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The Devil in the Dump SKU

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WHAT YOU'LL LEARN

- The purpose of a dump SKU

- The devil in the dump SKU

- How to create a dump SKU

- Guidelines for using dump SKU's

- Dump SKU margin reporting

- Optional settings:

  - Apply F4 Discount to dump SKU's

  - Apply margin protection to dump SKU's

- Converting dump SKUs into active inventory items

The purpose of a dump SKU
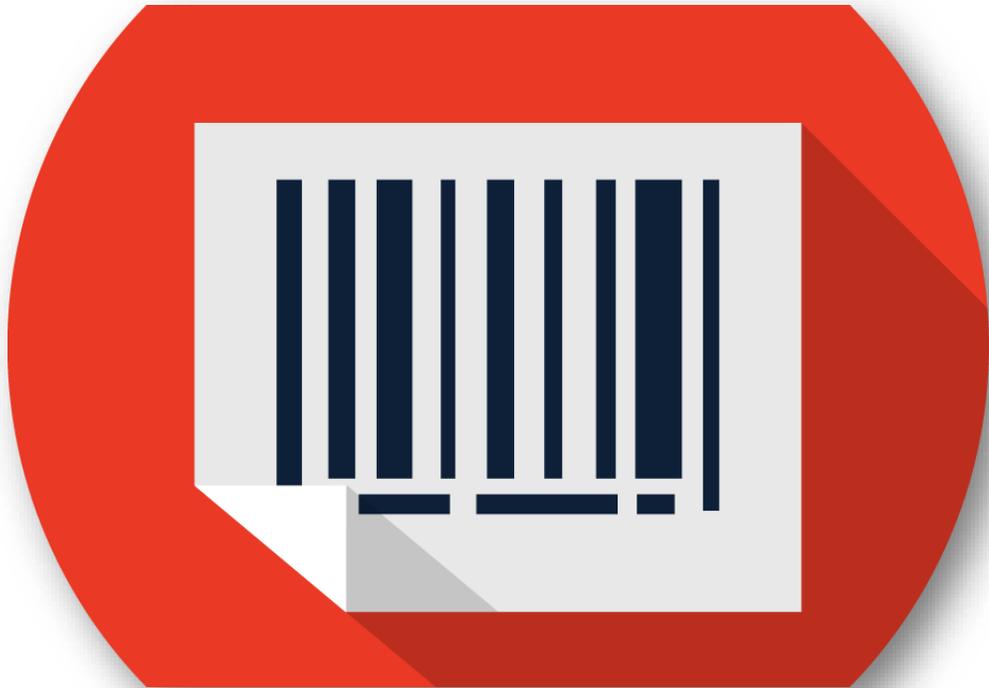
A dump SKU (Stock Keeping Unit) can be created and used for the following reasons:

- To use as a generic part number when a product barcode is non-existent.

- To be used for bulk commodity items such as fasteners, nuts, bolts, nails, etc.

- To use temporarily when new items have not yet been added to the inventory system – i.e., new store setup.
  - Press **F2 Add Note** and add a brief description of the item so it can be added to the inventory permanently, at a later time.

The devil in the dump SKU

Warning: There may be negative effects of using dump SKUs if they are not properly setup. The following issues may occur:

- Skewed daily sales reports

- Skewed margins

- Skewed stock replenishment reports

- Skewed sales history reports

  - **Note:** Reporting errors don't necessarily mean you're losing money. Additionally, there are solutions for resolving incorrect margins from past sales events.
    --Contact your Paladin customer support team for assistance--

