WarehouseTWO®
Think outside *your* box!

BARGAIN HUNT
Tutorial

Contents

About BARGAIN HUNT _____Back to Top

Whereas WarehouseTWO's **SEARCH** function helps you find items that you need right now to fill a customer's backorder, **BARGAIN HUNT** helps you save money on stock items, even if you don't have an order for these items right now. **BARGAIN HUNT** is a *bulk search* tool. It matches other WarehouseTWO members' postings of unwanted inventory, offered at attractive prices, with your stock items. The premise behind **BARGAIN HUNT** is that you are going to replenish stock items sooner or later, so why not replenish these items at a lower cost than you could get from your manufacturer? **BARGAIN HUNT** can *save you money* each time you use it.

BARGAIN HUNT is an "exact match" search on part numbers, not descriptions. Also, only items with offer prices can appear in a **BARGAIN HUNT** result.

When to Perform a BARGAIN HUNT _____ Back to Top

While you can perform a **BARGAIN HUNT** at any time, we recommend that you do it before you place a stock replenishment purchase order with your suppliers. The best time to do this is when you have built up a significant potential stock replenishment need. This typically occurs right after you have done a review of your stock plans. With most stock plan reviews, some items get their stock plans increased or created anew, while others get their stock plans decreased or de-activated altogether. **BARGAIN HUNT** may help you save money on stock items whose stock plans were recently increased or added anew.

How to Create a BARGAIN HUNT List of Items _____ Back to Top

There is no restriction on what items you include in your **BARGAIN HUNT** list, or how many items your list contains. To create a **BARGAIN HUNT** list of items:

Step 1: Identify a list of items. While the composition of the list may be somewhat arbitrary, three groups of candidates are:

a) All items for which you have an active inventory plan in place (in at least one of your stocking locations)

b) All items currently appearing on a demand report or suggested purchase order report

c) All items currently on open backorder; understand that you may already have open POs for these items that will have to be cancelled if you can source them from other distributors identified in your **BARGAIN HUNT** result.

Of course, you can combine the items found in any of these groups into a single list. If you do this, we suggest that you "flag" items with active stock plans differently from items found in the other two groups. Also identify and delete duplicate records.

Step 2: For each item on your list, calculate a ***"threshold cost"***. "Threshold cost" is the maximum unit cost you are willing to pay for an item. For items with stock plans or with current stock replenishment demand, we recommend that you start with a threshold price equal to eighty percent (80%) of your "***best cost***" (e.g., lowest distributor cost, average cost, standard cost, current open PO cost) for each item. For items on backorder, we recommend that you start with a threshold cost equal to ninety percent (90%) of your open PO cost or "standard" cost.

Step 3: For each item on your list, calculate the maximum quantity that you are willing to purchase. For items with stock plans, whether or not there is current replenishment demand, we suggest that your maximum purchase quantity be equal to two months' supply, but not more than what would put your net stock at a five month supply. For items without stock plans, your maximum purchase quantity should equal what is on open PO or on your open demand report.

Step 4: Compile your data into an Excel spreadsheet (or functional equivalent). Your file must contain these two columns of data:

Column A: item part number (use the manufacturer's ***exact part number***)
Column B: threshold cost, in your local currency

Your file should also contain these additional columns of data:

Column C: maximum purchase quantity
Column D: unit of measure for the quantity
Column E: "best cost", in your local currency
Column F: why each item is on the list

A sample data file:

	A	B	C	D	E	F
1	item	threshold cost	max qty	UOM	best cost	why this item is on the list
2	694690	151.71	2	EA	189.64	stock plan
3	697250	47.33	20	EA	59.16	current demand
4	981100	81.69	50	EA	102.11	stock plan
5	8650013	442.15	100	EA	552.69	current demand
6	8650030	48.70	20	EA	60.88	stock plan
7	13650088	184.99	5	EA	231.23	on open PO
8	13650953	360.62	9	EA	450.77	stock plan
9	301187300A	50.16	300	EA	62.70	stock plan

Step 5: Save your data file, giving it a name that clearly identifies it as your supporting data. Example: **bargain_hunt_data_<YYYY>.<MM>.<DD>.xls**, where **<YYYY>.<MM>.<DD>** designates the date (such as **2010.04.01**).

Step 6: On the **BARGAIN HUNT** screen, download the "Excel Bargain Hunt Template":

Step 7: Delete all rows in the template, leaving the only the header row.

Step 8: Copy from your "bargain hunt data" file the first two columns of data (*item* and *threshold cost*) and paste special ("values" this data into the **BARGAIN HUNT** template file, just under the column headers. This file should be without any formatting of any kind. Save this file as an Excel workbook (not a ".txt" file, the template file's format). Include the word "**final**" in the file name.

