

# MODULE 3: CUSTOMER SERVICE FEATURES

## Module Overview

Customer service features in Microsoft Dynamics NAV® 2013 include the substitution of one item with another, item cross reference, and nonstock items. Companies can manage the sale of nonstock items in two ways—create drop shipments and use special orders.

Each of these features adds to customer satisfaction by offering more flexibility and by expediting the sales process.

Before starting the lessons in this module, set your work date to January 23, 2014.

### Objectives

The objectives are:

- Describe how to set up and use item substitutions.
- Review the setup and use of item cross references.
- Explain how to set up nonstock items and create them manually.

Describe how to sell nonstock items by using special orders.

## Item Substitutions

Companies frequently offer similar products as substitutes for one another, for the following reasons:

- A company can offer many different styles, brands, and prices of goods. By doing this, customers can select the items that best suit their needs and budgets.
- By having customers be able to purchase inventory items of comparable quality, function, and price, companies can still meet customers' needs if stock shortages occur.

Companies can use the item substitution feature to link items with the same or similar properties to one another. The substitution can be either one-way (from item x to item y, but not from item y to item x), or two-way. If the substitution is two-way, the items are considered interchangeable. If one item is interchangeable with another, the program automatically creates a "reverse substitution" entry for the other item during the setup of the substitution information.

After substitution information is set up for an item, every time that item is entered on a sales line, the number of available substitutes displays in the **Substitutions** field in the **Sales Line Details** FactBox. Additionally, when the quantity of the item that is requested on the sales line exceeds the quantity that is available from inventory, the **Substitutes Exist** field displays Yes in the stockout message.

If you select a substitute, then the program updates the relevant fields on the sales line.

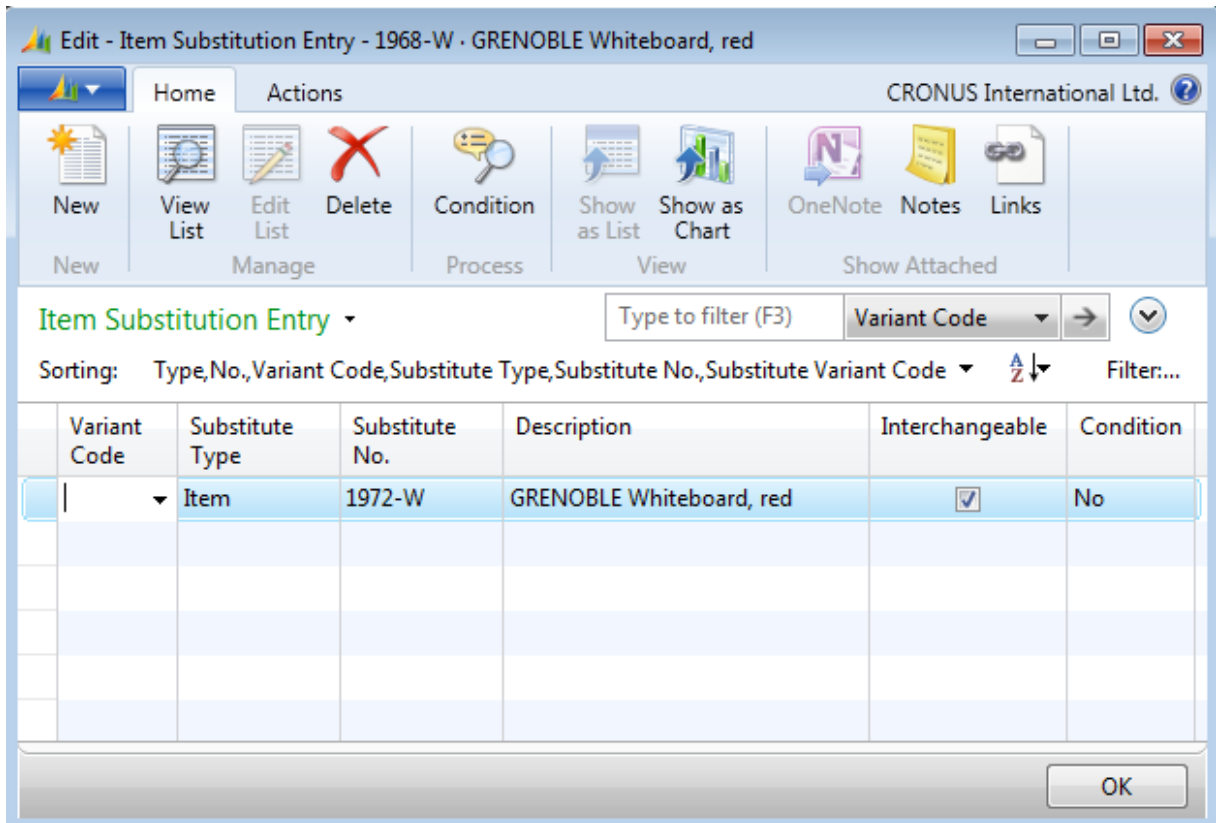
### Procedure: Review Item Substitution Entries

To use the item substitution functionality, a company must create item substitution entries.