How to create a dump SKU
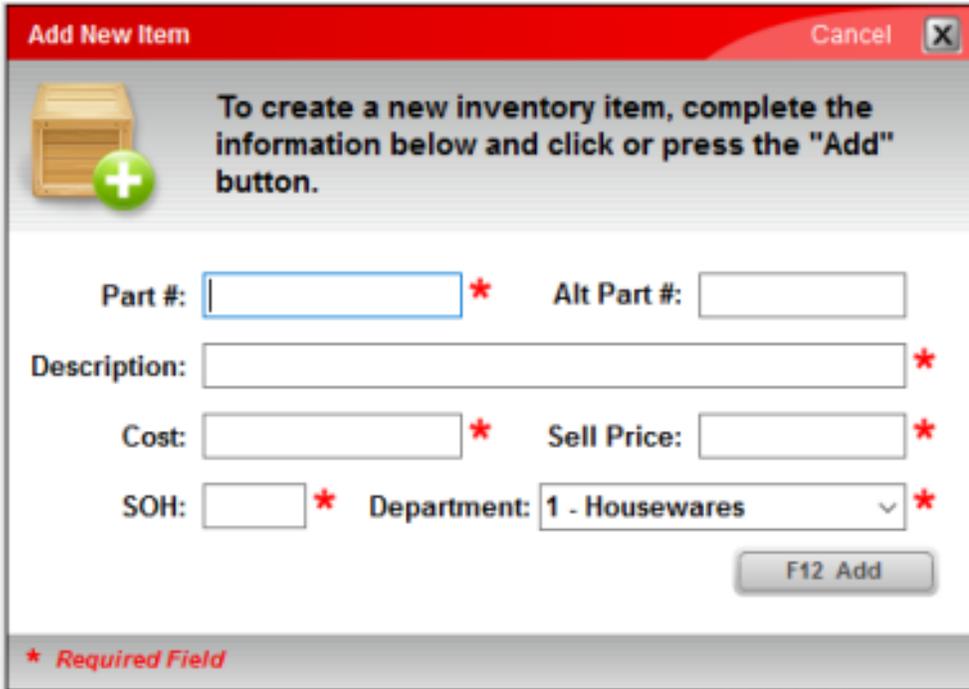
1. On the top ribbon, press the **Alt+3** key or click on the **Inventory** module.
2. On the bottom ribbon, click **F2 Add Item**.
3. Enter information in the following boxes:
   - **Part #** or department identifying code
     - Make it short and memorable
   - **Description**
   - **Cost** (set to $0.00)
   - **Sell Price** (set to $0.00)
   - **SOH** (set to 0 (zero))
   - **Department** (choose relevant department)
4. Click **F12 Add**.

How to create a dump SKU (Continued)
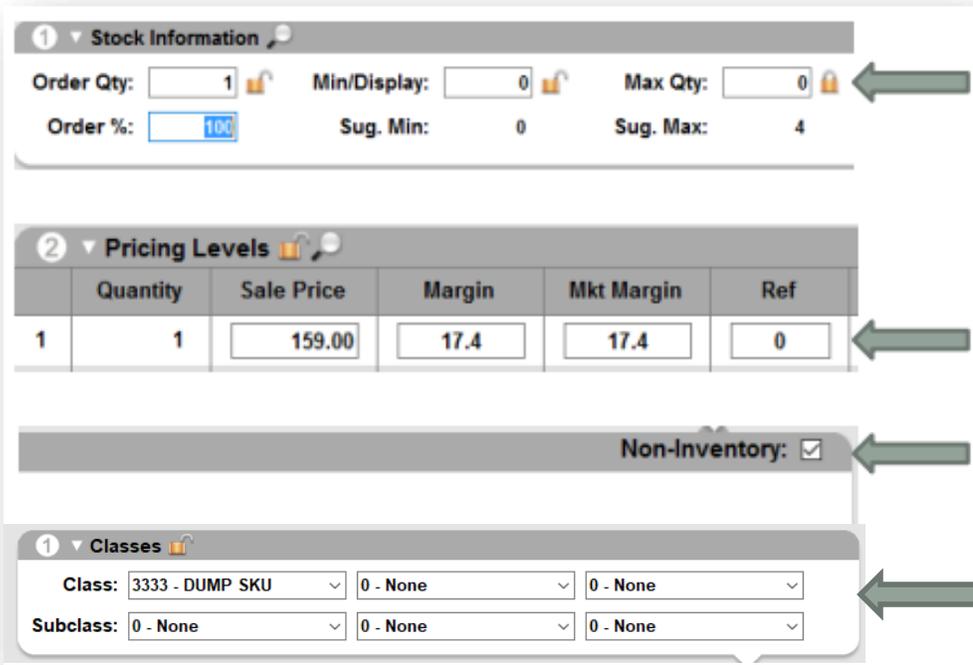
5. Next, click on the **Order Control** tab.

6. In the Stock Information pane, in the **Max Qty** box, enter **0** (zero) and press the **Enter** key, then click the padlock to lock it and press **F12 Save** to save changes.