Your final file, suitable for uploading in to the **BARGAIN HUNT** function, should look like this:

	A	B
1	PartNumber	Price
2	694690	151.71
3	697250	47.32909091
4	981100	81.688
5	8650013	442.1546667
6	8650030	48.70461538
7	13650088	184.986
8	13650953	360.6190909
9	3911873004	50.15666667
10	9120059053	65.11333333
11	43024E-H56	380.19
12	57016S-D76	83.44
13	57020S-D24	55.37222222
14	57024S-K84	121.87
15	RK62	96.88882857

How to Perform a BARGAIN HUNT _____ Back to Top

Step 1: At the WarehouseTWO web site, navigate to the **BARGAIN HUNT** screen (❶).

Step 2: In the "Display Currency in" drop-down menu, select your local currency (❷). (Ignore the warning message that appears, "Please enter a Part Number and Price Limit to search for.") In the "Currency Uploaded in" drop-down menu, select the currency in which your "threshold costs" were calculated (❸).

Step 3: Click on the "Browse" button (❹). In the "File Upload" window, navigate to your "**final**" **BARGAIN HUNT** data file, and then click on the "Open" button. Click on the **UPLOAD** button (❺). (The

When your **BARGAIN HUNT** file has been uploaded and processed, the screen will display your **BARGAIN HUNT** results, similar to the screenshot below. If your **BARGAIN HUNT** contains more than a hundred items, it can take a minute or two to process.

Note: to delete your **BARGAIN HUNT** results, click on the **RESET** button (❻).

How to Analyze Your BARGAIN HUNT Results _____

Step 1: Click on the OUTPUT TO FILE button (❶ in the screenshot above). Confirm that the "Open with" radio button is selected and that "Microsoft Excel (default)" is selected in the drop-down menu. (These should be the default settings.)

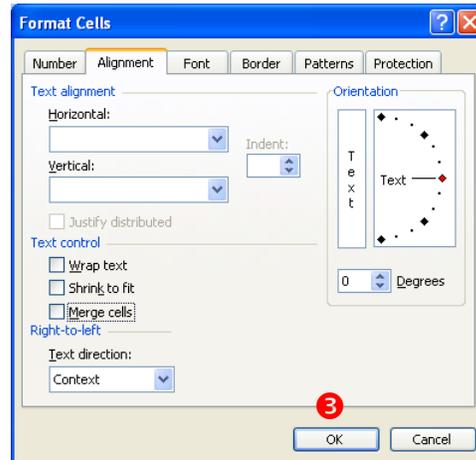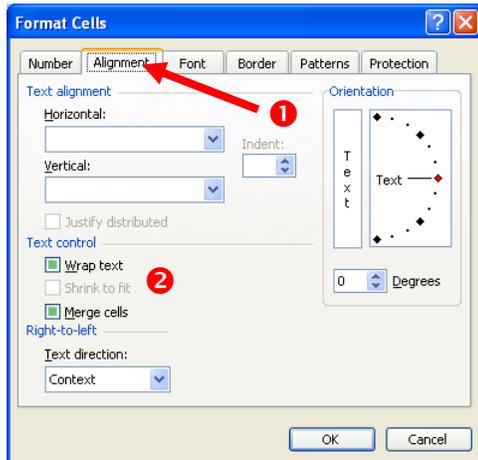Your exported **BARGAIN HUNT** result file should like like this:

Step 2: Click on the gray box in the upper left hand corner to select all cells in the worksheet (see ❶ in the screenshot above.)

Step 3: With every cell selected (all cells shaded blue), select "Cells…" in the "Format" drop-down menu. Select the "Alignment" tab (❷). Click on the check boxes next to "Wrap text" and "Merge cells" until both boxes are ***blank***. Click on the "OK" button (❸).

Step 4: Click on the upper left hand corner box to highlight all cells again. In the "Data" drop-down menu, select "Sort…". Sort by "Part Number", ascending. Click on the "OK" button. Delete the line that contains the line, "*Prices displayed…" in blue font.

Your file should now look like this:

Step 5: Insert four blank columns between columns "F" and "G". (Highlight columns G-J; under the "Insert" drop-down menu, select "Columns".)

Step 6: Expand these four new columns to at least twenty characters wide each. Enter as column headers in row 1 for these four columns:

Column G: best cost

Column H: max qty

Column I: extended savings
Column J: why on list

Step 7: For each item in your **BARGAIN HUNT** result list, copy the appropriate values into columns "G", "H" and "J".