At CRONUS International Ltd., several item substitution entries are already set up. To view the available substitutions for item 1968-W, follow these steps.

1. In the **Search** box, enter "items", and then select the related link.
2. Open the item card for item 1968-W.

3. On the **Home** tab, click **Substitutions**.



**FIGURE 3.1: ITEM SUBSTITUTIONS FOR ITEM 1968-W, THE GRENOBLE WHITEBOARD, RED**

The fields on the **Item Substitution Entry** page specify information about the substitute item(s).

An item can be substituted with either another item on the company's inventory list or with a nonstock item. The **Substitute Type** field is used to specify the type of item to use as a substitute. The options are Item and Nonstock Item. The **Substitute No.** field is then used to select the substitute item from among the selected substitute type.

The interchangeability of the substitute item is defined by the **Interchangeable** check box. Selecting this check box means that the item and the substitute are interchangeable and they can be substituted for one another when it is necessary.

To enter comments about the conditions that are required to make substitutions for an item, click **Condition** on the **Home** tab. If a condition is entered, the **Condition** field on the **Item Substitution Entry** page will display Yes.

Immediately after a substitution entry is created for an item, the **Substitution Available** field will automatically display Yes on any sales line for this item.

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**Note:** Use the **Choose Columns** function on the **Lines** FastTab of any sales document to show the **Substitution Available** field.

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### Demonstration: Create a Sales Order with Substitutions

**Scenario:** Customer 10000 orders three units of item 1968-W.

Susan, the order processor, creates an order for the customer and learns that the quantity of the requested item is not available. However, item 1968-W can be substituted by another item. With the customer's consent, Susan ships the substitute item.

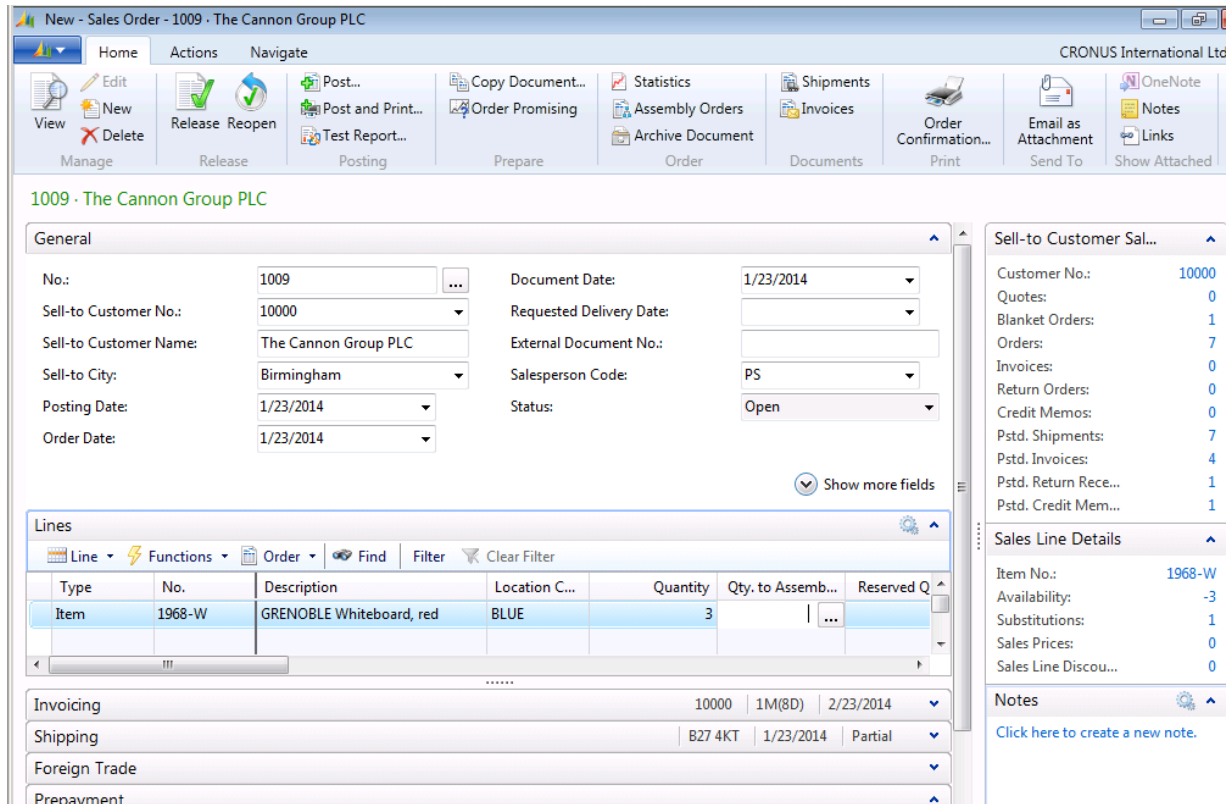
#### Demonstration Steps

To create the sales order, follow these steps.

