier's policies, demand by other customers, etc. These factors are an inventory control specialist's domain, not the requester's.
4. **Actual sales fall short of forecasted sales.** This needs to be identified during the first quarterly review. Do what you can to cancel any additional incoming purchase orders. Do what you can to return unsold quantities back to the supplier. If disposing of unsold speculatively purchased inventory results in a negative financial impact on the requester ("We're deducting the cost of this inventory from your commission check!"), you owe it to the requester to explain this possible outcome PRIOR to you implementing the speculative stock plan. That is, give the requester an opportunity to rescind his/her request, once he knows the possible financial penalty that may be imposed on him/her if the stocked items do not sell. When considering some other stock request from this requester, review previously

submitted stock requests. Determine this requester's track record prior to implementing new stock plans for him/her.

V. Who Creates Forms for Your Company?

Even if your company is completely “paperless”, the ability to create custom business forms (for internal or external use) can help your business processes run more smoothly. Our favorite applications to create printable or electronic business forms are MS Word, MS Excel and MS Visio. (We're still learning how to use Apple's “Pages” on our fancy-schmancy MacBook Air.)

To create a form that is printable by anyone without the PC application with which the form was created, create a copy of the form as a PDF document. (Most applications allow you to save the document this way.) PDF documents can be printed using Adobe's free “Acrobat Reader” application. Forms made in Excel or Word can be filled in electronically, and can perform basic calculations and field copying. If you distribute electronic versions of forms, be sure to password-protect them from being edited. (With Excel, you can prevent the document from being edited, but still allow selected fields to be filled in and saved.) ***Who at your company knows how to create business forms?***

About the Author



After a successful career in sales and operations management in the wholesale-distribution industry, Mark Tomalonis is now principal of [WarehouseTWO, LLC](#). He amuses himself by writing articles, such as this one, to help wholesaler-distributors execute their operations better. Mark's articles and tips are published in WarehouseTWO's monthly e-newsletters. [Click here to subscribe](#).

About WarehouseTWO

WarehouseTWO, LLC is an independent “inventory-sharing” service created exclusively for durable goods manufacturers and their authorized distributors, and for any group of durable goods “peer” wholesaler-distributors, such as members of a buying/marketing group or cooperative. To learn how inventory-sharing with WarehouseTWO can help your business, visit the WarehouseTWO [web site](#), or email info@warehousetwo.com.

Stock Request Form

Section I. To be completed by Requester

Instructions: Complete and sign the section below. Have a Sales Manager sign below. Then submit the completed form to Inventory Control Manager.

Section II. To be completed by Inventory Control Staff

Instructions: Review the submitted request. Meet with requester to review the request and your proposed stock plans. When completed, sign and file the document and schedule the first quarterly review.

Part Number	Unit Sales Price	Forecast by Month & Quarter (# of units to be sold)						12 Month Forecast	
		1st month	2nd month	3rd month	2nd quarter	3rd quarter	4th quarter	Total Qty	Total \$Sales
1									
2									
3									
4									
5									

Total Forecasted Annualized Sales:

Requested for:

 Customer Name / Location

Risk Assessment

YES NO

- YES NO Will the sales of these items replace sales of currently stocked items?
- YES NO Will customer commit to a stock liability agreement?
- YES NO Will the customer provide regular usage forecasts for these items?
- YES NO Will the customer place scheduled purchase orders for these items?
- YES NO Will the customer place a blanket purchase order for these items?

Comments:

Requested by:

 Print

 Sign

 Date

Approved by Sales Manager:

 Print

 Sign

 Date

Initial Inventory Stock Plan Parameters							
Unit Cost	\$ACOGS	Lead Time	Purch Class	Method	MIN/OP	MAX/OQ	SSD

Notes:

Inventory Plan Analysis/Implementation Completed by:

 Print

 Sign

 Date

Addendum: Sample Stock Request Form Instructions

This form can accommodate five part numbers. (Use more forms if necessary.)

Section I is to be completed by the requester. Enter a list of part numbers (1). For each item, include expected unit sales price (2), and forecasted sales covering the next three months and subsequent three quarters (3). Enter total forecasted sales quantity and sales volume for each item (4) and the total forecasted sales of all items on the form (5). Enter the name of the company expected to purchase these items (6) and check the appropriate boxes in the “Risk Assessment” section (7). Add any additional comments that might help in the evaluation of your stock request (8). Sign and date the completed form (9). Have your supervisor sign and date the completed form (10). Then submit the form to the appropriate inventory control specialist/manager.