Step 8: Calculate your available extended savings for each line item, for the maximum quantity that you are willing to purchase. Enter into column "I" the formula:

=(<col_G>-<col_E>)*min(<col_C>,<col_H>)

For example, cell I2 should contain the formula:

=(G2-E2)*MIN(C2,H2)

Step 9: Sort your data by the column "ext savings", decreasing. Your data should look like this:

	A	C	D	E	F	G	H	I	J
1	PartNumber	Qty	UOM	Price	Currency	best cost	max qty	ext savings	why on list
2	13650953	6	EA	80.91	USD	450.77	9	$ 2,219.18	stock plan
3	43024E-H56	2	EA	45.29	USD	475.24	6	$ 859.90	on open PO
4	8650013	2	EA	222.16	USD	552.69	100	$ 661.07	current demand
5	13650088	2	EA	82.80	USD	231.23	5	$ 296.87	on open PO
6	694690	2	EA	82.62	USD	189.64	2	$ 214.04	stock plan
7	57024S-K84	2	EA	65.99	USD	152.34	5	$ 172.70	current demand
8	BK62	2	EA	44.40	USD	121.11	2	$ 153.42	stock plan
9	57016S-D76	2	EA	35.95	USD	104.30	2	$ 136.70	stock plan
10	9120059053	2	EA	25.60	USD	81.39	13	$ 111.58	stock plan
11	981100	2	EA	48.43	USD	102.11	50	$ 107.36	stock plan
12	57020S-D24	2	EA	26.68	USD	69.22	2	$ 85.07	on open PO
13	BK62	1	EA	52.04	USD	121.11	2	$ 69.07	stock plan
14	3911873004	2	EA	27.86	USD	62.70	200	$ 69.67	stock plan
15	8650030	2	EA	27.52	USD	60.88	20	$ 66.72	stock plan
16	697250	2	EA	27.39	USD	59.16	20	$ 63.54	current demand

(Column "B", "description", has been hidden; columns containing member data are not shown above.)

Step 10: Working from the top of the list down, select which line items you would like to purchase and from whom. Total selected line items by member to determine potential savings by purchase order. We suggest that you select line items for which your extended savings is at least $50USD. We also suggest that you do not place any POs to another member for which the combined savings is less than $250USD. Confirm price and availability with each source member prior to placing purchase orders.

Step 11: Among the line items selected in step 10 above, identify those items that are already on open purchase orders. Cancel those purchase orders prior to placing any new orders to other WarehouseTWO members.

Step 12: Tell your supervisor how much you saved your company with WarehouseTWO's **BARGAIN HUNT**!

BARGAIN HUNT Incentive Program for Buyers _____ Back to Top

We recommend that you offer an incentive to your buyers to perform **BARGAIN HUNT**s on a periodic basis. An incentive of ten percent of the savings achieved is reasonable. For a draft of a **BARGAIN HUNT** incentive program, click here.

Tips and Tricks _____ Back to Top

To get the best results with the **BARGAIN HUNT** feature:

1. The more items you include in your **BARGAIN HUNT** list, the greater chances of finding deals.

2. Start with a threshold price equal to 80% of current purchase cost. A higher threshold cost will give you more results, but the additional results will be at less of a savings.

3. For a faster response to your **BARGAIN HUNT**, limit the number of items in your list to five hundred items. You can always perform **BARGAIN HUNT**s on additional lists of items.

4. Use manufacturers' *exact part numbers* in your **BARGAIN HUNT** list. Since **BARGAIN HUNT** is an "exact match" search, using the manufacturers' exact part numbers increases your chances of getting matches with items offered by other WarehouseTWO members.

5. Filter your list of stock items to "low risk" items. For example, include only stock items that you sell every month. Items that you sell less frequently are always potential non-stock items.

6. Limit how much you purchase from other WarehouseTWO members to a three month supply. Chances are good that those items will still be available three months from now.

7. Mind your *units of measure* (*UOM*) and *currencies*! That is, don't misinterpret either set of data in your **BARGAIN HUNT** results.

8. Create a schedule to perform a **BARGAIN HUNT** at least once per month, or after each bulk inventory plan review.

9. Implement a **BARGAIN HUNT** incentive program for your buyer(s). For a template of such a program, click here.

10. To improve the chances that other WarehouseTWO members will find your unwanted items, post them using the manufacturer's *exact part number*, and *include offer prices*. Items without posted prices are never included in **BARGAIN HUNT** search results. We recommend that you price your slowest moving items at no more than 79% of current distributor cost.

Got a Question? _____ Back to Top

Got a question about this feature? Let us help:

a) Email us.

b) Call us at 650.329.1592.

c) Post your question to our LinkedIn group, WarehouseTWO Users Forum.

d) Post your question to our Facebook group, WarehouseTWO Users Forum.