7. Next, click the **Pricing** tab.

8. In the **Pricing Levels** pane, enter the dump SKU department's average margin in the **Ref** box.

9. Click the **General** tab, then select the **Non-Inventory** checkbox.

10. Optionally, enter a dump SKU **Class** for searching and reporting purposes.

Guidelines for using dump SKUs

| Item	Guideline
Part #	Create a part number that is short and easy to remember.
Alternate # (Optional Field)	Enter an additional part number or code/name that is easy for cashiers to recognize and recall.
Description	Enter a description that makes sense to you and your customers as it will appear on receipt.
Cost	Enter a cost of $0.00.
Sale price	Enter a sales price of $0.00. Optionally, you may set a large amount (i.e., $500) in this field, which will force the cashier to enter an accurate amount avoiding the customer from leaving the store without paying for the item.
Department	Create a different dump SKU for each major department for better accounting practices.
Reference margin	Enter an average reference margin if the sale price for the dump SKU is set at zero. The reference margin will automatically calculate a fixed margin when a retail price in entered at checkout.
Maximum quantity	Set the Max Qty to zero and then lock it so that the item does not show up on the suggested order report.
Non-inventory	Check this box so that it will not affect your stock on hand (SOH) inventory counts.

Dump SKU margin reporting
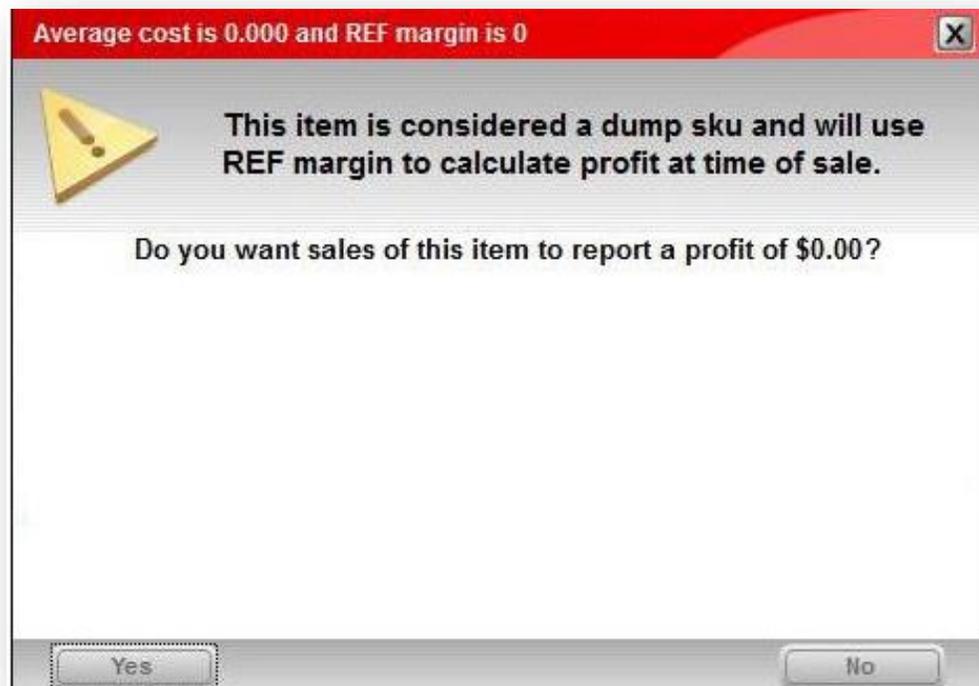
- Inventory items are considered a dump SKU if **Avg Cost** is zero. When this happens, the **Ref Margin** value on that item must be used to record an estimated margin made during the sale.

- If **Ref Margin** isn't changed from its default value of zero, the sale is recorded as a zero profit/zero margin event. This effects the margin and profit for the department when reporting.

- The message on the left displays anytime an inventory item is saved that has zero cost and zero **Ref Margin**.

- Paladin's **Comparative Revenue Report, Invoice Margin Analysis Report, and Inventory Count List Report**, can help stores identify errors and discrepancies in margin reporting.

