USER GUIDE

FRED.OFFICE

RATE OF USAGE (ROU)

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FRED

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OVERVIEW OF RATE OF USAGE

Rate of Usage (ROU) is a calculation designed to make it easier to order the right amount of stock, while keeping up with changes in demand.

ROU is a rolling calculation, recalculated overnight. Fred Office calculates the average daily number of units of an item sold or transferred during one or more defined date ranges, and then applies weightings to those averages to adjust for any recent changes in demand.

Note: The ROU calculation can optionally be set up to take stock transfers into account.

Using ROU involves applying an *ROU scheme* to one or more items. Fred Office contains two default schemes, designed for dispensary and front-of-shop products. You can also create your own customised ROU schemes.

Because ROU is based on your actual sales, if you're new to Fred Office, you'll need to wait about three months before you can start using ROU for your ordering.

Note: The Fred Help Centre has a webinar on Rate of Usage. To view the webinar, go to https://help.fredhealth.com.au/media/p/8132.aspx

Glossary

Term	Definition
Rate of Usage (ROU)	A calculation based on the average daily number of units of an item sold (and/or transferred) across one or more consecutive rolling date ranges. If more than one date range is being used, each date range can be assigned a *weighting*, so that the ROU value achieves the desired balance between long-term and recent usage.
ROU Scale	A value by which an item's ROU is multiplied to give you an estimated order quantity for that item.
ROU Scheme	A collection of ROU settings (including date ranges, weightings, and other options) that can be applied to one or more items.
Weighting	For a particular date range: the percentage of the overall ROU that is to be contributed by that date range. The higher the weighing, the more effect the date range has on the overall ROU. **Example:** An ROU scheme includes two periods: **Last 3 months**, with a weighing of **40%**, and **Last week**, with a weighing of **60%**. The ROU calculation is: ((average daily usage for the last 3 months)×0.4)+((average daily usage for the last week) ×0.6).

UNDERSTANDING RATE OF USAGE

In this section:

- The ROU calculation
- ROU schemes
- ROU scale

The ROU calculation

ROU is calculated for an item when it is assigned to an *ROU scheme*, which specifies one or more consecutive date ranges that are to be used to calculate ROU.

To calculate an item's rate of usage, Fred office:

1. Records the **number of units moved** during a date range.
2. Divides the number of units moved by **the number of days** in the date range, to get the **average daily usage**.
3. Multiplies the average daily usage by **the weighting** given to the range.
4. Adds together the weighted average daily usage values to get the item's **ROU**.

ROU schemes

If you are measuring an item's ROU across a single date range, the ROU is a convenient, rolling average of the item's usage.

However, the real benefit of ROU becomes apparent when you have a product that tends to experience seasonal changes in demand, like cold and flu tablets. Fred Office can measure the average usage across **two or more date ranges**; give a different *weighting* to each date range; and combine the figures to arrive at an ROU value that reflects the item's long-term movement, adjusted to take into account its recent movement.

To see how these scenarios work in practice, go to
"**Default ROU schemes in Fred Office**", later in this document.

ROU scale

The ROU scale is a number of days by which an item's ROU is multiplied to give you the expected usage for that number of days.The scaled ROU value is displayed in several places in Fred Office, to give you a better idea of how an item's ROU will translate into order figures.

The default ROU scale is **30** days, but each Fred Office user can choose their own preferred ROU scale. Depending on your pharmacy's ordering cycle, you might find it more useful to change your scale to help you estimate usage over a longer or shorter period.

Example

Say you want to estimate how many units of **Panadol Tab 24** you'll use in the next 30 days using the ROU Scale, given its current usage.

1. Fred Office calculates the ROU for this item to be **1.8**
2. You are using the default ROU scale of **30** days.
3. Therefore your scaled ROU is 1.8 × 30, which equals **54**. This means that you're currently selling (or transferring) about 54 units of Panadol Tab 24 per month.

USING ROU SCHEMES

In this section:

- Default ROU schemes in Fred Office
  - Three Months: The default scheme for Dispensary items
  - Two Weeks/Two Months: The default scheme for Front-of-Shop items
- Assigning a single item to an ROU scheme
- Assigning multiple items to an ROU scheme
- Creating your own ROU scheme

Default ROU schemes in Fred Office

Fred Office comes with two default ROU schemes:

- **Three Months**, which calculates ROU across the last 90 days. This scheme is designed for dispensary items.
- **Two weeks/Two Months**, which calculates ROU across the last 14 days and the previous 60 days. This scheme is designed for front-of-shop items.

Many Fred Office users will find that the two default ROU schemes meet their needs. If you are an advanced user and want more control over ROU, you can also create your own ROU schemes.

Three Months: The default scheme for Dispensary items

This is a basic ROU scheme, for items that don't experience much change in demand within the date range. It calculates ROU across a rolling date range of 90 days.

Example: During the last **90** days, you sold **90** units of **Lipitor 40mg tablet**.

The ROU for the date range is the average daily usage for the date range, multiplied by the weighting given to the date range.

- The average daily usage for the date range is **90**÷**90**, which is **1**.
- Because there's only one date range, it gets a weighting of **1**.
- Therefore, the ROU equals **1**×**1**, which is **1**.
- Using ROU to guide your ordering, you'll keep the item stocked in sufficient quantities to sell **1** unit per day.

Two Weeks/Two Months: The default scheme for Front-of-Shop items

This ROU scheme is designed to deal with seasonal changes in demand for certain items (like sunscreen and cold and flu tablets).

In this scheme, Fred Office calculates usage for two date ranges: **the last two weeks**, and **the previous two months**. The average daily usage for the two-week range is given a weighting of **0.6**, and the average daily usage for the two-month range is given a weighting of **0.4**.

Giving the two-week range a higher weighting means that it has *more* effect on the overall ROU figure than the two-month range – so if you've suddenly started selling a lot more or fewer units, the ROU figure will be correspondingly higher or lower.

By also factoring in the two-month range, this ROU scheme also ensures that any unusual spikes in sales within a short date range don't result in too many or too few units being ordered.

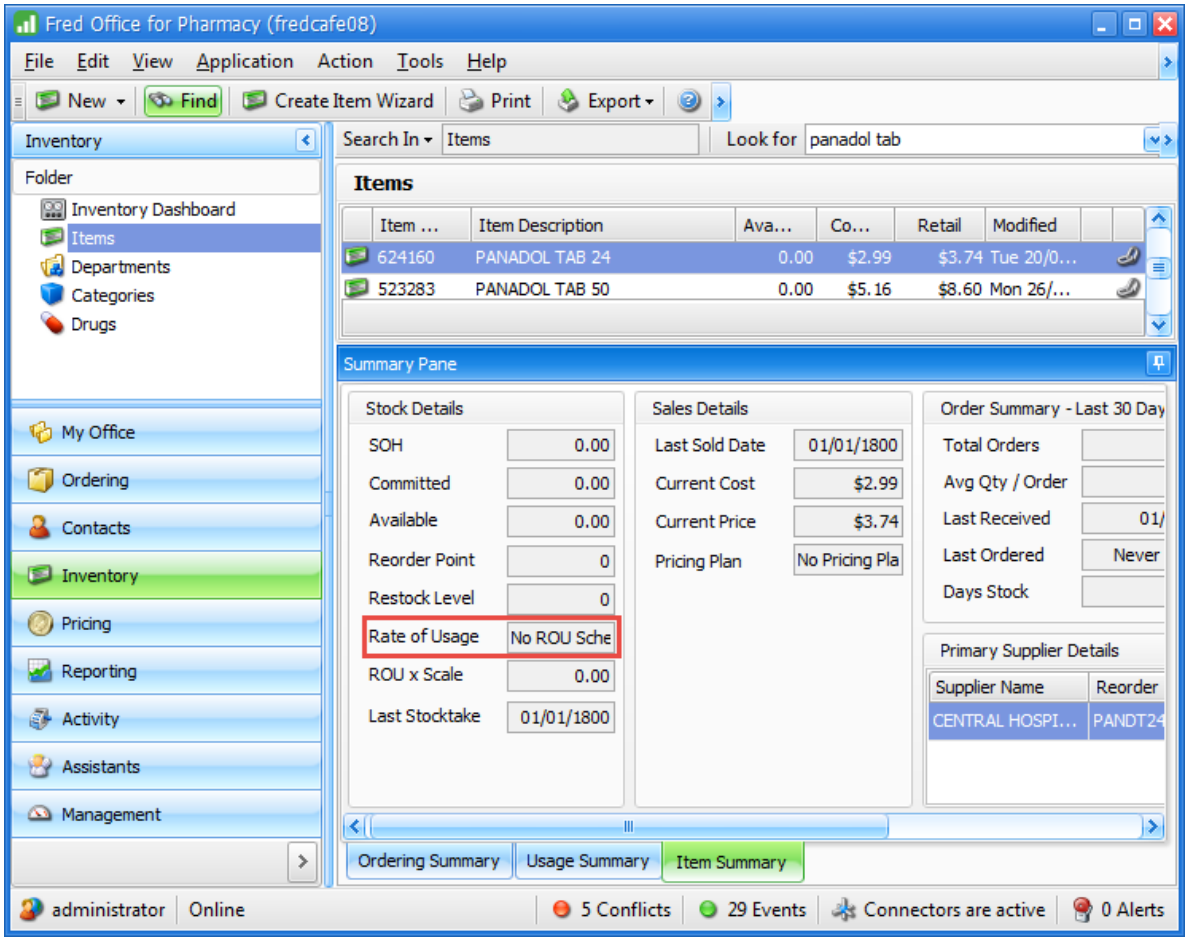
Example:

1. In the last two weeks (14 days), you sold **14** units.
   - The average daily usage is **14÷14**, which is **1**.
   - This value is then multiplied by the weighting of **60%**, giving us a figure of **0.6** for this date range.
2. In the two months ending before the last 2 weeks (a 60- day period), you sold **30** units of **SPF 50+75ml Ultra Roll-on**.
   - The average daily usage is 30÷60, which is **0.5**.
   - This value is then multiplied by the weighting of **0.4**, giving a figure of **0.2** for this date range.
3. To get the total ROU for this scheme, Fred Office adds together the weighted average daily usage values for the two ranges, to get **0.8**.
4. Using ROU to guide your ordering, you'll keep the item stocked in sufficient quantities to sell **0.8** units per day.

Note: If you'd only been considering usage over the last two months, your ROU would have been **0.5**, so you would have ordered fewer units, and risked under-ordering.

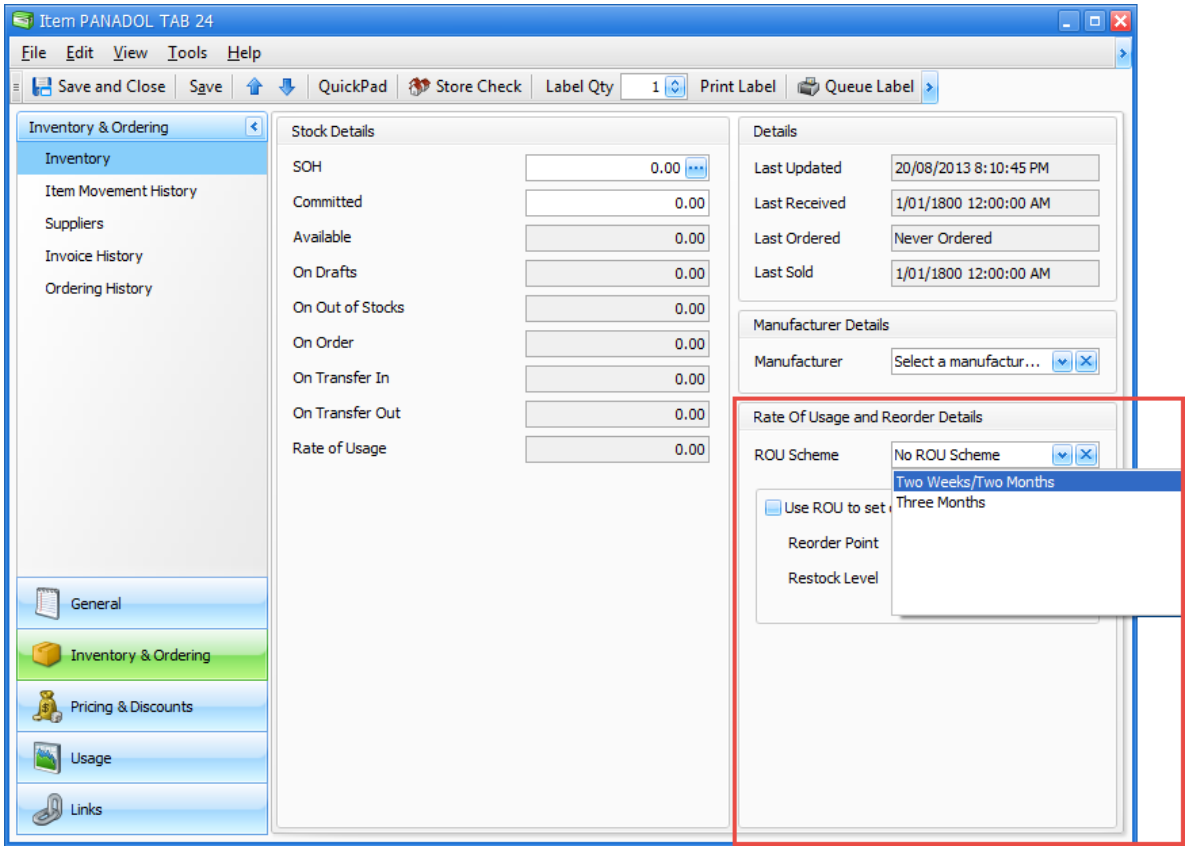
Assigning a single item to an ROU scheme

1. On the Inventory screen, select an item.
2. On the Summary Pane, on the **Item Summary** tab, look for the **Rate of Usage** field.
   - If the item is assigned to an ROU scheme, the name of the scheme is displayed.
   - If the item is *not* assigned to an ROU scheme, **No ROU Scheme** is displayed.