1. In the **Search** box, enter "sales orders", and then select the related link.
2. On the **Home** tab, click **New** and then press **Enter**.
3. On the **General** FastTab, in the **Sell-to Customer No.** field, enter "10000".
4. On the **Lines** FastTab, in the **Type** field, select Item.
5. In the **No.** field, enter "1968-W".
6. In the **Quantity** field, type "3" and then press **Enter** or **Tab**. A stockout message appears. In the message box, the **Substitutes Exist** line shows that a substitute exists.
7. Click **Yes** to record the quantity.

## Module 3: Customer Service Features

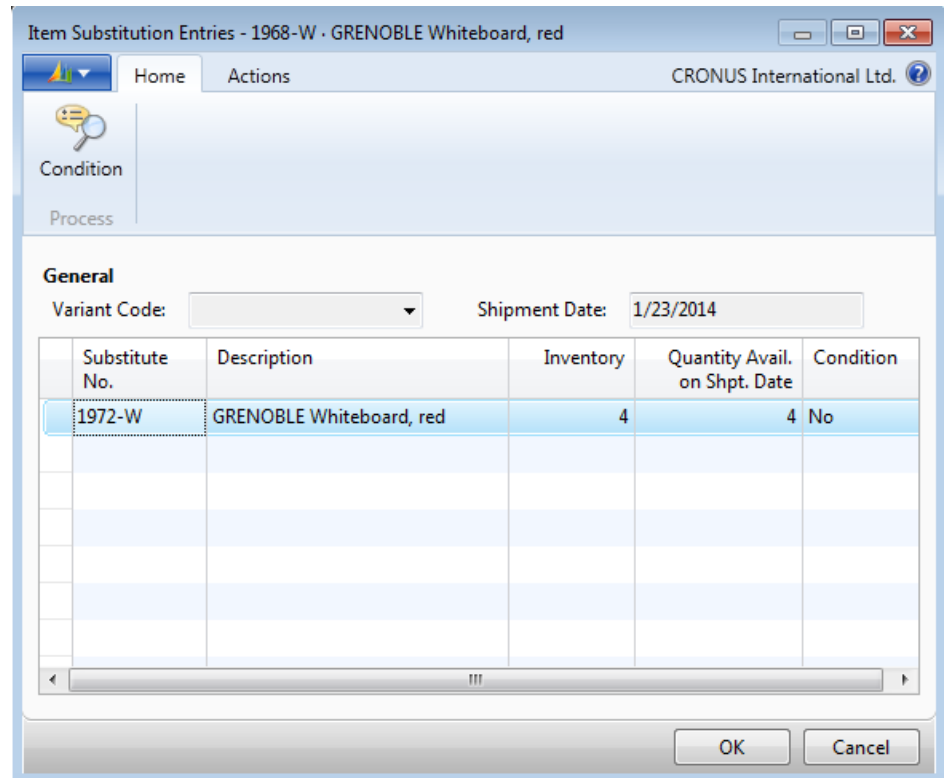
The **Substitutions** field in the **Sales Line Details** FactBox indicates that one item is set up as a substitute for the item on the sales line.



**FIGURE 3.2: SALES LINE DETAILS FACTBOX SHOWING THAT SUBSTITUTIONS ARE AVAILABLE**

To view and select the substitute item, follow these steps.

1. In the **Sales Line Details** FactBox, click the **Substitutions** link. The **Item Substitution Entries** page opens. Notice that the title for the page includes a description of the item on the sales line, and that the **Shipment Date** field reflects the shipment date for the sales line. Notice, also, that the one of fields in the list of substitutes is **Quantity Avail. on Shpt. Date**. This indicates the quantity of each substitute that is available on the shipment date for the sales line.



**FIGURE 3.3: ITEM SUBSTITUTION ENTRIES PAGE SHOWING AVAILABLE SUBSTITUTION INVENTORY**

2. With the line for item 1972-W selected, click **OK**. Item 1972-W replaces the original item 1968-W on the sales line.
3. On the **Home** tab, click **Post**.
4. Select Ship and then click **OK**.



**Note:** You can also select item substitutions for a sales line by pointing to Line in the **Lines** FastTab, and then clicking **Select Item Substitution**.

## Lab 3.1: Process a Sales Order with Item Substitutions

You are the order processor at CRONUS. Customer 40000 orders seven units of item 1980-S. However, because there are no units of item 1980-S in stock, the customer approves a substitution. Ship the order with the substituted item.