Apply F4 Discount to dump SKUs
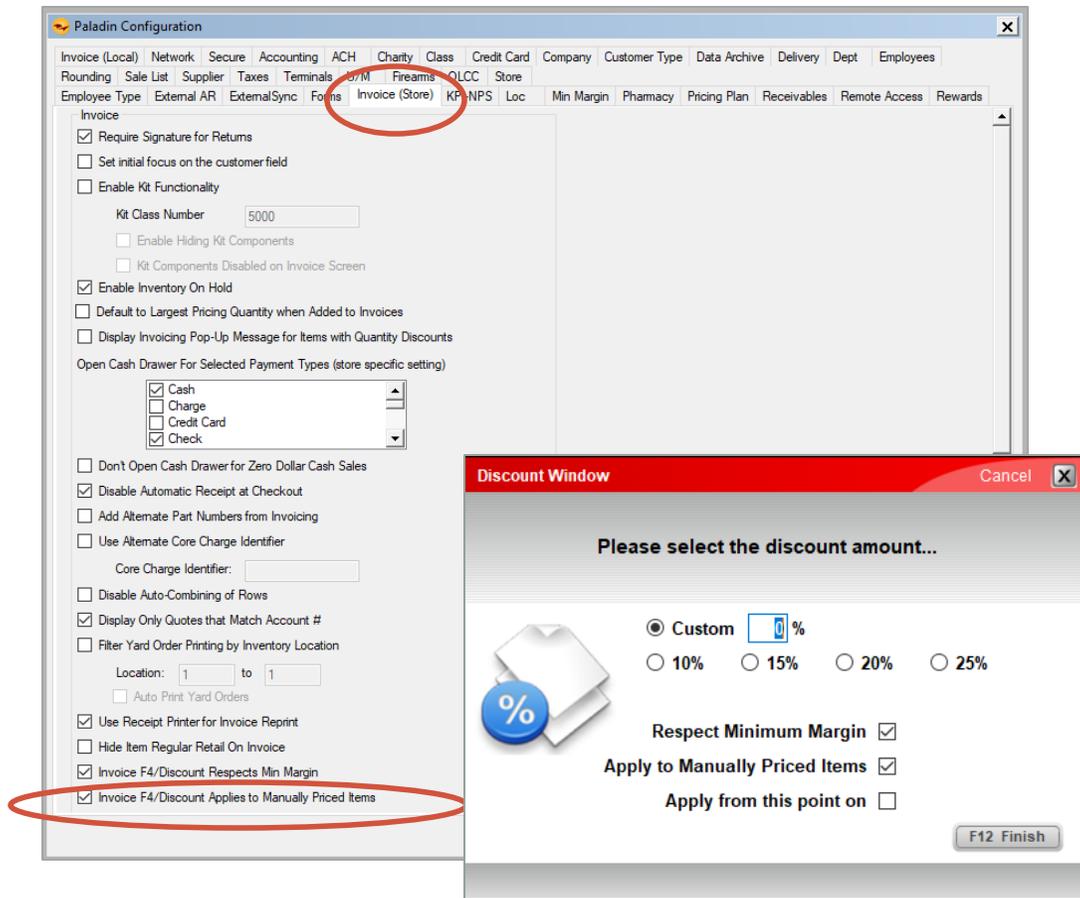
- As an option, you may allow dump SKUs to be discounted at checkout using the **F4 Discount** function.

- To activate this feature, go to: **File->Setup->Invoice(Store)** tab.

- Check the box that reads: **Invoice F4/Discount Applies to Manually Priced Items.**

Apply margin protection to dump SKUs

Min Margin Tab
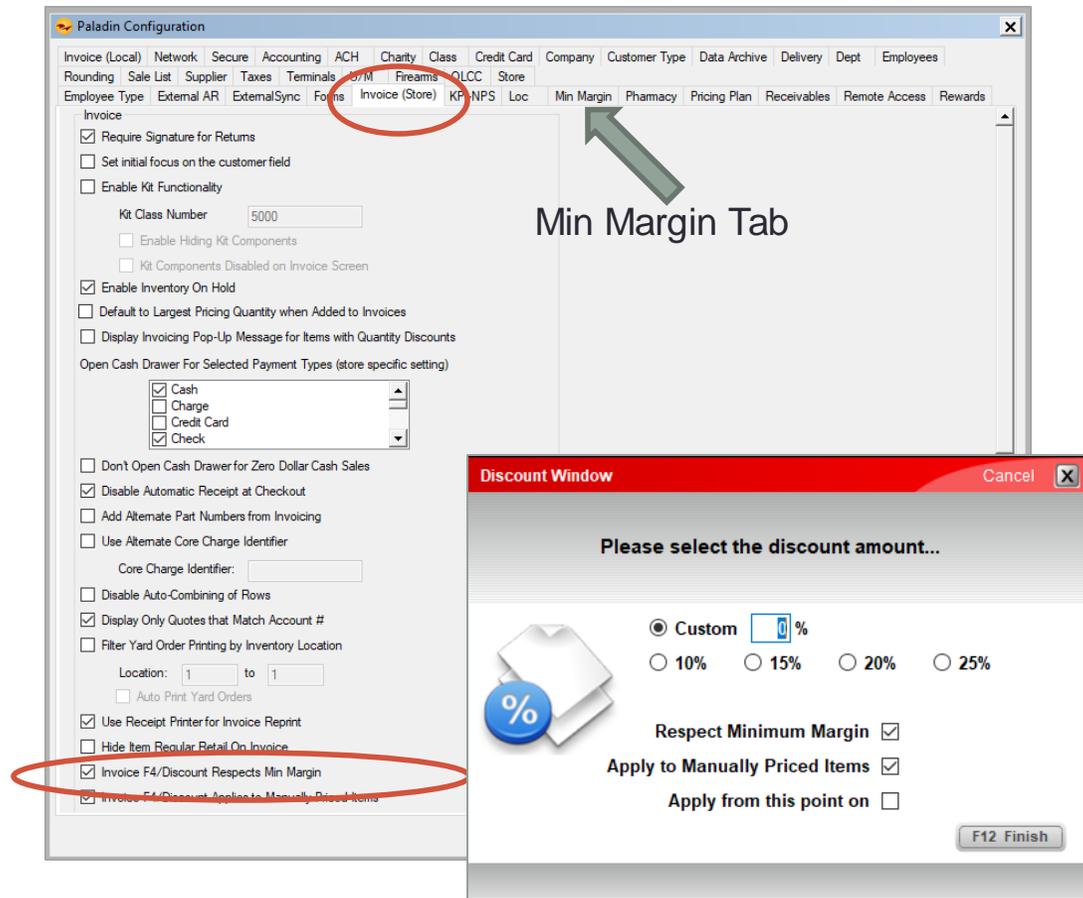
- As an option, you may activate minimum margin protection when using the **F4 Discount** function.