3. Double-click the item to open its stock card.
4. Click the **Inventory and Ordering** tab.

5. In the **ROU Scheme** drop-down list, select the ROU scheme you want to assign the item to.



6. If you want Fred Office to automatically adjust the item's **Reorder Point** and **Restock Level** based on ROU, tick the **Use ROU to set dynamically** checkbox.
7. To save your changes, click **Save and Close**.

Assigning multiple items to an ROU scheme

There are two ways to assign multiple items to an ROU scheme:

- Using the Quick Action wizard
- Using the Rate of Usage Scheme Build window

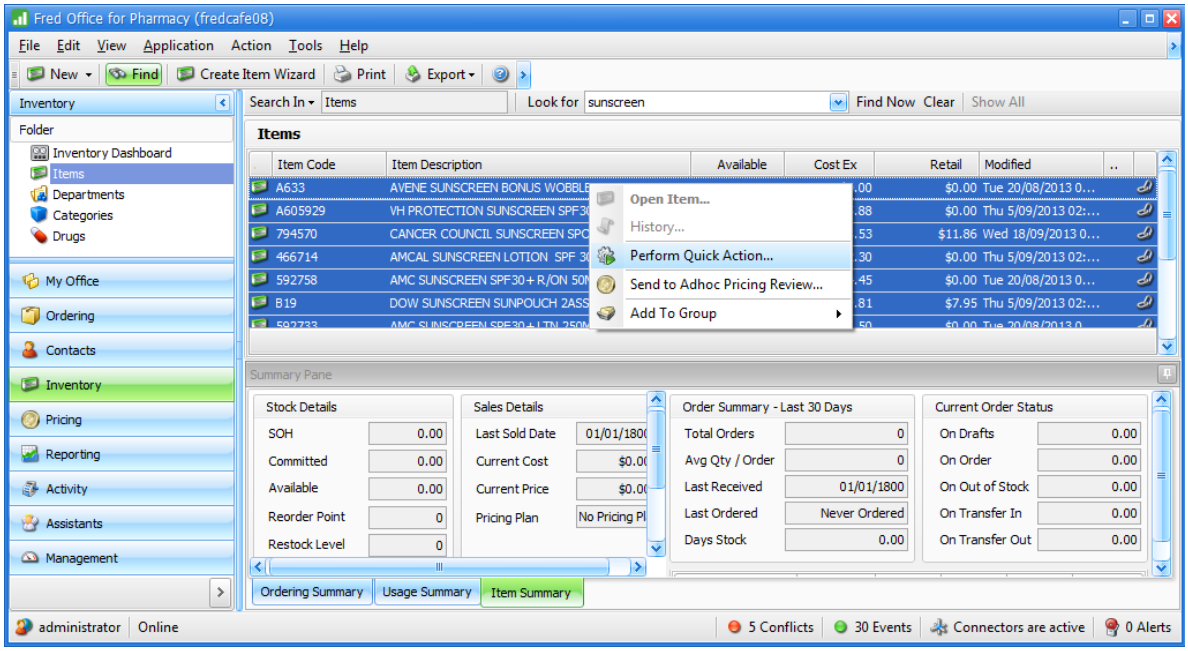
Note: Avoid adding more than 15,000 items to each ROU scheme, as this can cause performance issues.

Assigning multiple items to an ROU scheme using the Quick Action wizard

Using the Quick Action wizard, you can easily assign one or more items to an ROU scheme from many areas in Fred Office (for example, the Inventory > Items screen, or the Report: Rate of Usage Schemes screen).

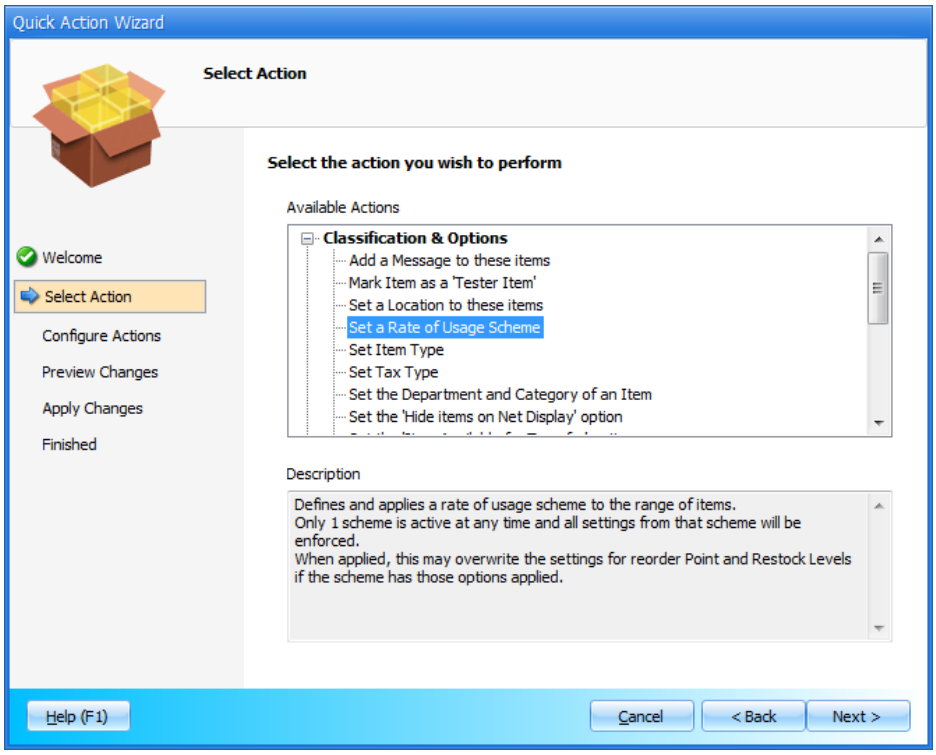
For example, if you want to add all “sunscreen” items to the **Two Weeks/Two Months** ROU scheme:

1. On the Inventory > Items screen, search for items containing the word “sunscreen”.
2. Select all of the items that you want to assign to the ROU scheme.
3. Right-click one of the selected items, then click **Perform Quick Action**.



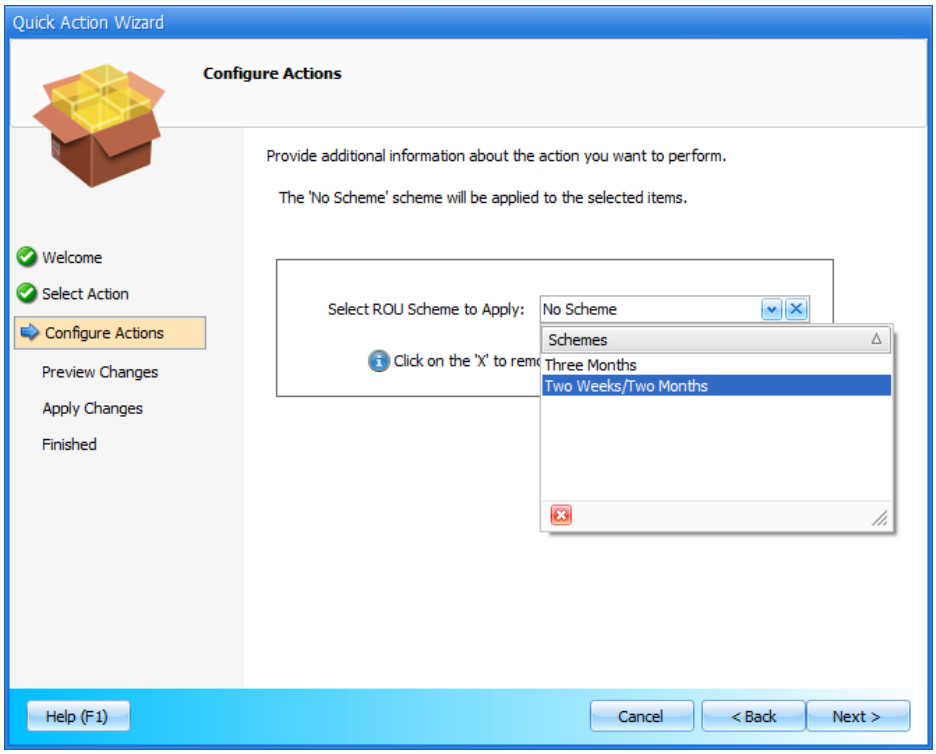
The **Quick Action Wizard** is displayed.

4. On the Select Action wizard screen, in the **Available Actions** box, expand the **Classifications & Options** menu, then click **Set a Rate of Usage Scheme**.



5. Click **Next**.

   The Configure Actions wizard screen is displayed.

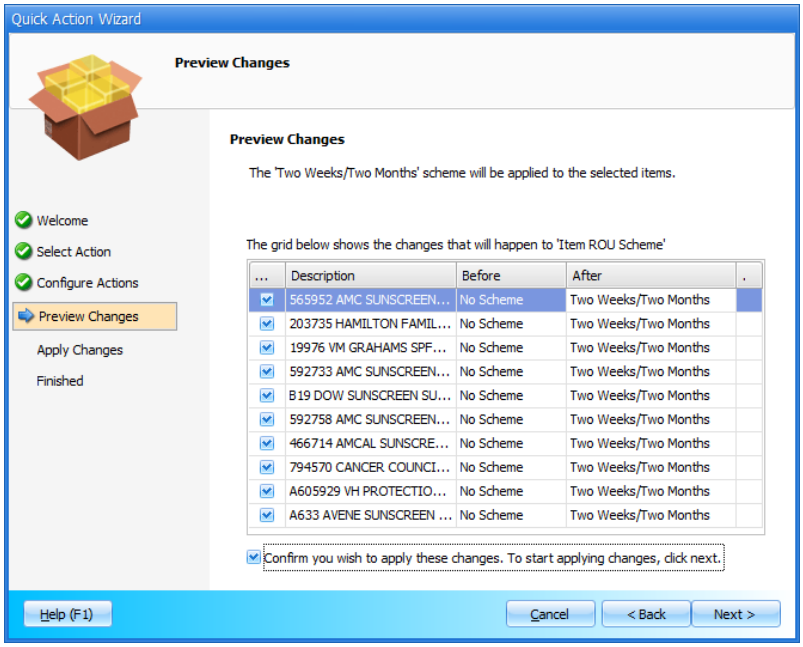


6. In the **Select ROU Scheme to Apply** list box, select **Two Weeks/Two Months**.

7. Click **Next**.

   The Preview Changes wizard screen is displayed, and shows how the ROU details of the selected items will change.

