

## Can we prevent items from being negative on a warehouse level?

Many companies maintain some stock items in different warehouses in different locations. Should it be a business requirement not to manage all stock, but only particular items on a warehouse level, the following setup can be used.

In this example, it is paramount that no single warehouse runs out or goes below minimum level of a particular item to guarantee the continued supply of customers. SAP Business One facilitates pre-release stock checks on the entire stock or by warehouse. The initial settings are made under *Administration -> System Initialisation -> Document Settings -> General Tab*:

The screenshot shows the 'Document Settings' dialog box in SAP Business One, specifically the 'General' tab. The 'Per Document' section is active. Key settings include:

- Calculate Gross Profit
- Base Price Origin: Item Cost
- Calculate % Gross Profit as:  Profit/Base Price
- Document Remarks Include:  Base Document Number
- For a Sales BOM in Documents, Display:  Price for Component Items
- Response to Release of Inventory below the Minimum Level:**  Warning Only
- Manage Inventory by Warehouse
- Block Negative Inventory
- Rounding Method:  By Currency
- Exchange Rate Base Date (A/P Documents): Document Date
- Display Rounding Remark
- Use Warehouse Address
- Manage Freight in Documents
- Block documents with earlier Posting Date
- Allow Future Posting Date

Three callout boxes provide additional context:

- Top-left: "Once stock goes below the minimum level defined a warning message is displayed." (points to 'Warning Only')
- Bottom-left: "The application will not allow the stock quantity to go into negative numbers." (points to 'Block Negative Inventory')
- Right: "The default here is NOT to manage all stock by warehouse." (points to 'Manage Inventory by Warehouse')

The item of interest is found in several warehouses and on item level is defined to be managed by warehouse.

**Item Master Data**

Item Number: 025 | Description: Coconut

Inventory Item  
 Sales Item  
 Purchased Item  
 Fixed Assets

Manage Inventory by Warehouse

Inventory Level: 39

#	Whse Code	Whse Name	In Stock	Committed	Ordered	Available	Min. In...	Item Cost
1	01	General Warehouse	9	5	4	2	3.5	
2	02	Northern Region	15	15	3	2	2.8	
3	03	Southern Region	12	10	10	10	2.3	
4	04	Western Region	8		8	5	3.6	
5	05	Eastern Region	25		5	30	2.6	
6	99	Drop-Ship						
			69	30	18	57		

Current inventory situation:

In Stock	Committed	Ordered	Available	Minimum Inventory Level
25	0	5	30	20

When attempting to draw stock from warehouse 05, that would bring the quantity to less than the defined minimum inventory level but will not cause stock levels to go into negative quantity. The application will display a warning message:

**Delivery**

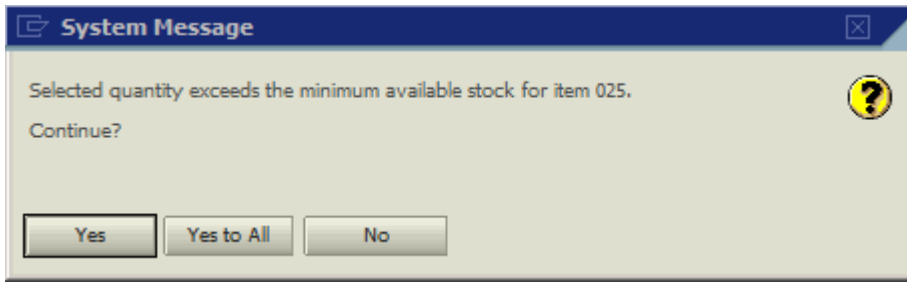
Customer: 1000 | Name: Fruits R Us

Item/Service Type: 025 | Item: Coconut | Quantity: 6 | Unit Price: GBP 1.00 | Whse: 05