Section II is to be completed by an inventory control specialist/manager. For each item listed, determine the expected unit cost (1), the forecasted twelve-month cost of goods to be sold (2) and the expected lead time, in weeks (3). Assign a purchase class/category (4), an inventory management method (such as min-max or Up-To) (5) and initial values for the selected inventory management method (such as minimum stock level, maximum stock level, safety stock days, SSD) (6, 7, 8). Add any notes appropriate to your analysis (9). Meet with the requester to review your proposed inventory stocking plans. Once agreed to, sign and date the form (10) and implement the proposed stock plans. Attach a blank “Stock Request Quarterly Review Form” to this form and file appropriately, such as in a “Reminder Binder”, for subsequent reviews every three months.

Stock Request Form

Section I. To be completed by Requester
Instructions: Complete and sign the section below. Have a Sales Manager sign below. Then submit the completed form to Inventory Control Manager.

Section II. To be completed by Inventory Control Staff
Instructions: Review the submitted request. Meet with requester to review the request and your proposed stock plans. When completed, sign and file the document and schedule the first quarterly review.

Part Number	Unit Sales Price	Forecast by Month & Quarter (# of units to be sold)						12 Month Forecast	
		1st month	2nd month	3rd month	2nd quarter	3rd quarter	4th quarter	Total Qty	Total \$Sales
1									
2									
3									
4									
5									
Total Forecasted Annualized Sales:									

Requested for: _____

Customer Name / Location _____

Risk Assessment

YES NO

Will the sales of these items replace sales of currently stocked items?

Will customer commit to a stock liability agreement?

Will the customer provide regular usage forecasts for these items?

Will the customer place scheduled purchase orders for these items?

Will the customer place a blanket purchase order for these items?

Comments: _____

Requested by: _____
 Print _____
 Sign _____
 Date _____

Approved by Sales Manager: _____
 Print _____
 Sign _____
 Date _____

Initial Inventory Stock Plan Parameters							
Unit Cost	\$ACOGS	Lead Time	Purch Class	Method	MIN/OP	MAX/OO	SSD
1	2	3	4	5	6	7	8

Notes: _____

Inventory Plan Analysis/Implementation Completed by: _____
 Print _____
 Sign _____
 Date _____

This form courtesy of WarehouseTWO, LLC • Inventory-Sharing Solution for Wholesaler-Distributors • <https://www.warehousetwo.com>

Stock Request Quarterly Review Form

P/N1:	Review Period	Forecasted 3 Month Usage		Actual 3 Month Usage		Revised Inventory Stock Plan Parameters				
		Original	Revised	Quantity	# of Orders	Purch. Class	Method	MIN/OP	MAX/OQ	SSD
Notes	1st 3 mths									
	2nd 3 mths									
	3rd 3 mths									
	4th 3 mths									

P/N2:	Review Period	Forecasted 3 Month Usage		Actual 3 Month Usage		Revised Inventory Stock Plan Parameters				
		Original	Revised	Quantity	# of Orders	Purch. Class	Method	MIN/OP	MAX/OQ	SSD
Notes	1st 3 mths									
	2nd 3 mths									
	3rd 3 mths									
	4th 3 mths									

P/N3:	Review Period	Forecasted 3 Month Usage		Actual 3 Month Usage		Revised Inventory Stock Plan Parameters				
		Original	Revised	Quantity	# of Orders	Purch. Class	Method	MIN/OP	MAX/OQ	SSD
Notes	1st 3 mths									
	2nd 3 mths									
	3rd 3 mths									
	4th 3 mths									

P/N4:	Review Period	Forecasted 3 Month Usage		Actual 3 Month Usage		Revised Inventory Stock Plan Parameters				
		Original	Revised	Quantity	# of Orders	Purch. Class	Method	MIN/OP	MAX/OQ	SSD
Notes	1st 3 mths									
	2nd 3 mths									
	3rd 3 mths									
	4th 3 mths									