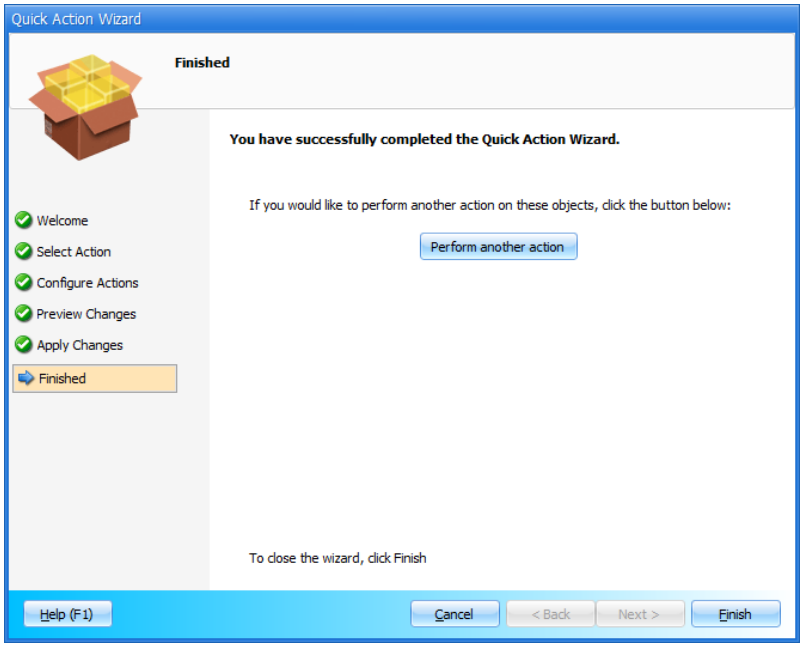
   To exclude an item from the list, un-tick the checkbox to its left.



8. Tick the **Confirm you with to apply these changes** checkbox, then click **Next**.

   The Apply Changes wizard screen is displayed while the changes are being made.

   After the changes are completed, the Finished wizard screen is displayed.

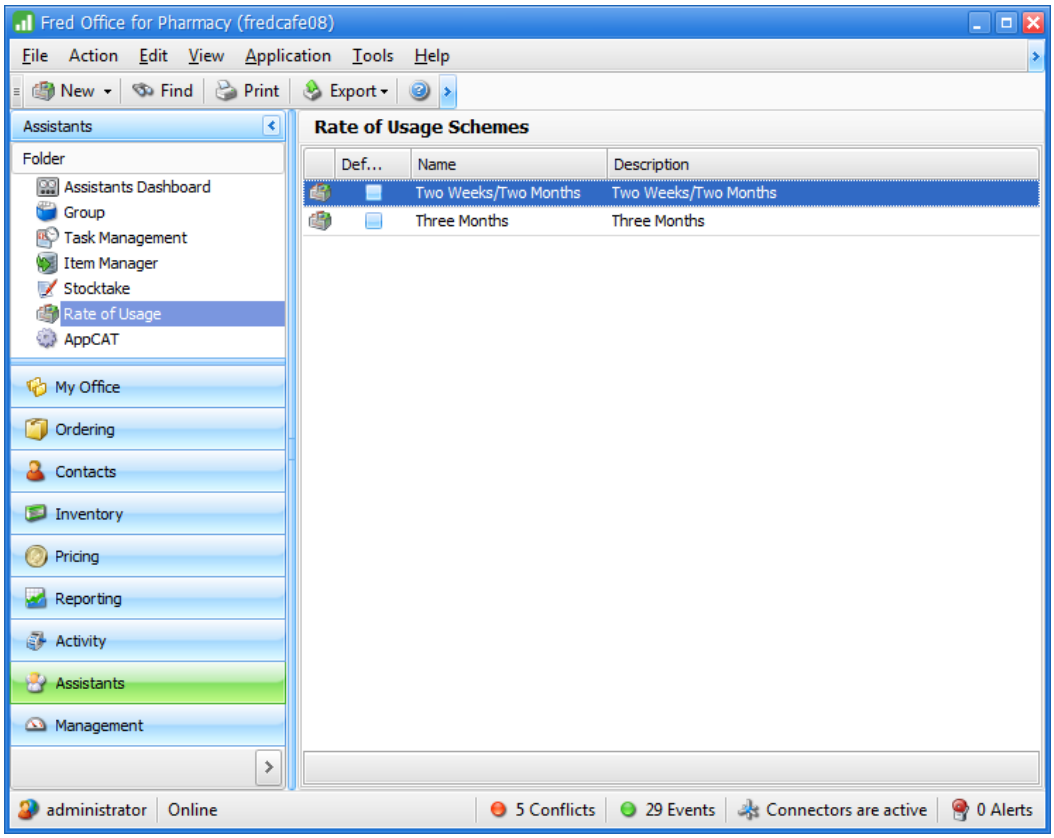


9. Click **Finish** to close the Quick Action wizard.

Assigning multiple items to an ROU scheme using the Rate of Usage Scheme Build window

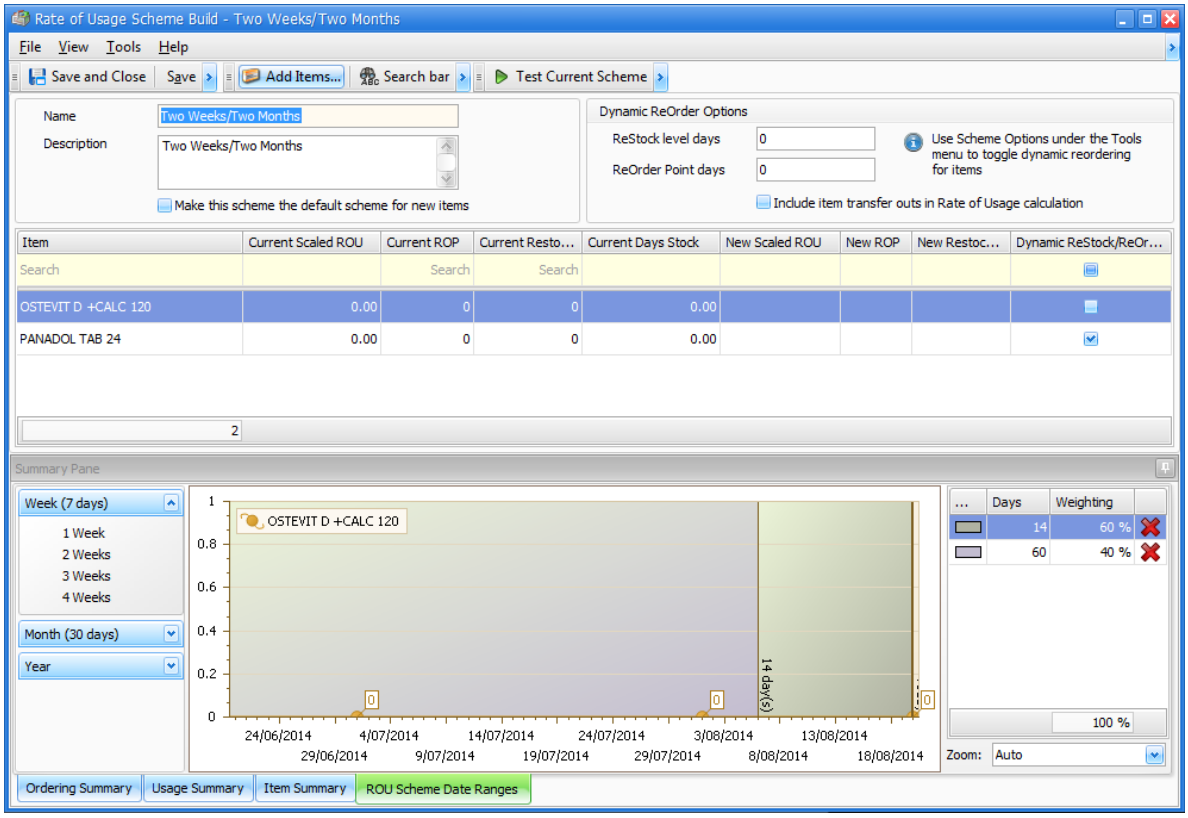
1. Click **Assistants**.
2. Click **Rate of Usage**.

   The Rate of Usage Schemes panel is displayed.



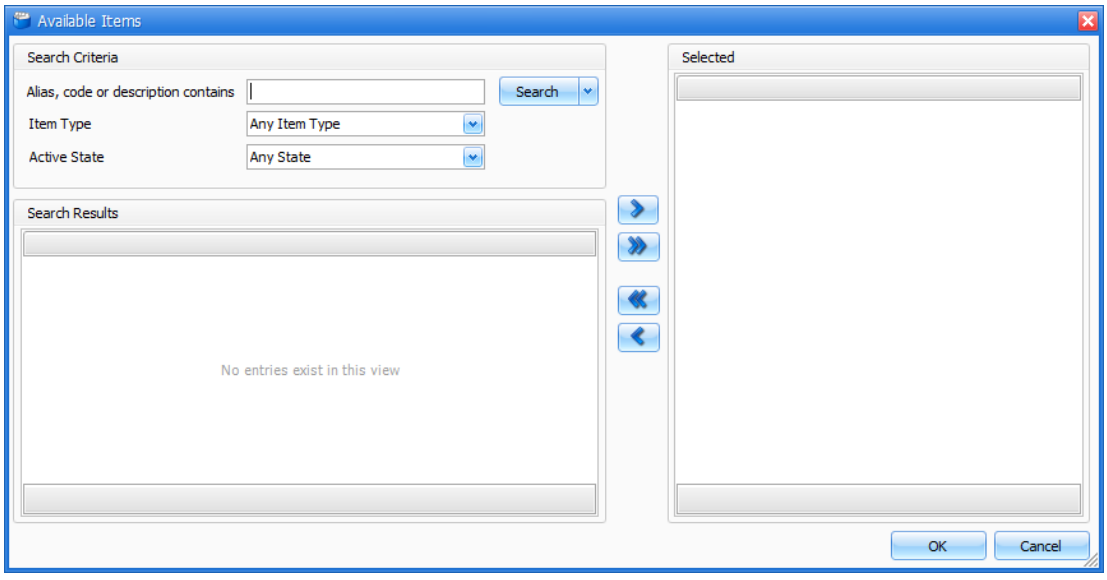
3. Double-click the ROU scheme that you want to add items to.

The Rate of Usage Scheme Build window is displayed.



4. Click **Add Items**.

   The Available Items window is displayed.



5. Search for and select one or more items to add to the ROU scheme, then click **OK**, to return to the Rate of Usage Scheme Build window.

Note: To see how your ROU scheme settings will be applied to the items you added, click **Test Current Scheme**.

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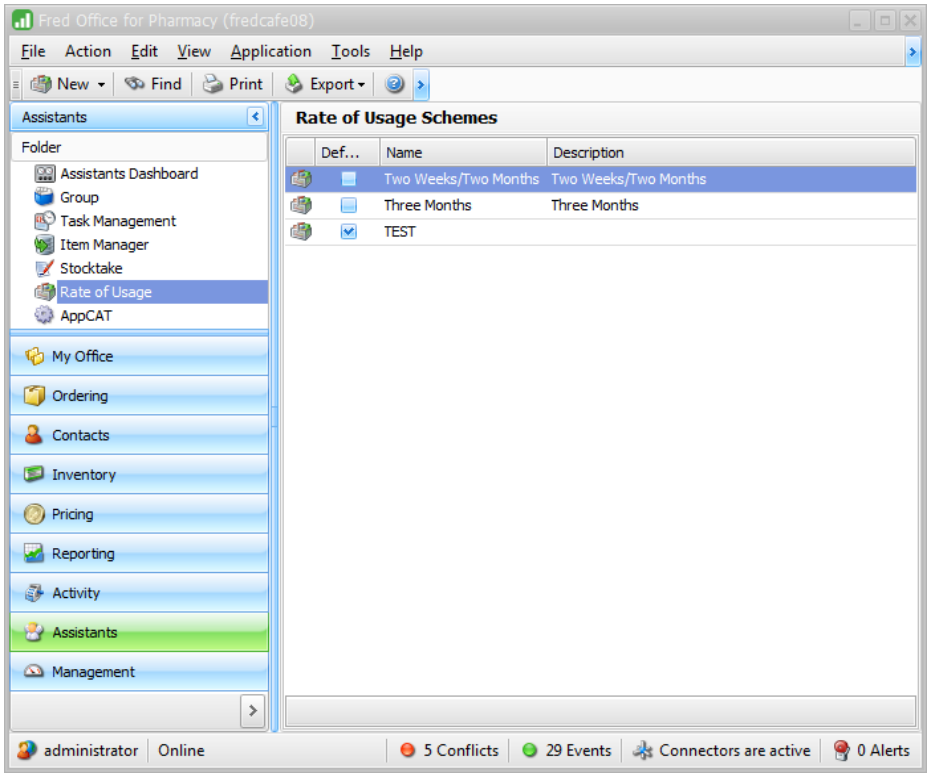
6. To save your changes, click **Save and Close**.