- To activate this feature, go to: **File->Setup->Invoice(Store)** tab.

- Check the box that reads: **Invoice F4/Discount Respects Minimum Margin**.

  - **Note:** Be sure to verify that your minimum margins are set either across the board (see Min Margin tab on this screen shot) or per individual department (set at the department level).

Converting dump SKUs into active inventory items
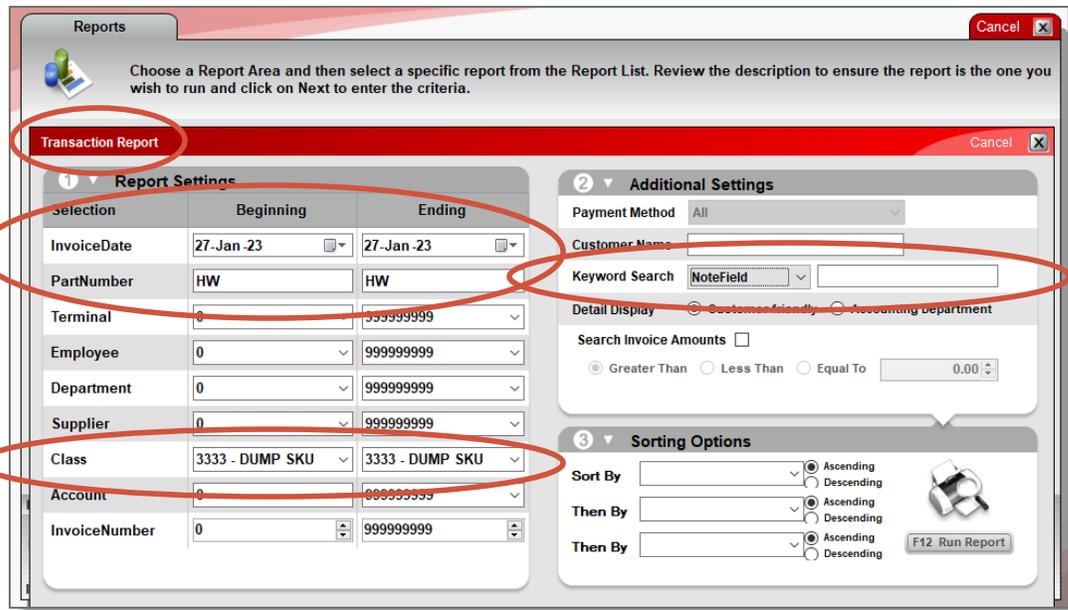
- **For new or unscannable items** -- When you are forced to use a dump SKU during checkout there will be an opportunity to add the item(s) to the inventory later. Simply follow these steps:

- **Step 1)** Be sure to add a description of the item and/or scan the barcode into the note field upon checkout.

- **Step 2)** Run a transaction report at the end of the day for all dump SKUs applied at checkout.

- **Step 3)** Go through the transaction report and add all appropriate products to the inventory. This will assure that the next time you scan the product it will recognize the barcode and scan properly.

  - **Note:** Verify the vendor's UPC and Part Number. Confirm the item is not already in the inventory to prevent duplicate inventory items from being added. If so, you can use the merge utility to correct duplicate items.

Learn More

To learn more, see the following resources in our Help Portal

- How to create a dump SKU

- Dump SKU margin protection

A recording of this webinar will be available at portal.paladinpos.com/webinars.

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February 21, 2023
9am PT
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