**Note:** This customer's shipments are usually made from the **YELLOW** warehouse. Because the **YELLOW** location requires picking, the shipping process must be done through the warehouse. Skip this process by manually entering a quantity in the **Qty. To Ship** field on the sales lines and accepting any messages.

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### High Level Steps

1. Create the sales order for customer 40000 for seven units of item 1980-S.
2. Determine whether the requested item can be substituted by another item. If this is the case, make the substitution.
3. Ship the requested quantity of a substitute item.

### Detailed Steps

1. Create the sales order for customer 40000 for seven units of item 1980-S.
  - a. In the **Search** box, enter "sales orders", and then select the related link.
  - b. On the **Home** tab, click **New** and then press **Enter**.
  - c. On the **General** FastTab, in the **Sell-to Customer No.** field, enter "40000". Accept any messages.
  - d. On the **Lines** FastTab, in the **Type** field, select Item.
  - e. In the **No.** field, enter "1980-S".
  - f. In the **Quantity** field, type "7". Click **Yes** on the availability message that appears.
2. Determine whether the requested item can be substituted by another item. If this is the case, make the substitution.
  - a. In the **Sales Line Details** FactBox, click the **Substitutions** link.
  - b. Select the line for item 1988-S and then click **OK**.

3. Ship the requested quantity of a substitute item.
  - a. In the **Qty. to Ship** field, type "7". This is required because this item is set up for warehouse shipment.
  - b. Click **OK** to accept the warning message that appears.
  - c. On **Home** tab, click **Post**.
  - d. Select Ship and then click **OK**.
  - e. Close the sales order.



## Item Cross References

With item cross references, a company can associate a customer or vendor item number with the company's own internal item number. When the external item number is entered on a sales or purchase line, the program automatically fills in the internal item number and the corresponding information.

The following types of item numbers can be set up for cross reference:

- Blank
- Customer
- Vendor
- Bar Code

One item can have different cross-reference numbers for the customer, vendor, and bar code. The blank option means that any cross-reference number (for example, an additional internal reference) can be used to identify the item.

### Demonstration: Create an Item Cross Reference

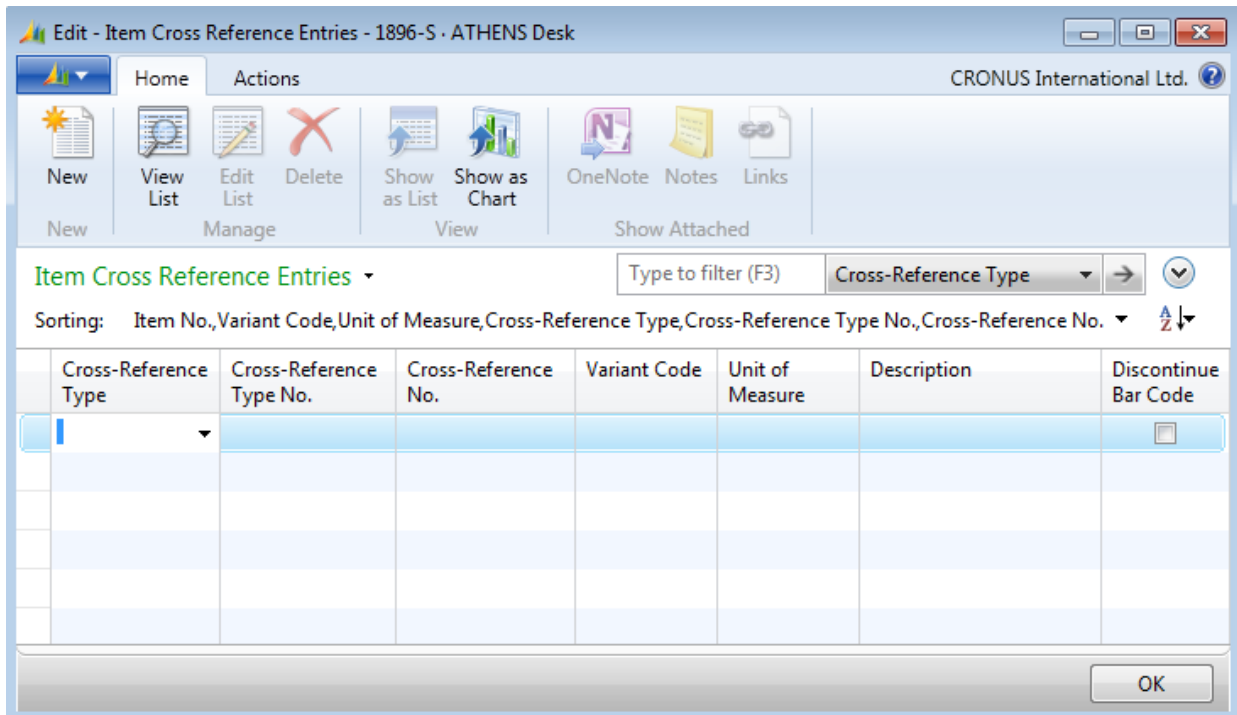
**Scenario:** Nancy, the sales representative at CRONUS, must create cross references for several selected items. This includes item 1896-S. When customer 40000 purchases this item, the customer's item description, "Executive Desk. 6 Dr; 36x60", is used on the sales documents instead of the item description that is used at CRONUS. The customer's reference number for this item is ED6DR3660.

