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How Do You Calculate Conversion Factor? - Fulfillment

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How Do You Calculate Conversion Factor? - Fulfillment

The basic equation is: Conversion Factor x Received Quantity = Stocked Item Quantity

When ordering large quantities that are being stocked in a unit/package for selling, use the following equation.

Ordered/Received quantity   = Stocked Quantity
Number of items in a package

Stocked Quantity   = Conversion Factor
Ordered/Received Quantity

When ordering from the vendor as each and stocking in packages.

Example

You order 500 items from your vendor but want to stock the items in packages of 25.

Ordered/received quantity would be 500 = 500   divided by 25 = 20
Number of items in a package would be 25

Stocked quantity would be 20 = 20   divided by 500 = .04
Order receive quantity would be 500

The conversion factor in this example would be .04

When ordering from the vendor in packages but want to stock in single units or different quantity packages.

Example
Golf balls are ordered from the vendor in quantities of a dozen and you wish to stock in sleeves of 3. You order 10 dozen golf balls and want to stock 40 sleeves of 3.

Order Quantity x Quantity of Pieces in Unit Ordered = Total Pieces Ordered
10 x 12 = 120

Total Pieces Ordered 120 = Stocked Quantity 40
Pieces in Selling Unit 3

Stocked Quantity 40 = Conversion Factor 4

Ordered Quantity 10