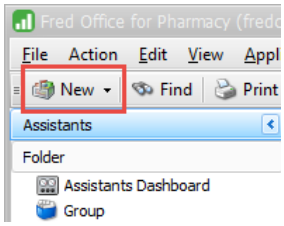
Creating your own ROU scheme

1. Click **Assistants**.
2. Click **Rate of Usage**.

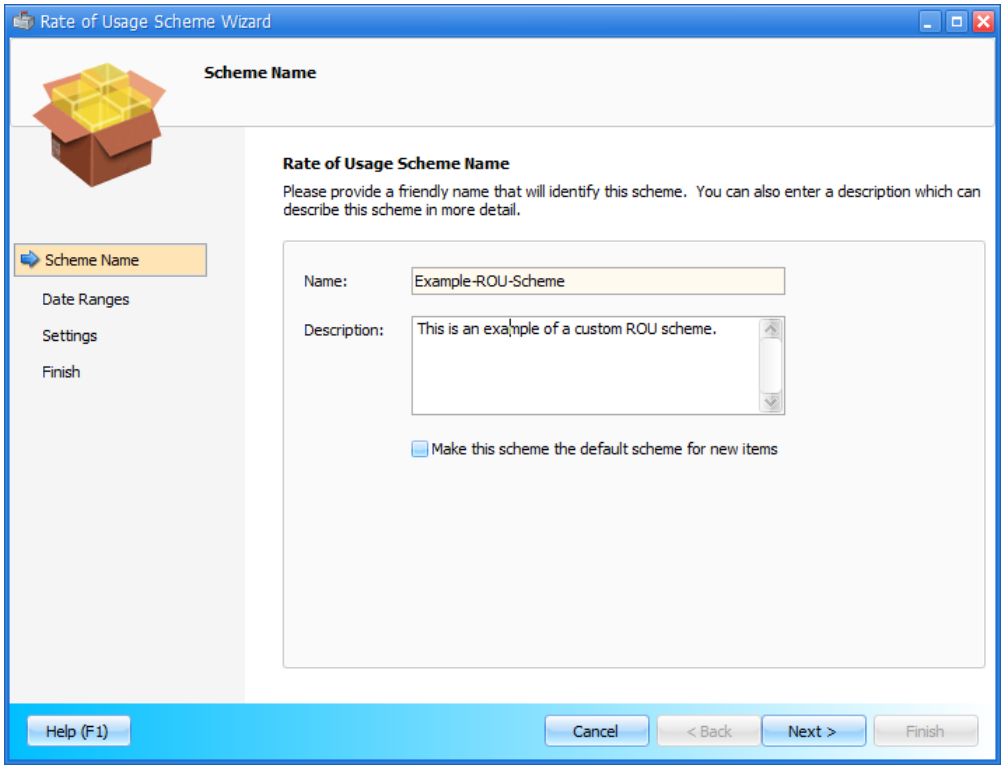
   The Rate of Usage Schemes window is displayed.



3. Click **New**.



The Rate of Usage Scheme wizard is launched. The first wizard screen displayed is **Scheme Name**.



4. Enter a **Name** and **Description** for the ROU scheme.

Note: Enter a name that clearly identifies the scheme to other Fred Office users. For example, if you are creating a scheme that uses date ranges of **1 week** and **2 months**, a good name for the scheme might be **One Week/Two Months**.

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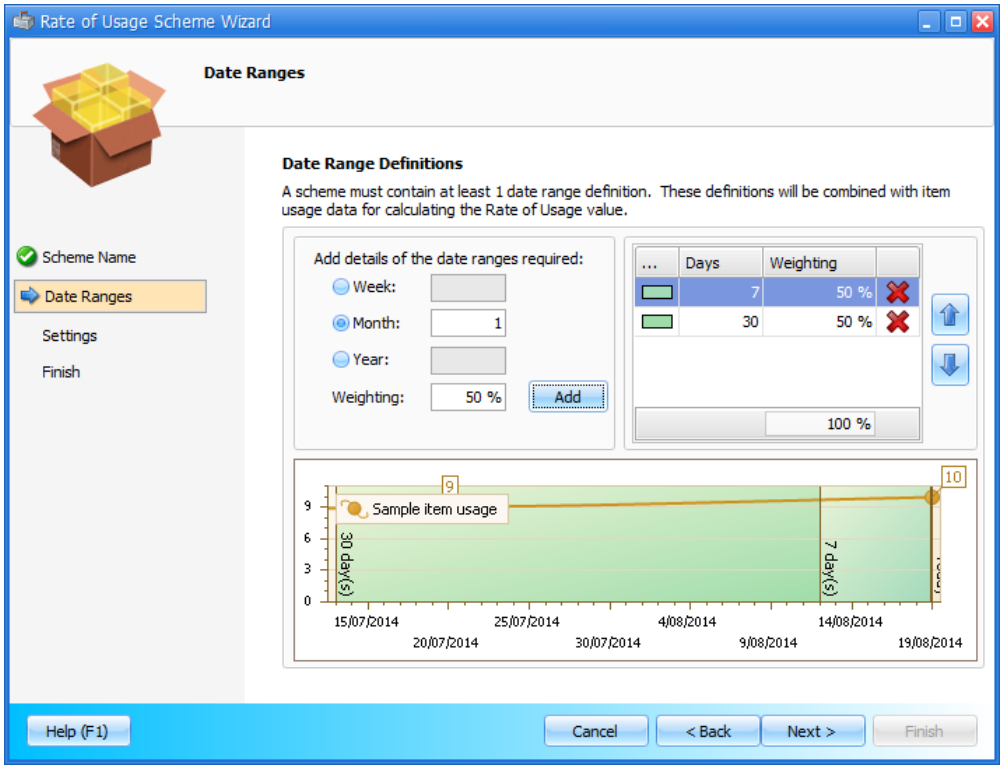
5. By default, the **Make this scheme the default scheme for new items** checkbox is ticked. Untick this checkbox, if you don't want this ROU scheme to be the default scheme for new items added to Fred Office.
6. Click **Next**.

The Date Ranges wizard screen is displayed.

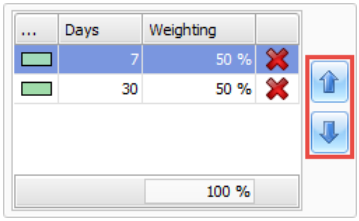


7. On this wizard screen, set up the date ranges that the scheme will track.
   - To add a date range:
     i. Click the option button next to the type of date range you want to add: **Week**, **Month**, or **Year**.
     ii. In the text box, enter the number of weeks, months, or years in the date range.
     iii. In the **Weighting** text box, enter the weighting you want to give this date range.
     iv. Click **Add**.

     The date range is then shown in the table at the right and the graph at the bottom of the screen.
   - To delete a date range, click the red **X** icon to the right of the date range in the table.
   - To change the weighting of a date range: in the table:
     i. Click in the **Weighting** column of the date range.
     ii. Enter a new weighting.

Note: The total weighting of the date ranges in the scheme must add up to 100% before you can continue to the next stage in the wizard.

- To change the order in which the date ranges will be tracked:
  i. In the table, click to select a date range.
  ii. Use the up and down arrow buttons to move the date range up or down the list.



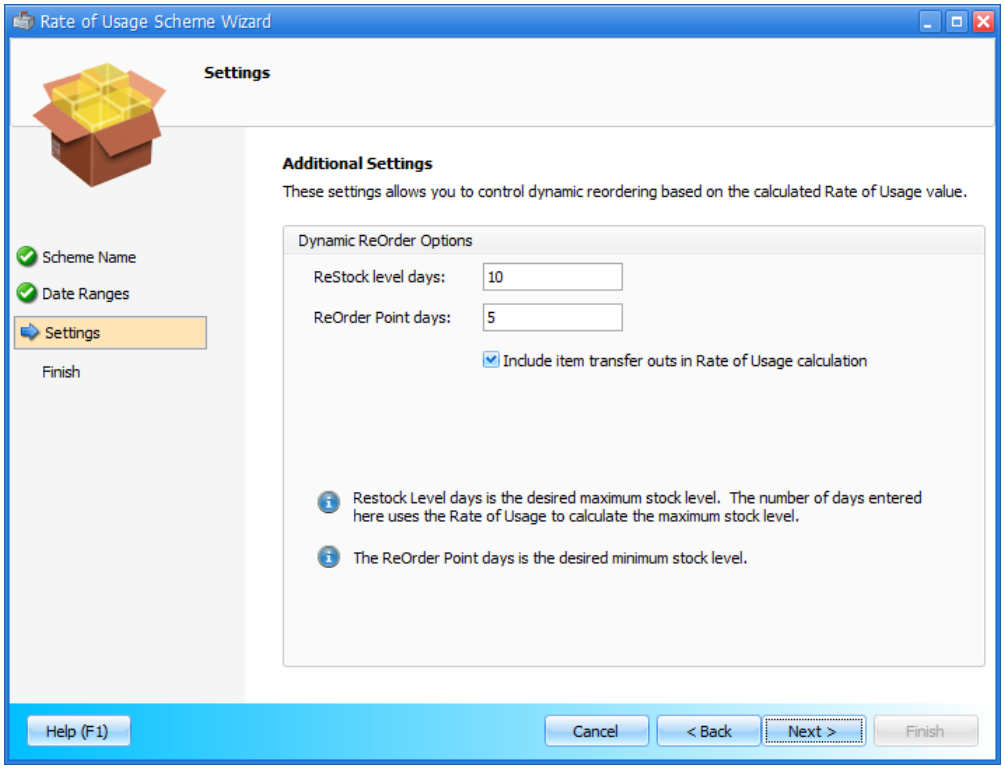
Note: Date ranges do not overlap.

Date ranges at the top of the list are *later* (that is, more recent) than date ranges below them in the list.

For example, in the screenshot above, if today's date is 19 August, the top date range (7 days) represents the last 7 days, from 12 August to 18 August. The date range below it (30 days) represents the preceding 30 days, from 13 July to 11 August.

8. When you have finished setting up the date ranges and their weightings, click **Next**.

   The Settings wizard screen is displayed.



9. Use this wizard screen to configure dynamic reordering for the items that will use this ROU scheme.

   - In the **ReStock level days** field, enter your desired *maximum* stock level, in days.

     For example, if you enter **10** days, you will reorder a maximum of 10 days' worth of stock for items in this ROU scheme. The actual number of units of each item ordered at a given point in time will be adjusted depending on the item's ROU.

   - In the **ReOrder Point days** field, enter your desired *minimum* stock level, in days.

     For example, if you enter **5** days, you won't reorder a given item in this ROU scheme until its stock level falls below 5 days' worth. The actual minimum number of units that triggers reordering will be adjusted depending on the item's ROU.

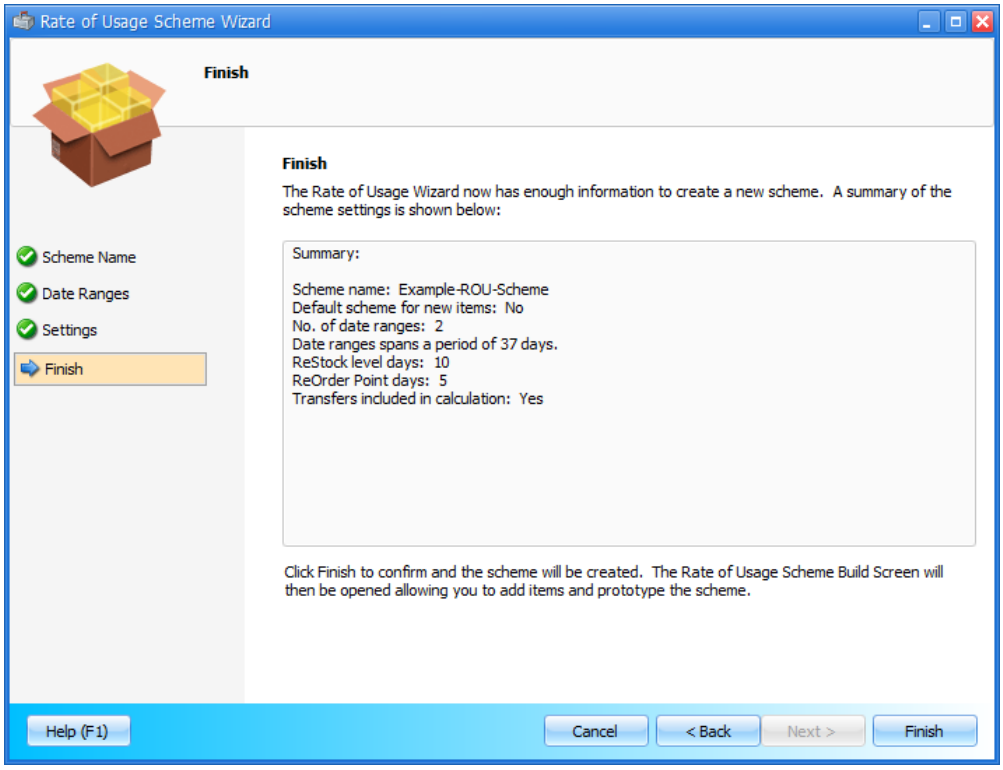
   - The **Include item transfer outs in Rate of Usage calculation** checkbox is ticked, by default.