### Demonstration Steps

To create a cross reference for item 1896-S, follow these steps.

1. In the **Search** box, enter "items", and then select the related link.
2. Open the item card for item 1896-S.

3. On the **Home** tab, click **Cross References**.



**FIGURE 3.4: ITEM CROSS REFERENCE ENTRIES**

4. On the **Item Cross Reference Entries** page, in the **Cross-Reference Type** field, select **Customer**.
5. In the **Cross Reference Type No.** field, enter "40000". In this case, this number identifies the customer. Similarly, for a cross-reference type of **Vendor**, a vendor No. must be selected. For the cross-reference type of **Bar Code**, a bar code name can be used instead.
6. In the **Cross-Reference No.** field, type "ED6DR3660".
7. In the **Unit of Measure** field, select **PCS**.
8. In the **Description** field, type "Executive Desk. 6 Dr; 36x60". If you enter a description here, it will override the standard item description when you enter the cross-reference number on a sales or purchase order.
9. Leave the **Discontinue Bar Code** field unchecked. This field is used when the **Cross-Reference Type** field is set to **Bar Code** and that particular bar code is no longer valid.
10. Click **OK** to close the **Item Cross Reference Entries** page.

### **Demonstration: Create a Sales Order with a Cross Reference**

**Scenario:** Susan, the order processor at CRONUS, receives an order from customer 40000 for 10 units of item ED6DR3660. The vendor is not aware of CRONUS's number for this item.

Susan must create a sales order by using the item cross reference function to locate the item. After Susan creates the order, she reviews the order confirmation to verify that the customer's item description appears.

#### **Demonstration Steps**

To create the sales order using item cross-references, follow these steps.

1. In the **Search** box, enter "sales orders", and then select the related link.
2. On the **Home** tab, click **New** and then press **Enter**.
3. On the **General** FastTab, in the **Sell-to Customer No.** field, enter "40000". Accept any messages.
4. On the **Lines** FastTab, use the **Choose Columns** function to add the **Cross-Reference No.** field to the line.
5. In the **Type** field, select **Item**.
6. In the **Cross-Reference No.** field, click the drop-down arrow to open the **Cross Reference List** page.
7. With the cross-reference number ED6DR3660 selected, click **OK**. The item number, cross-reference number, and the customer's description for the item appear on the sales line.
8. In the **Quantity** field, type "10".
9. On the **Home** tab, click **Order Confirmation**.
10. Click **Preview**. The document shows item number 1896-S, but uses the customer's item description (the description associated with the cross-reference number).
11. Close the **Print Preview** page.
12. In the **Qty. to Ship** field, type "10". Click **OK** to accept the warning message that appears.
13. On the **Home** tab, click **Post** and then click **OK**.

The principles that are related to the procedures for setting up and using item cross references when you purchase items from vendors are the same as those described in this lesson.

## Lab 3.2: Process a Sales Order with Item Cross References

### Scenario

You are the order processor at CRONUS.

Customer 10000 places an order for eight units of item 1900-S, and says that this is its item number 22-786, with a description of "Chair, lounge, black".

Because this customer orders this item frequently, you decide to set up an item cross reference before you create and post the order.

### High Level Steps

1. Set up an item cross reference for item 1900-S with customer 10000's item number of 22-786 and a description of "Chair, lounge, black".
2. Create a sales order that uses the customer's item number.
3. Post the order.

### Detailed Steps

1. Set up an item cross reference for item 1900-S with customer 10000's item number of 22-786 and a description of "Chair, lounge, black".
  - a. In the **Search** box, enter "items", and then select the related link.
  - b. Open the item card for item 1900-S.
  - c. On the **Home** tab, click **Cross References**.
  - d. On the **Item Cross Reference Entries** page, in the **Cross-Reference Type** field, select Customer.
  - e. In the **Cross Reference Type No.** field, enter "10000".
  - f. In the **Cross-Reference No.** field, type "22-786".
  - g. In the **Unit of Measure** field, select PCS.
  - h. In the **Description** field, type "Chair, lounge, black".
  - i. Click **OK** to close the **Item Cross Reference Entries** page.