Total Before Discount: GBP 6.00  
 Total: GBP 6.86

**Warning:** Quantity falls below the minimum stock level. [Message 131-14]

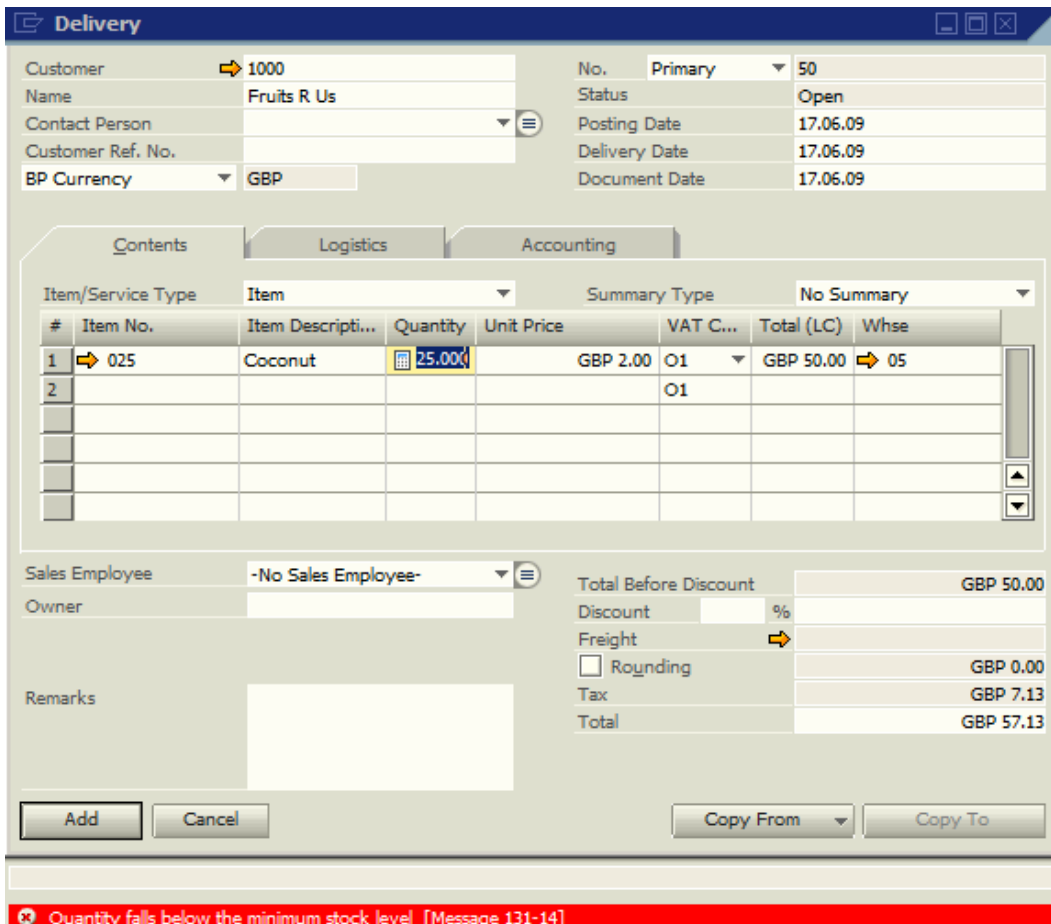
Once the user clicks on *Add*, the SAP Business One will display an additional system message, but not prevent the user from adding the document:



Saving the document leads to the *In Stock* quantity being lower than the *Min. Stock* quantity:

#	Whse Code	Whse Name	In Stock	Committed	Ordered	Available	Min. Stock	Max. Stock	Req. Stoc...
1	01	General Warehouse	9	5		4	2		
2	02	Northern Region	15	15	3	3	2		
3	03	Southern Region	12	10	10	12	10		
4	04	Western Region	8			8	5		
5	05	Eastern Region	19		5	24	20		
6	99	Drop-Ship							
7									
			63	30	18	51			

Attempting to add a *Delivery* that would bring the *In Stock* level, in this warehouse, to below zero will be blocked by the application and the message will be displayed in a red colour:



The user is prevented from adding the document.

Once the *Manage Stock by Warehouse* tick is removed, the minimum stock levels by warehouse in the matrix disappear:

Item Master Data

Item Number: 025, Description: Coconut

Item Type: Items, Item Group: Items, Price List: Price List 01

Properties:  Stock Item,  Sales Item,  Purchased Item,  Fixed Assets

Stock Data Tab:

Manage Stock by Warehouse

Set G/L Accounts by: Warehouse, Stock UoM: , Valuation Method: Moving Average

#	Whse Code	Whse Name	In Stock	Committed	Ordered	Available	Item Cost
1	01	General Warehouse	9	5		4	3.5
2	02	Northern Region	15	15	3	3	2.8
3	03	Southern Region	12	10	10	12	2.3
4	04	Western Region	8			8	3.6
5	05	Eastern Region	19		5	24	2.6
6	99	Drop-Ship					
7							
			63	30	18	51	

Buttons: Update, Cancel, Set Default Whse

Once the *Item Master Data* is updated, the document that above could not be added, will now be saved after the display of the minimum stock level violation warning message. This affects the stock levels as follows:

#	Whse Code	Whse Name	In Stock	Committed	Ordered	Available	Item Cost
1	01	General Warehouse	9	5		4	3.5
2	02	Northern Region	15	15	3	3	2.8
3	03	Southern Region	12	10	10	12	2.3
4	04	Western Region	8			8	3.6
5	05	Eastern Region	-6		5	-1	2.6
6	99	Drop-Ship					
7							
			38	30	18	26	

Since the item is not managed by warehouse, SAP Business One looks at the overall stock quantity. As long as the sum of all items in stock does not go below zero, the application will not prevent a user from posting a stock depleting document. In the above screen, the *In Stock* quantity for *Warehouse 05* is '-6'; the system still allowed the transaction posting as the total *In Stock* quantity is still a positive value at '38'.

Therefore, if there is a requirement to control stock levels on a warehouse basis, the checkbox *Manage Stock by Warehouse* should be ticked. For more information, refer to the Expert Empowerment Session entitled: '[The Consequences of Setting Manage by Warehouse Option in System Initialisation](#)'.