     This means that items transferred out of or into your pharmacy will be counted in ROU calculations for items in this scheme; that is, the ROU will reflect the item's *movement*, rather than only its *sales*.

     To calculate ROU on sales only, untick this checkbox.

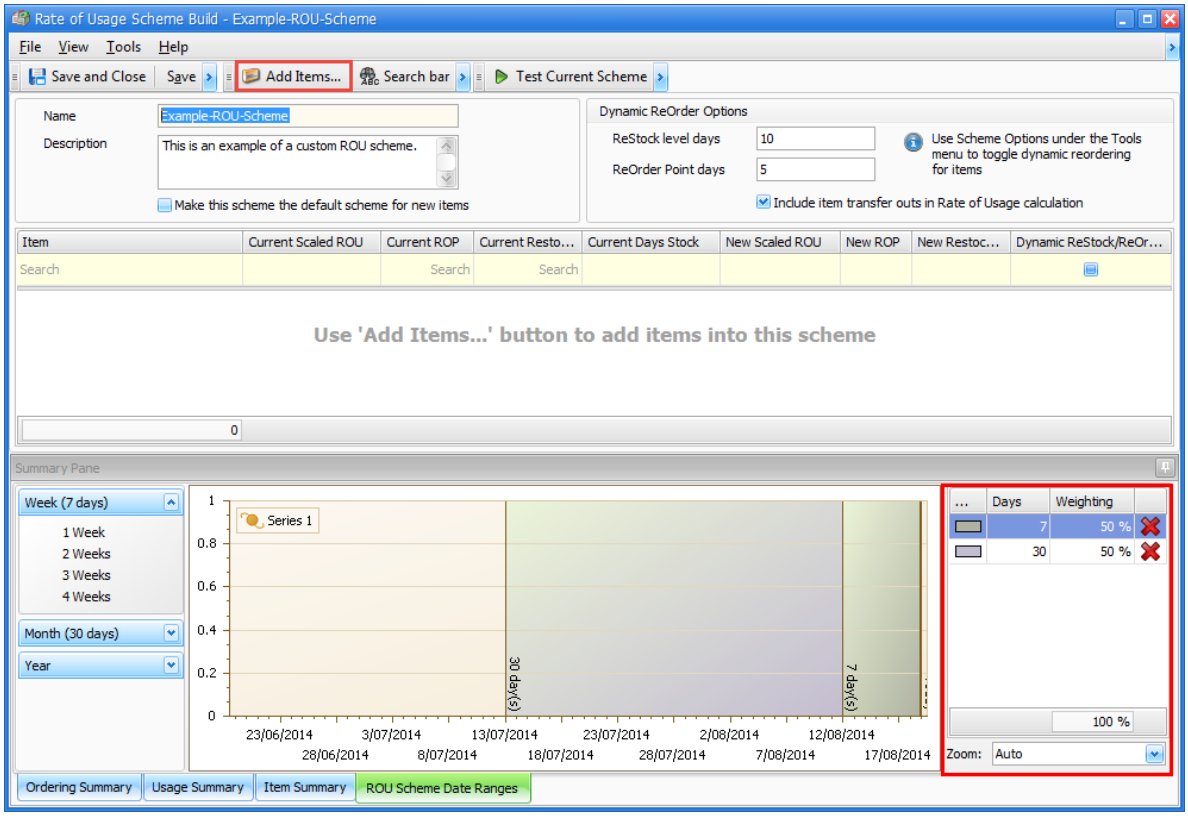
10. Click **Next**.

    The Finish wizard screen is displayed, and shows a summary of the details you entered for the ROU scheme.



11. Click **Finish**, to close the Rate of Usage Scheme wizard.

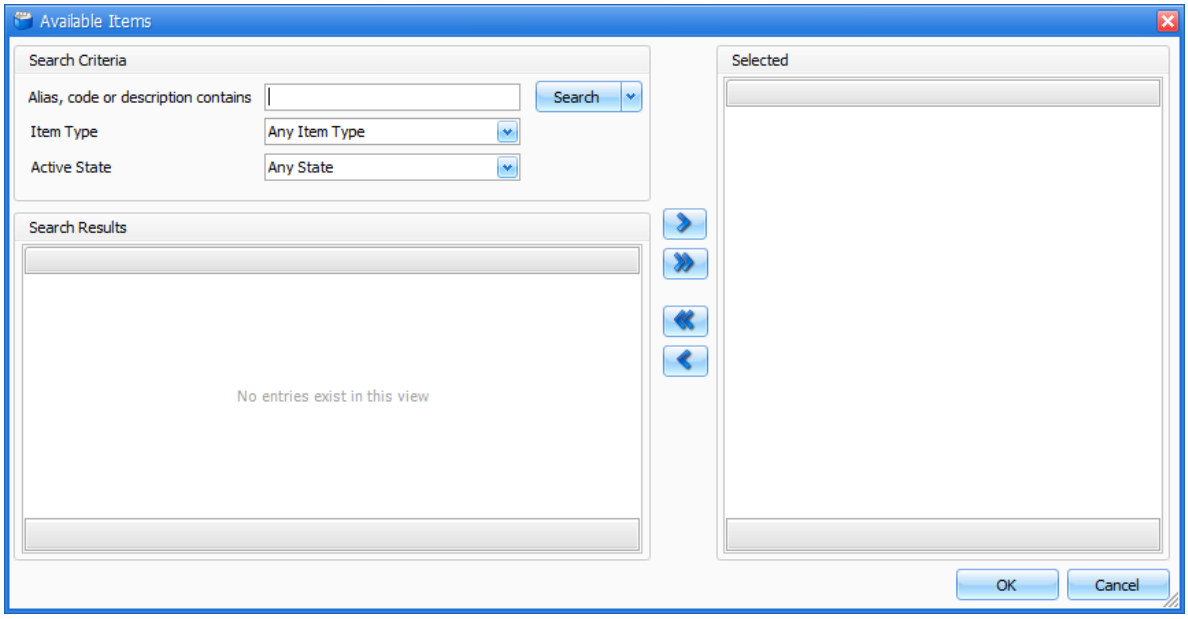
The Rate of Usage Scheme Build window is displayed. Here, you can add items to your new ROU scheme.



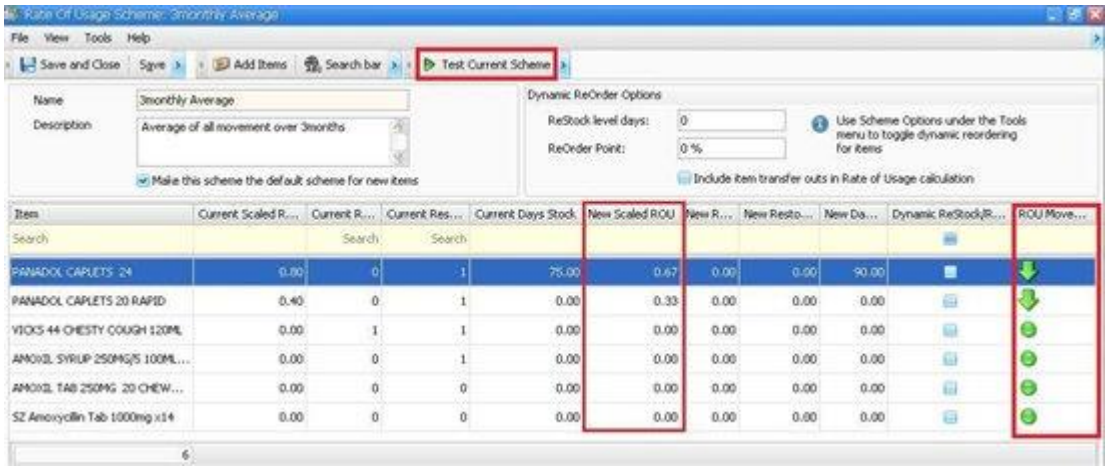
Note: In the lower right of the **ROU Scheme Date Ranges** tab, you can edit the **Days** and **Weighting** of the date ranges in the ROU scheme.

12. Click **Add Items...**

The Available Items window is displayed.

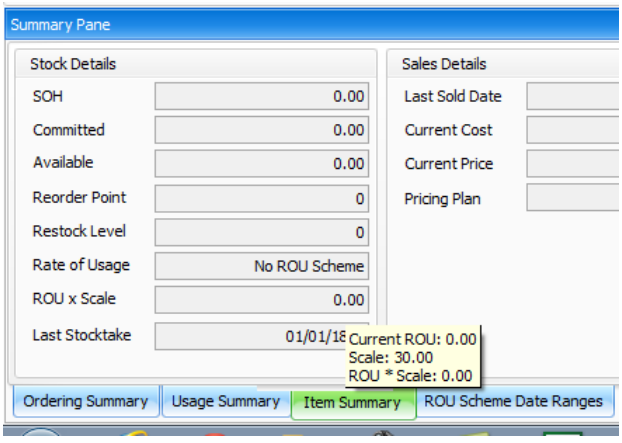


13. Search for and select one or more items to add to the ROU scheme, then click **OK**, to return to the Rate of Usage Scheme Build window.
14. If you change the scheme's date ranges or weighings, you can click **Test Current Scheme** to see how your changes affect the ROU of the items in the scheme.



Note: The **Current Scaled ROU** and **New Scaled ROU** columns show the item's ROU multiplied by its ROU scale. For more details, see "**ROU scale**".

To quickly view an item's ROU scale in a tooltip, select the item, click the **Item Summary** tab, then hover over the **ROU × Scale** field.



15. After you have finished setting up your ROU scheme, click **Save and Close**,to assign the items to the ROU Scheme and save your settings.

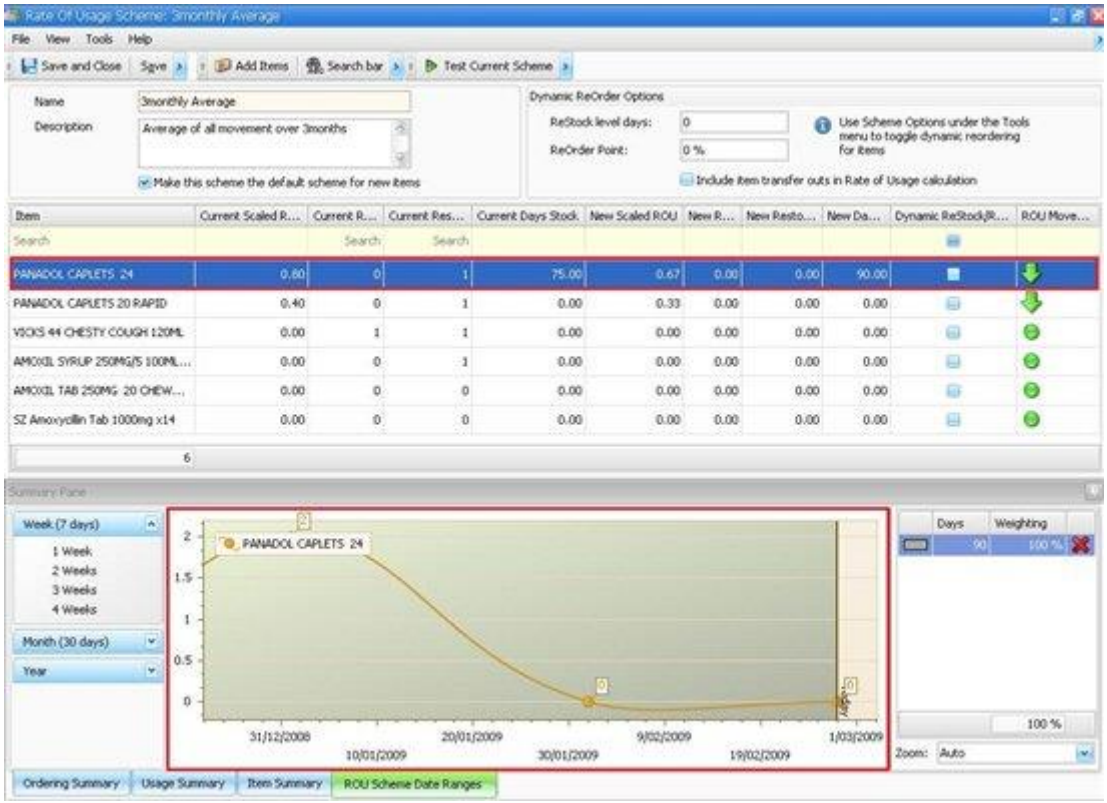
Note: If you plan to use this new ROU scheme to order items, remember to either set up or adjust your draft ordering templates. For more details, see "**Ordering using ROU**".