## Module 3: Customer Service Features

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2. Create a sales order that uses the customer's item number.
  - a. In the **Search** box, enter "sales orders", and then select the related link.
  - b. On the **Home** tab, click **New** and then press **Enter**.
  - c. On the **General** FastTab, in the **Sell-to Customer No.** field, enter "10000".
  - d. On the **Lines** FastTab, in the **Type** field, select Item.
  - e. Use the **Choose Columns** function to add the **Cross-Reference No.** field.
  - f. In the **Cross-Reference No.** field, click the drop-down arrow to open the **Cross Reference List** page.
  - g. With the cross-reference number 22-786 selected, click **OK**.
  - h. In the **Quantity** field, type "8".
3. Post the order.
  - a. On the **Home** tab, click **Post**.
  - b. Click **OK** to ship and invoice the order.

## Set Up and Create Nonstock Items

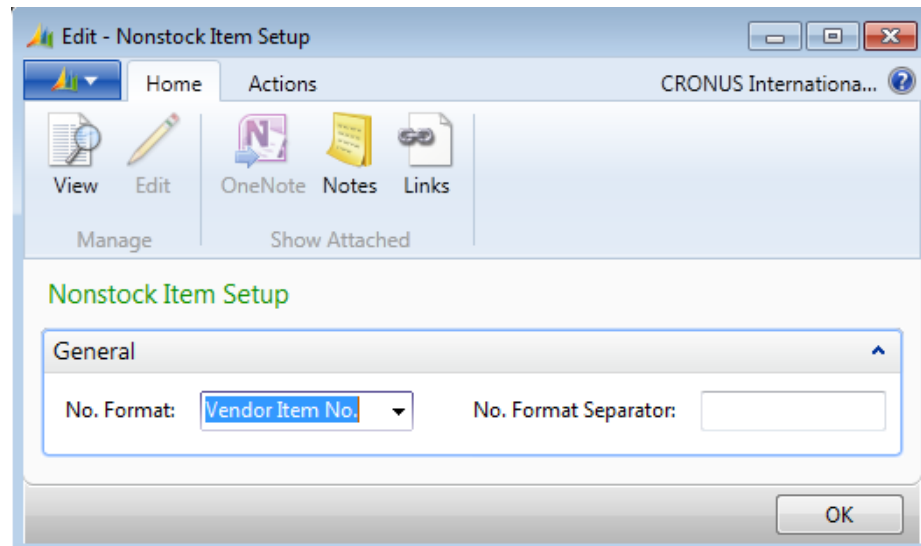
Companies use nonstock processing to order, ship, and invoice items that are not usually part of their inventory. The main users of this functionality work in sales, purchasing, and inventory management.

By using nonstock processing, you can enter a nonstock item on a sales quote, order, or invoice. You can select the item from an existing list of nonstock items that are provided by vendors and entered into the program (a vendor catalog). Immediately after the relevant vendor item is selected on a document line for the first time, the program automatically creates an inventory item with a unique item number. The item is then processed as an ordinary "stocked" inventory item.

Reports help companies decide whether to carry certain nonstock items as stocked items.

### Procedure: Review Nonstock Item Setup

To set up the numbering sequence and format for nonstock items, enter "nonstock item setup" in the **Search** box, and then select the related link. This opens the **Nonstock Item Setup** page.



**FIGURE 3.5: NONSTOCK ITEM SETUP**

## Module 3: Customer Service Features

The following two fields specify the format of nonstock item numbers that are created on their associated item cards. The program generates the number when you enter a nonstock item on a document line for the first time.

- The **No. Format** field includes four options for how the program formats nonstock item numbers. These include the following:
  - Vendor Item No.
  - Mfr. + Vendor Item No.
  - Vendor Item No. + Mfr.
  - Entry No.
- The **No. Format Separator** field includes the character that serves as a separator between the elements of a nonstock item number if you have selected a **No. Format** with multiple elements.

Refer to the online Help for more information about the fields on the **Nonstock Item Setup** page.

### Procedure: Review Existing Nonstock Items

To review existing nonstock items, follow these steps.

1. In the **Search** box, enter “nonstock items”, and then select the related link.
2. Double-click the line for vendor item number 2100. This opens the nonstock item card.

General	
Entry No.:	NS0001
Manufacturer Code:	LANE
Vendor No.:	10000
Vendor Item No.:	2100
Item No.:	
Description:	Straight back chair
Unit of Measure:	PCS
Last Date Modified:	

Invoicing	
Published Cost:	12.00
Negotiated Cost:	10.00
Unit Price:	22.00
Gross Weight:	5
Net Weight:	5
Bar Code:	1111X2222
Item Category Code:	FURNITURE
Product Group Code:	CHAIR

**FIGURE 3.6: NONSTOCK ITEM CARD**

To select nonstock items on a sales line, you must populate the **Vendor No.** and **Vendor Item No.** fields in the **General** FastTab, and the **Item Category Code** field in the **Invoicing** FastTab. The item category code is important because it determines the posting groups and the costing methods the program uses when the nonstock item is used in a transaction.