P/N5:	Review Period	Forecasted 3 Month Usage		Actual 3 Month Usage		Revised Inventory Stock Plan Parameters				
		Original	Revised	Quantity	# of Orders	Purch. Class	Method	MIN/OP	MAX/OQ	SSD
Notes	1st 3 mths									
	2nd 3 mths									
	3rd 3 mths									
	4th 3 mths									

1st Quarterly Review	Date	Notes
Reviewed by (signature)	Requester (Signature)	
2nd Quarterly Review	Date	Notes
Reviewed by (signature)	Requester (Signature)	
3rd Quarterly Review	Date	Notes
Reviewed by (signature)	Requester (Signature)	
4th Quarterly Review	Date	Notes
Reviewed by (signature)	Requester (Signature)	

Addendum: Sample Stock Request Quarterly Review Form Instructions

Form set-up is to be performed by the assigned inventory control specialist/manager, upon completion of processing the initial stock request. Enter each part number as shown on the original stock request form (1). Add notes beneath each part number, if appropriate (2). For each item, transcribe the first three months' forecast to this form (4). Both forms are then to be filed in such a method that they can be retrieved for four sequential reviews, every three months after initial implementation of the speculative stocking plans.

For each quarterly review (3):

Step 1: By the assigned inventory control specialist/manager. Enter the most recent three months' unit sales and number of orders (5).

Step 2: By the assigned inventory control specialist/manager and requester, meeting together. Compare originally forecasted usage (4) with actual usage (5) for the most recent three month period. Determine and enter a re-forecasted usage for the next three month period (4). Review the original stock plan, as shown on the stock request form, and enter a revised (or existing, as appropriate) stocking plan (6). Add meeting notes, if appropriate (7). Upon completion of the review (and implementing any changes to the previously existing stocking plan), both parties sign the document (8, 9).

Repeat steps 1 and 2 for each quarterly review.

Stock Request Quarterly Review Form										
PN1: 1	Review Period	Forecasted 3 Month Usage		Actual 3 Month Usage		Revised Inventory Stock Plan Parameters				
Notes 2		Original	Revised	Quantity	# of Orders	Purch. Class	Method	MIN/OP	MAX/OQ	SSD
	1st 3 mths									
	2nd 3 mths									
	3rd 3 mths									
	4th 3 mths									
PN2:	Review Period	Forecasted 3 Month Usage		Actual 3 Month Usage		Revised Inventory Stock Plan Parameters				
Notes		Original	Revised	Quantity	# of Orders	Purch. Class	Method	MIN/OP	MAX/OQ	SSD
	1st 3 mths									
	2nd 3 mths									
	3rd 3 mths									
	4th 3 mths									
PN3:	Review Period	Forecasted 3 Month Usage		Actual 3 Month Usage		Revised Inventory Stock Plan Parameters				
Notes		Original	Revised	Quantity	# of Orders	Purch. Class	Method	MIN/OP	MAX/OQ	SSD
	1st 3 mths									
	2nd 3 mths									
	3rd 3 mths									
	4th 3 mths									
PN4:	Review Period	Forecasted 3 Month Usage		Actual 3 Month Usage		Revised Inventory Stock Plan Parameters				
Notes		Original	Revised	Quantity	# of Orders	Purch. Class	Method	MIN/OP	MAX/OQ	SSD
	1st 3 mths									
	2nd 3 mths									
	3rd 3 mths									
	4th 3 mths									
PN5:	Review Period	Forecasted 3 Month Usage		Actual 3 Month Usage		Revised Inventory Stock Plan Parameters				
Notes		Original	Revised	Quantity	# of Orders	Purch. Class	Method	MIN/OP	MAX/OQ	SSD
	1st 3 mths									
	2nd 3 mths									
	3rd 3 mths									
	4th 3 mths									
1st Quarterly Review Reviewed by (signature)	Date		Requester (Signature)		Notes 7					
2nd Quarterly Review Reviewed by (signature)	Date		Requester (Signature)							
3rd Quarterly Review Reviewed by (signature)	Date		Requester (Signature)							
4th Quarterly Review Reviewed by (signature)	Date		Requester (Signature)							

This form courtesy of WarehouseTWO, LLC • Inventory-Sharing Solution for Wholesaler-Distributors • <https://www.warehousetwo.com>