The Summary pane

The **Summary pane** enables you to make further changes to the Rate of Usage Scheme.

- The **ROU Scheme Date Ranges** tab is displayed by default. This tab enables you to change the scheme's date ranges and weightings.

  When you select an item (on the top section of the Rate of Usage Scheme Build window), the graph in the middle shows you the item's movement details across the scheme's date range(s).



- The **Ordering Summary** tab shows a summary of the supplier and invoice history details of the currently-selected item or items.
- The **Usage Summary** tab shows summaries of the historical usage of the currently-selected item.
- The **Item Summary** tab shows stock, sales, ordering, and supplier information about the currently-selected item.

GLOBAL ROU SETTINGS

These settings are recommended for advanced Fred Office users.

In this section:

- Changing your ROU schedule
- Changing your ROU scale

Changing your ROU schedule

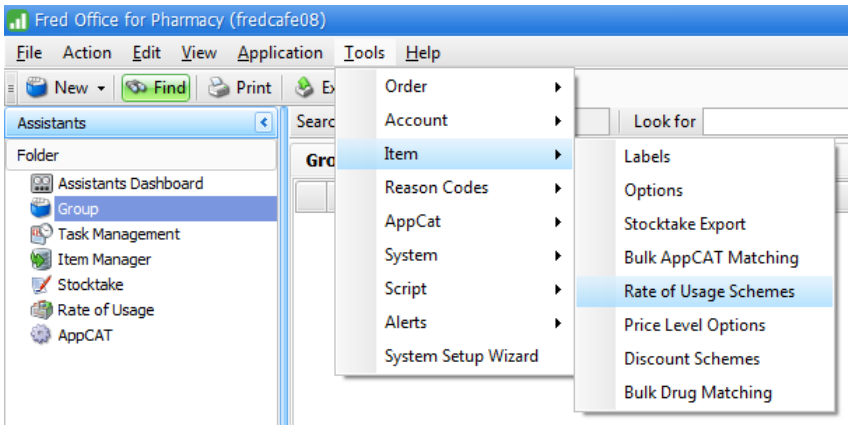
Your ROU schedule is the time of day that Fred Office will calculate ROU for items that are in ROU schemes. ROU is always calculated outside of trading hours.

Note: Normally, you should only need to adjust your ROU schedule if the default time doesn't provide enough time for the ROU calculation to run.

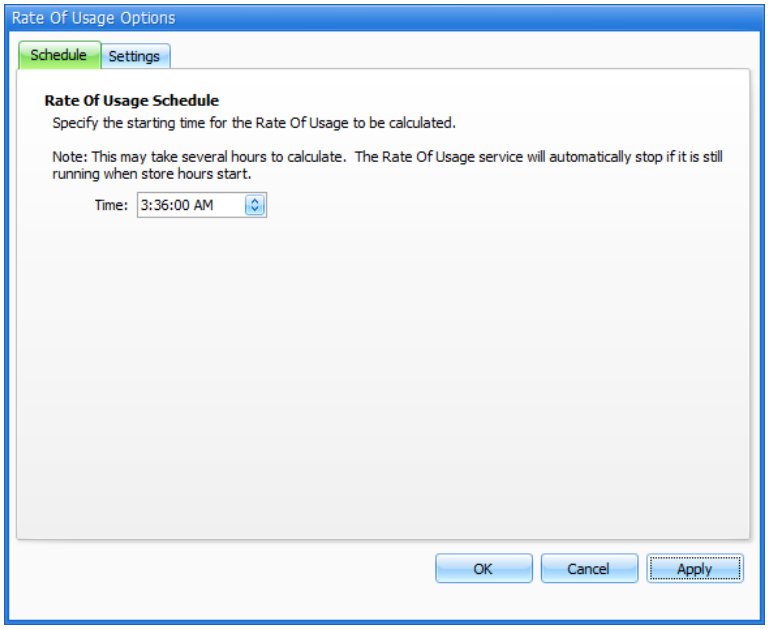
Choose the time carefully; the ROU calculation can take several hours. If the ROU calculation is still processing when you start trading, the calculation will be cancelled and your ROU values will not be up-to-date.

---

1. Click the **Tools** menu, then click **Item**, then click **Rate of Usage Schemes**.



The Rate of Usage Options window is displayed.



2. Adjust the **Time** as required.
3. Click **OK**, to save your changes and close the Rate of Usage Options window.

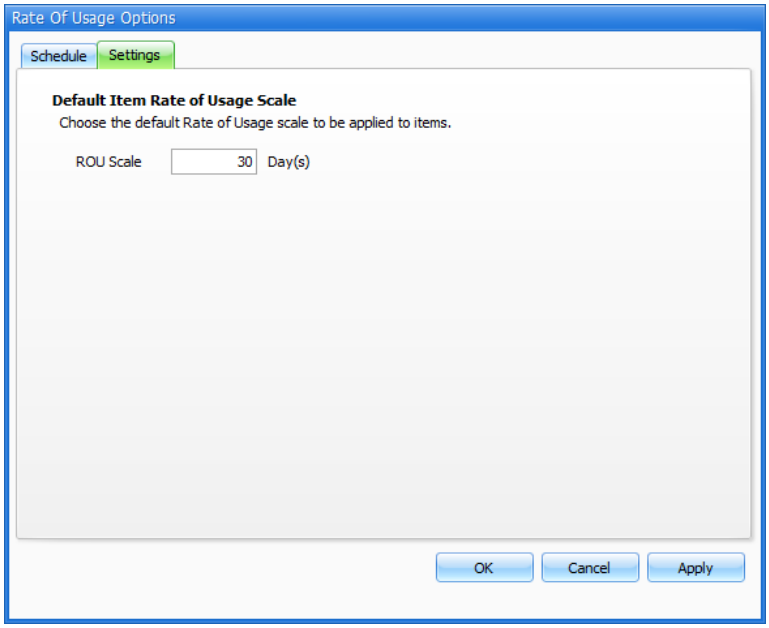
Changing your ROU scale

Note: Changing your ROU scale will not affect the ROU scale of other Fred Office users.

1. Click the **Tools** menu, then click **Item**, then click **Rate of Usage Schemes**.

   The Rate of Usage Options window is displayed.

   Click the **Settings** tab.



2. In the **ROU Scale** text box, enter the number of days you want to use for your usage estimations.
3. Click **OK**, to save your changes and close the Rate of Usage Options window.

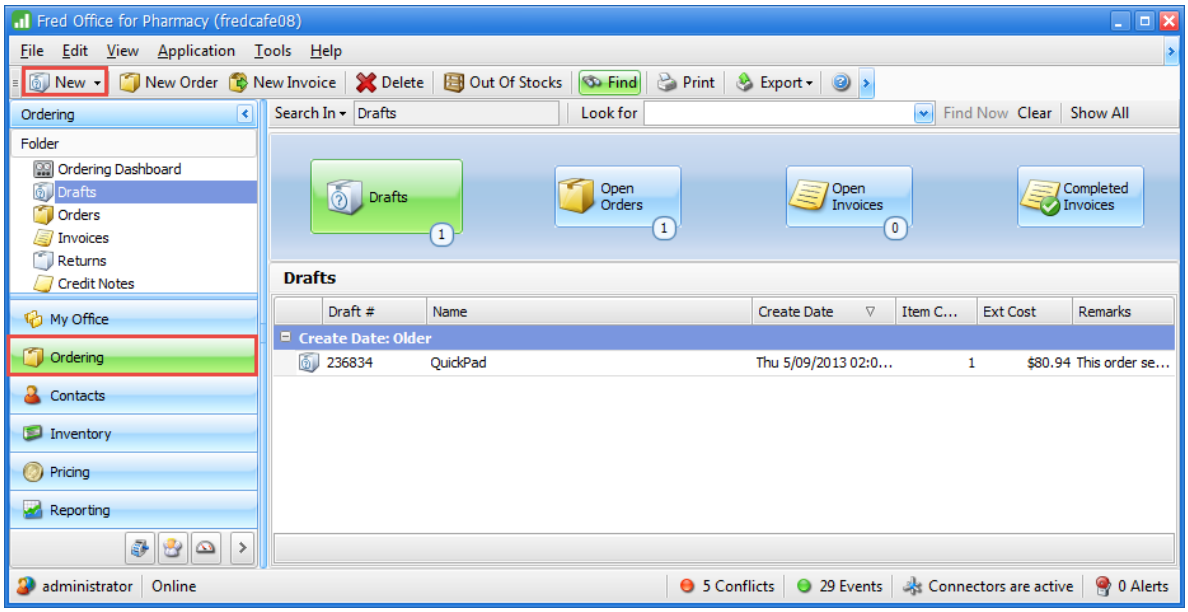
ORDERING USING ROU

ROU is a powerful tool for ordering. Set up correctly, it can take the work out of predicting order quantities.

Let's look at an example of how to create a draft for monthly bulk orders that uses ROU.

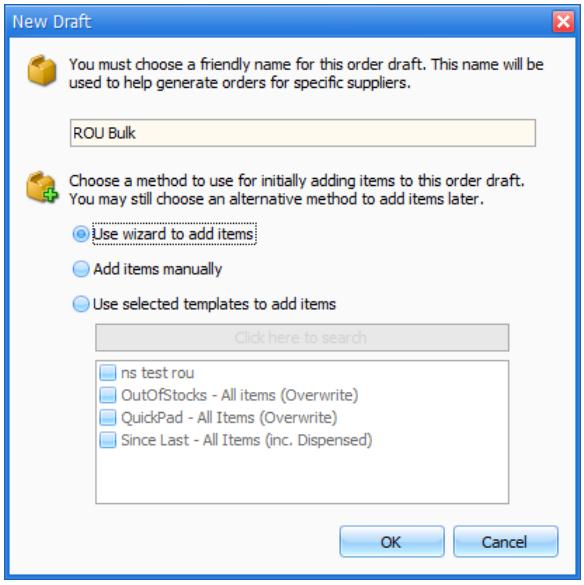
1. In the left-hand navigation menu, click **Ordering**.

   The Drafts screen is displayed.



2. Click **New**.

   The New Draft window is displayed.

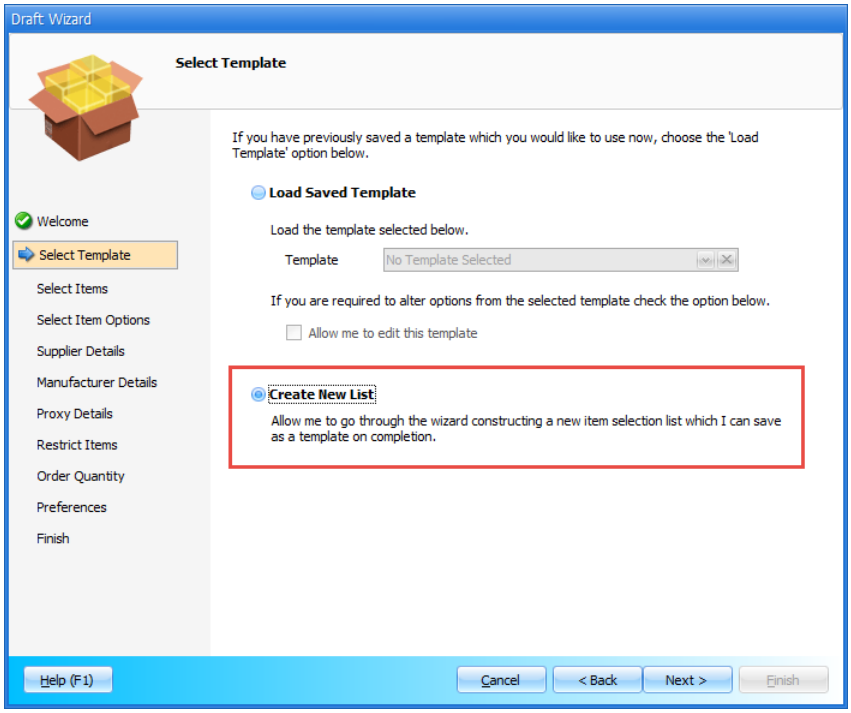


3. Select **Use wizard to add items**, then click **OK**.

The Draft wizard is displayed.