A well-formed nonstock item (to make it easier to identify in the nonstock item selection process) should also include values in the **Description** and **Unit of Measure** fields in the **General** FastTab, and pricing information in the **Invoicing** FastTab.

Refer to the online Help for more information about the fields on the nonstock item card.

### **Demonstration: Create an Item Card from a Nonstock Item**

This is a continuation of the “Review Existing Nonstock Items” procedure in this training material.

The first time that a nonstock item is entered on a sales line, the program automatically uses the information that is included on the nonstock item card to generate an item card.

To generate an item card for a nonstock item before you use it in a transaction, you must use the **Create Item** function on the nonstock item card.

**Scenario:** Susan, the order processor at CRONUS, knows that she will use nonstock item 2100 in a sales transaction. She therefore decides to manually generate an item card in advance.

### **Demonstration Steps**

To generate the item card, follow these steps.

1. Make sure that the nonstock item card is still open for vendor item number 2100 (Entry No. NS0001).
2. On the **Home** tab, click **Create Item**. The program creates the corresponding item card, adds a record in the item vendor catalog, and provides confirmation. The newly created item is assigned the number with the format that is specified in the **Nonstock Item Setup** page (in this case, the Vendor Item No., that results in an assigned number of 2100).
3. Click **OK** to close the confirmation message.
4. Close the nonstock item card.



To review the new item card and its cross-reference entries, follow these steps.

1. In the **Search** box, enter "items", and then select the related link.
2. Open the item card for item 2100.
3. Notice that the **Created From Nonstock Item** field is selected on the **General** FastTab. This indicates that this item is created from a nonstock item.
4. On the **Home** tab, click **Cross References**. Notice, also, that a cross reference is created that links item 2100 with vendor item number 2100.

## Sell Nonstock Items

Companies usually sell nonstock items to customers as drop shipments or special orders. Drop shipments are sent directly from the vendor to the customer. Special orders are sent to the company's warehouse before they are sent to the customer.

Drop shipments are used when a company wants to avoid handling the physical goods in an order, such as stocking and delivering, but wants to fulfill the customer's request and include the transaction in a calculation of cost of goods sold and profit.

When a company makes a shipment to a customer that consists of both regular and nonstock items, or wants to handle all transactions with the customer in the same manner, the company might process the sales order as a special order.


This lesson shows how to process the sale of a nonstock item by using a special order. The process for selling nonstock items by using drop shipments resembles special orders. A complete description of the drop shipment process is provided in the "Drop Shipments" lesson of "Sales Order Management" in this training material.

### **Demonstration: Sell a Nonstock Item Using A Special Order**

**Scenario:** Customer 10000 orders three units of item 4100. Item 4100 is a nonstock item that must be purchased from vendor 40000. Because this customer only accepts shipments from CRONUS, Susan, the order processor, specifies the sales order line as a special order.

Alicia, the purchasing agent, creates the corresponding purchase order. After Alicia receives the shipment from vendor 40000, she then posts vendor invoice 11234.

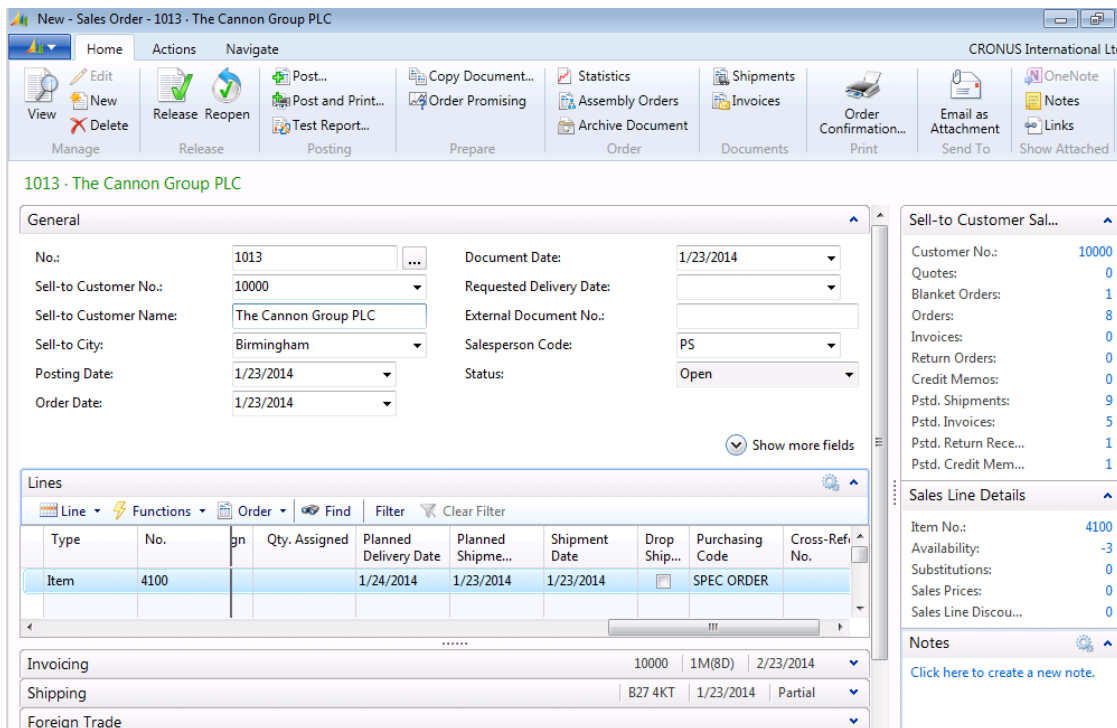
At the same time, Susan ships the items to customer 10000 and posts the invoice.