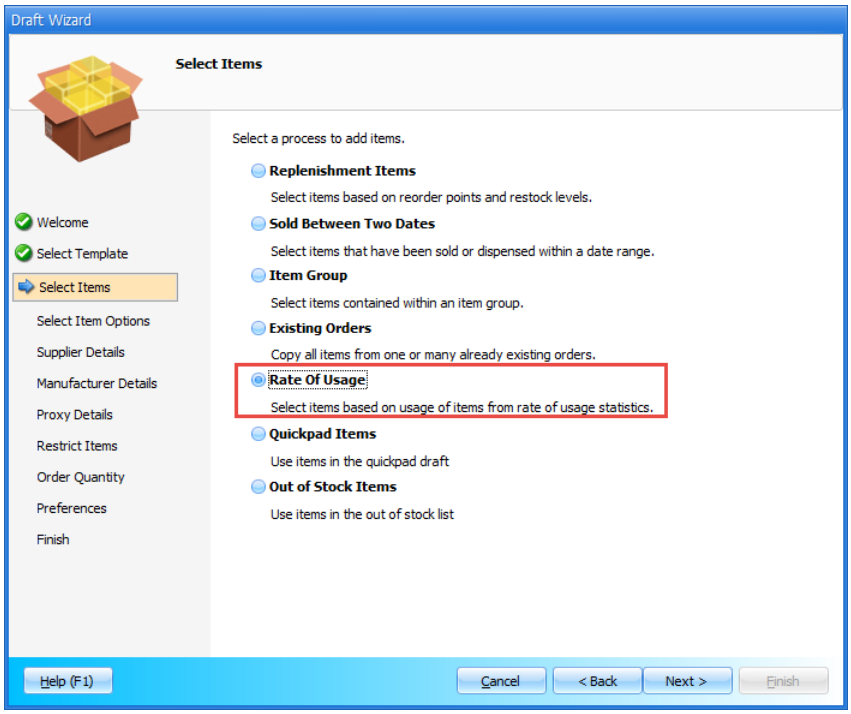
Note: This wizard guides you through the ordering process. First, you choose *which* items to order; then you choose the quantities to order.

4. On the Select Template wizard screen, select **Create New List**.



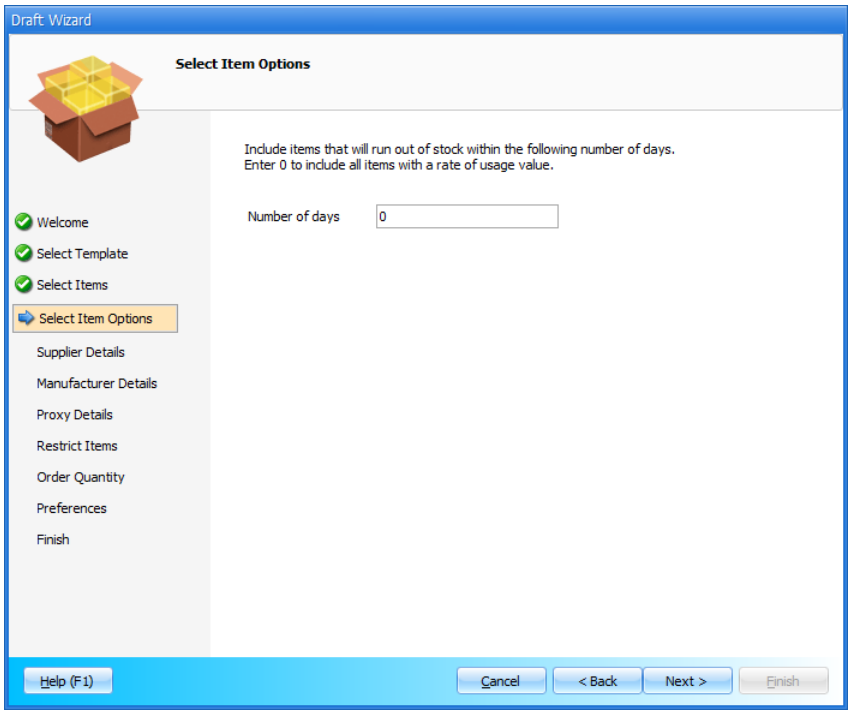
5. Click **Next**.

The Select Items wizard screen is displayed.



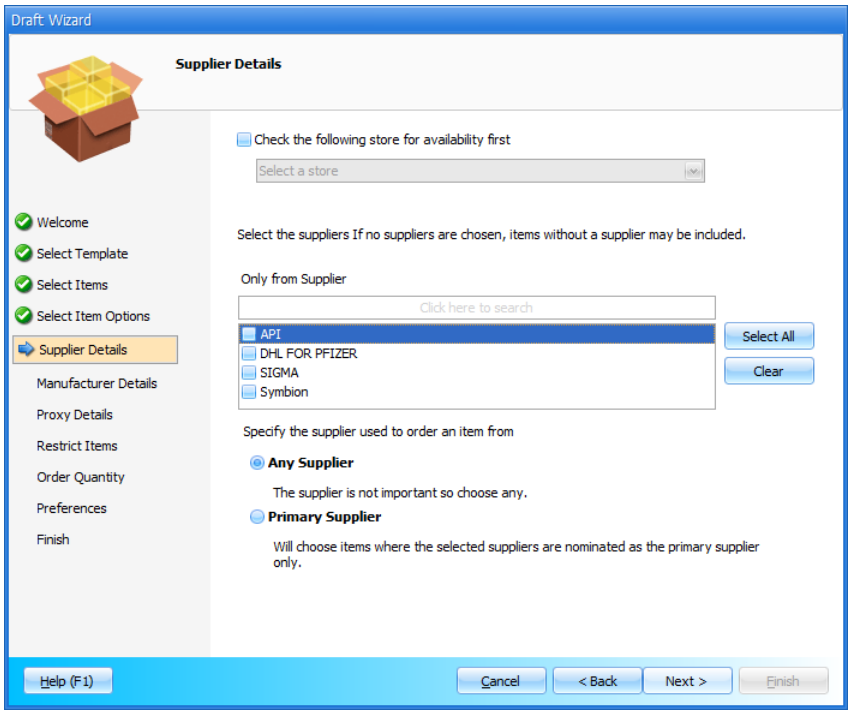
6. Select **Rate Of Usage**. This restricts the order to items that are in ROU schemes.
7. Click **Next**.

   The Select Item Options wizard screen is displayed.



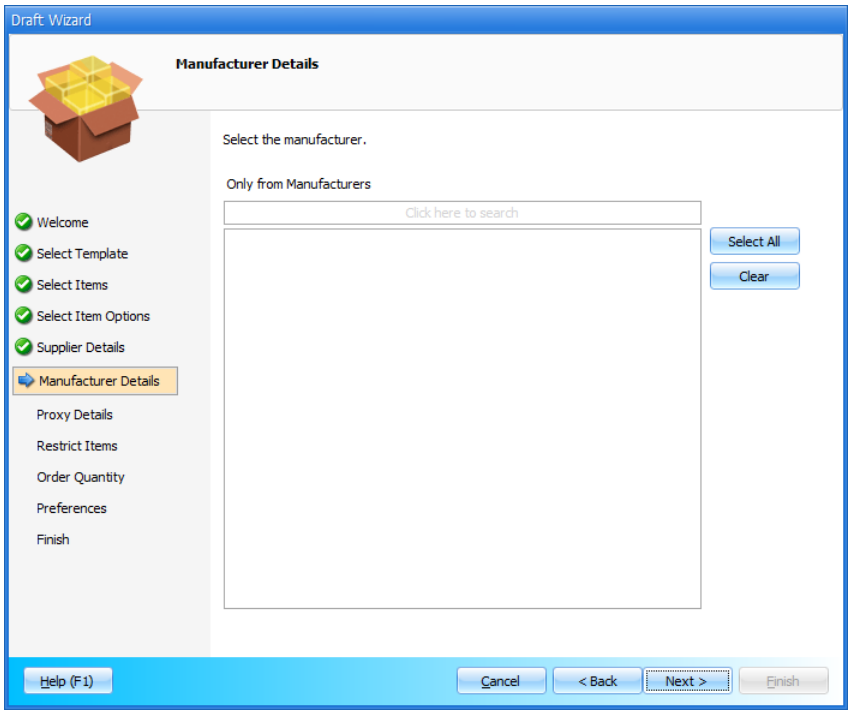
8. If required, you can include only items that will run out of stock in a specified number of days. To include all items with an ROU, keep the number of days as **0**.
9. Click **Next**.

   The Supplier Details wizard screen is displayed.



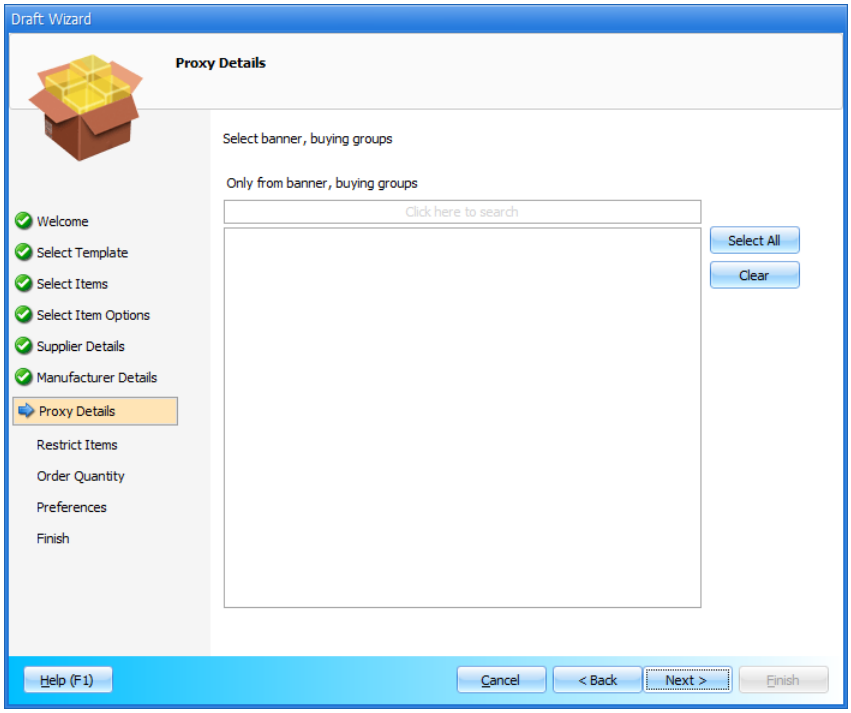
10. Select one or more suppliers to restrict the order to.
11. Click **Next**.

    The Manufacturer Details wizard screen is displayed.



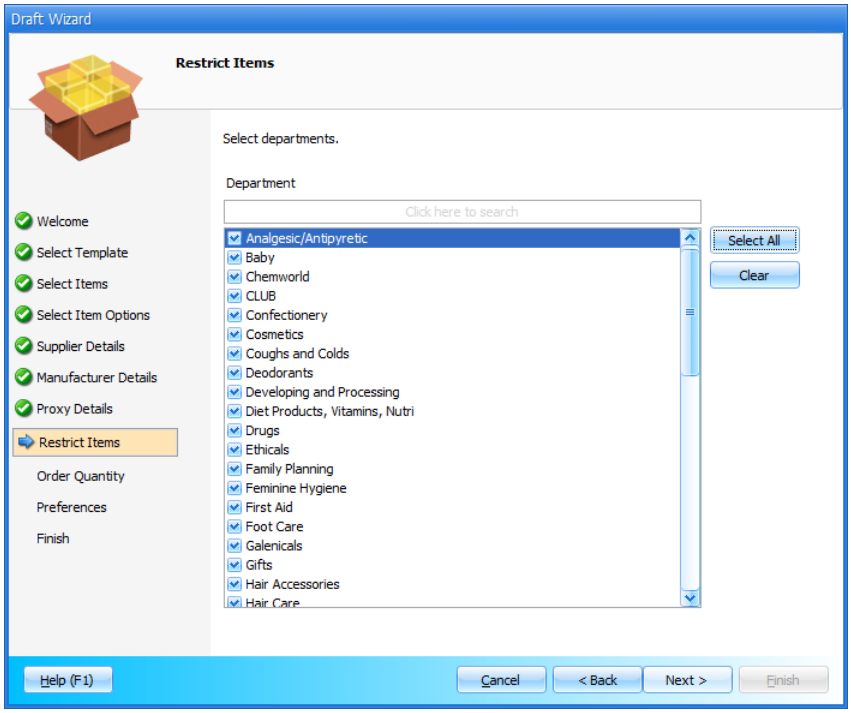
12. On this screen:
    - To restrict the order to one or more manufacturers, search for and select the manufacturers.
    - To select all manufacturers, either leave this screen blank, or click **Select All**.
13. Click **Next**.

The Proxy Details wizard screen is displayed.



14. On this screen:
    - To restrict the order to one or more banner or buying groups, search for and select the banner or buying groups.
    - To select all banner or buying groups, either leave this screen blank, or click **Select All**.
15. Click **Next**.

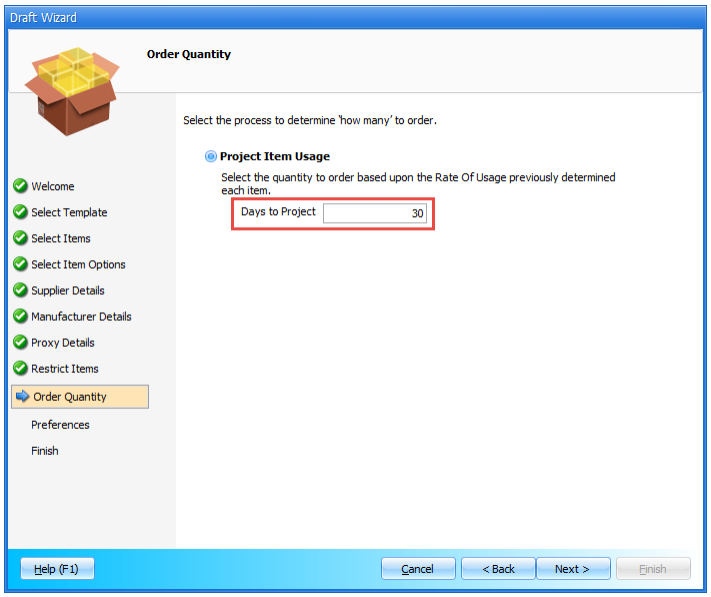
    The Restrict Items wizard screen is displayed.



16. On this screen:
    - To restrict the order to one or more departments, search for and select the departments.
    - To select all departments, either leave this screen blank, or click **Select All**.
17. Click **Next**.

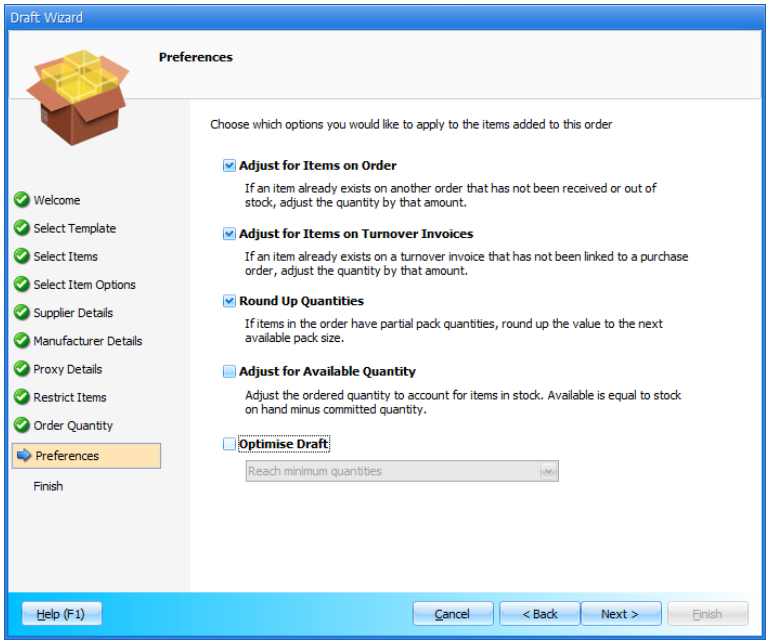
    The Order Quantity wizard screen is displayed.

Note: The previous stages in the wizard involved narrowing down the items in your order. The Order Quantity wizard screen is where you will specify how Fred Office is to calculate the number of units of each item to order.



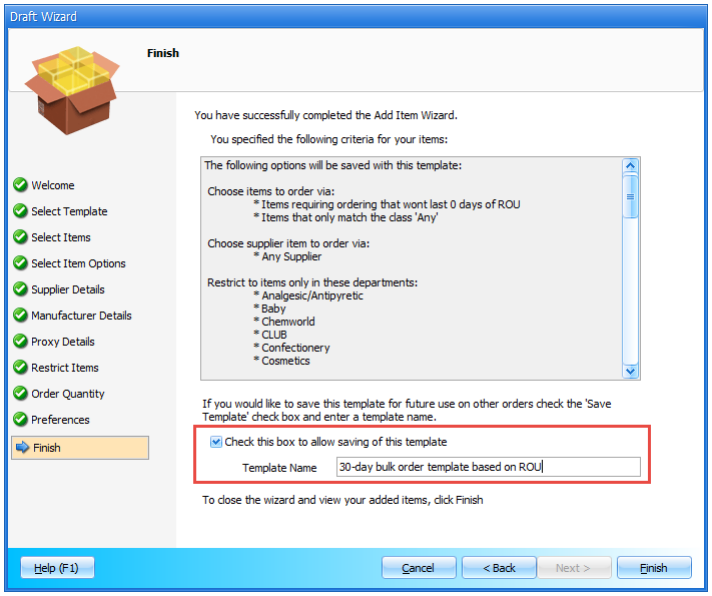
18. In the **Days to Project** field, enter the number of days' usage you want to order. In this example, we want to create a bulk order for **30** days.
19. Click **Next**.

The Preferences wizard screen is displayed.



20. Select the order quantity preferences you want to apply to the items added to this order.
21. Click **Next**.

    The **Finish** wizard screen is displayed.



22. Tick the **Check this box to allow saving of this template** checkbox.
23. In the **Template Name** text box, enter a name for your template.
24. Click **Finish**.

    The Draft window is displayed, and shows the items and their proposed quantities, based on the criteria you selected.
25. Review the items on the draft and process your order following your usual store procedure.

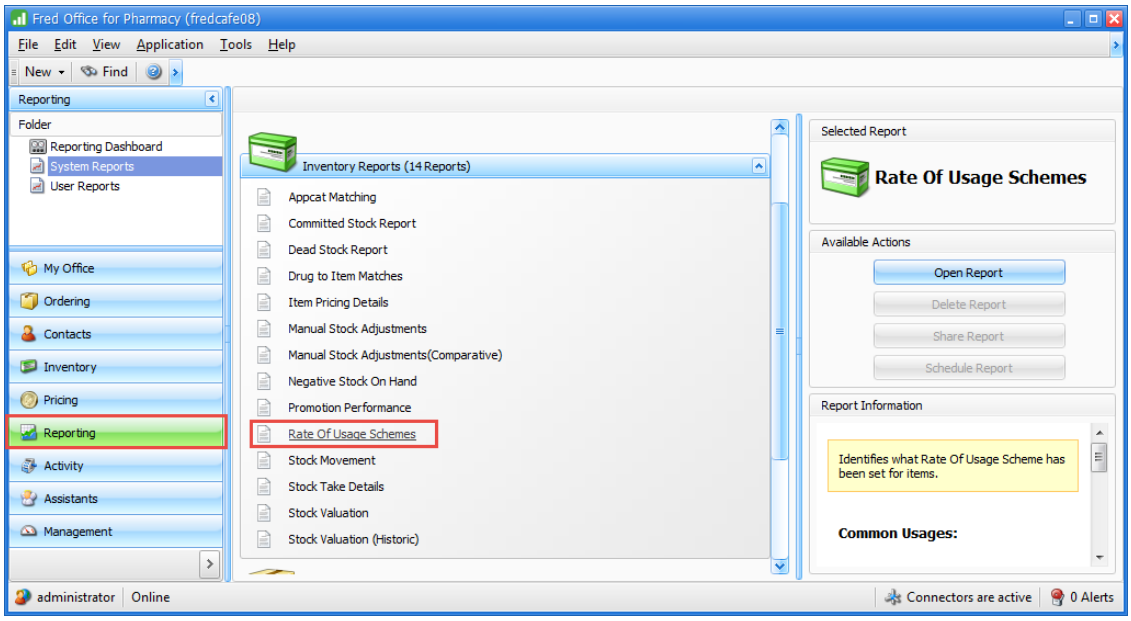
REPORTING ON ROU

The Rate of Usage Schemes report enables you to report on your items' current ROU values and their ROU schemes. You can use this report to:

- Confirm which ROU scheme is assigned to a group of items (for example, a department, a category, or items from a particular supplier).
- Compare the ROU of several items.
- Identify items with a very high or low ROU.
- Identify items that are not assigned to an ROU scheme.

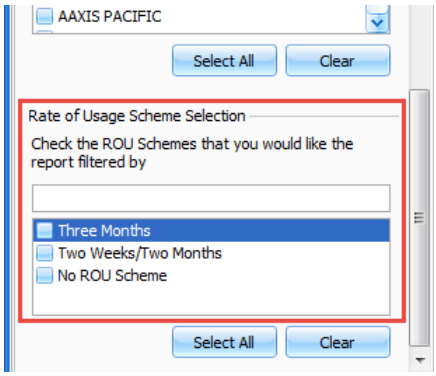
To run the Rate of Usage Schemes report:

1. In the left-hand navigation menu, click **Reporting**.
2. Click to expand the **Inventory Reports** menu.



3. Double-click **Rate of Usage Schemes**.

   The Report: Rate of Usage Schemes screen is displayed.



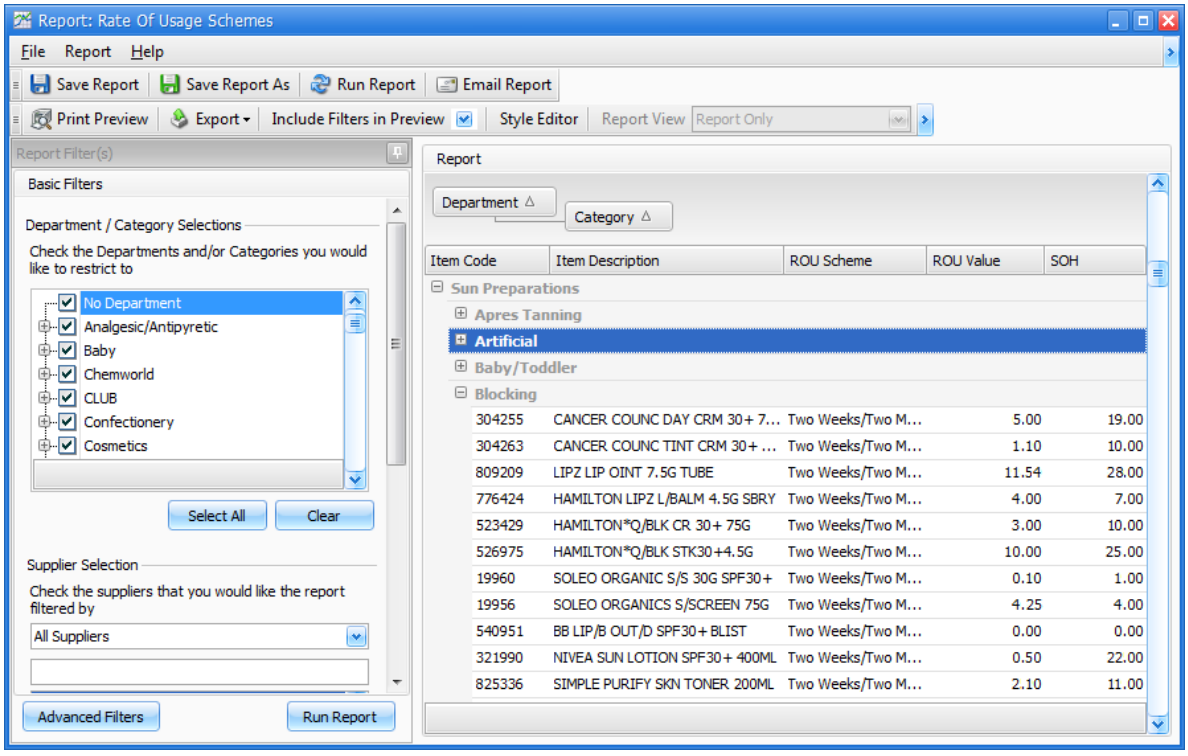
4. Select your required report filters:
   a. Select the **Departments** or **Categories** and **Suppliers** you want to report on.
   b. Select one or more **Rate of Usage schemes** to report on.
   c. Select any **Advanced filters** you want to report on.
5. Click **Run Report**.

   The Rate of Usage Schemes report is generated. The report shows the following details about each item:

   - **Item Code**
   - **Item Description**
   - **ROU Scheme**
   - **ROU Value**

     Note: This is the item's current ROU value on the day that the report is run.

   - **SOH**



6. **Save** or **Export** the report, if required.

Note: You can use the Quick Action wizard to quickly change the ROU scheme of one or more items. Select the items, right-click, and click **Perform Quick Action**. For more details, see "**Assigning multiple items to an ROU scheme using the Quick Action wizard**".

1300 731 888 (Local Call Cost)

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8.30am - 5.00pm (EST) Sat, Sun & Public Holidays

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