 **Note:** Creating sales orders for nonstock items requires entries in the **Purchasing Code** field.

## Demonstration Steps

To create and release a sales order for customer 10000 for three units of nonstock item 4100, follow these steps.

1. In the **Search** box, enter "sales orders", and then select the related link.
2. On the **Home** tab, click **New** and then press **Enter**.
3. On the **General** FastTab, in the **Sell-to Customer No.** field, enter "10000".
4. In the **Type** field, select Item.
5. On the **Lines** FastTab, point to **Functions**, and then click **Nonstock Items**.
6. Select item 4100 and then click **OK**.
7. In the **Purchasing Code** field, select SPEC ORDER.
8. In the **Quantity** field, type "3".



**FIGURE 3.7: SALES ORDER WITH SPECIAL ORDER SALES LINE**

9. On the **Home** tab, click **Release**.
10. Minimize the **Sales Order** page.



**Note:** Susan had to select this item by using the nonstock items list because it is not present in the regular items list. If the item had previously been used in a sales order, the program would have automatically created a regular item card for it. Then, Susan could have selected it from the regular items list. Or, Susan could have created a regular item card for it in advance by following the steps in the “Create an Item Card from a Nonstock Item” demonstration in this training material. Even if a regular item card exists for the item, the program will know it is a nonstock item because of the **Created From Nonstock Item** field in the regular item card.

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To create the purchase order for the special order, and receive and invoice the purchase order, follow these steps.

1. In the **Search** box, enter “purchase orders”, and then select the related link.
2. On the **Home** tab, click **New** and then click **Enter**.
3. On the **General** FastTab, in the **Buy-from Vendor No.** field, enter “40000”.
4. In the **Vendor Invoice No.** field, enter “11234”.
5. Expand the **Shipping** FastTab and enter “10000” in the **Sell-to Customer No.** field.
6. On the **Actions** tab, point to Special Order, and then click **Get Sales Order**.
7. Select the sales order for three units of item 4100 and then click **OK** (use the **Card** function on the **Home** tab to view the details of each order).
8. On the **Home** tab, click **Post**.
9. Click **OK** to receive and invoice the purchase order.

To complete the special order and post the sales order, follow these steps.

1. Switch to the sales order.
2. On the **Home** tab, click **Post**.
3. Click **OK** to ship and invoice the sales order.

## Module Review

### ***Module Review and Takeaways***

Companies can use item substitution to link items with the same or similar characteristics. By using item substitution, companies can offer customers substitute items in shortage situations, or propose an alternative item that has a better price.

With item cross reference, another company's item number can be used as a reference number on documents. This improves communication with customers and makes it easier for them to locate their copies of documents.

As an additional service to customers, the nonstock items function can be used to manage the sale of items that are not maintained as part of regular inventory. This can be achieved by using the drop shipment functionality or by creating special orders. Both these functionalities can link sales with their supporting purchase transactions.

These customer service features improve the perception of the company and serve to strengthen its long-term relationships with its customers.

### **Test Your Knowledge**

Test your knowledge with the following questions.

1. Without opening the item card, what are the different ways that you can learn if substitutions exist for an item on a sales order?

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2. Which of the following cannot be set up as item cross-reference types?

- ( ) Vendor
- ( ) Serial No.
- ( ) Customer
- ( ) Bar Code

## Module 3: Customer Service Features

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3. Explain why nonstock item processing should be used.

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## Test Your Knowledge Solutions

### Module Review and Takeaways

1. Without opening the item card, what are the different ways that you can learn if substitutions exist for an item on a sales order?

MODEL ANSWER:

Refer to the Substitution Available field on the sales line.

Refer to the Substitutions field in the Sales Line Details FactBox.

Refer to the Substitutes Exist line on the stockout warning message.

Refer to the Select Item Substitutions function that is available from the Lines FastTab.

2. Which of the following cannot be set up as item cross-reference types?

Vendor

Serial No.

Customer

Bar Code

3. Explain why nonstock item processing should be used.

MODEL ANSWER:

By using nonstock processing, companies can order, ship, and invoice items that are not part of their regular inventory.