



WHITE PAPER

# Never Oversell Again: Stock Reservation & Available-to-Promise in ERPNext

How ERPNext sets stock aside against a specific sales order so the same unit is never promised to two customers — and how to read what you can still safely promise.

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For sales-ops & supply-chain leaders · 8 min read

## EXECUTIVE SUMMARY

Every business that sells physical goods has done it at least once: two orders, one unit of stock, and a promise you can't keep. The item was 'in stock' when both salespeople looked — because on-hand quantity doesn't know what's already been sold. This paper explains how ERPNext closes that gap with Stock Reservation: a mechanism that sets a specific quantity aside against a specific sales order, in a specific warehouse, so it can't be counted as available for anything else. It walks through how reservation actually works — the Stock Reservation Entry that gets created, reserving from the sales order or a pick list, and the difference between what's physically on-hand and what you can still promise (available-to-promise). It's grounded in the real ERPNext doctype, and it's honest about when reservation helps and when it just adds friction.

## The double-promise problem

Overselling is rarely a data-entry mistake. It's a structural blind spot. When two salespeople — or your website and your counter, or two branches — look at the same item, they both see the same on-hand quantity. Neither view knows that the other has just committed those units to a customer. So both promise the same stock, and one of those promises fails at dispatch.

The root cause is that plain on-hand quantity is a physical fact, not a commercial one. It tells you what's sitting in the warehouse right now. It says nothing about what's already spoken for. A warehouse can show 100 units on-hand and yet have zero units genuinely available, because all 100 are already committed to confirmed orders waiting to ship. Sell against that 100 and you've oversold — you just don't find out until picking.

The cost isn't only the scramble to expedite or the apology to the customer. It's the erosion of trust in your own stock figures: once your team learns that 'in stock' doesn't mean 'available to sell', they start keeping side-spreadsheets and calling the warehouse to confirm — which is the whole problem an ERP was supposed to solve.

- Two orders, one unit — both saw the same on-hand number; neither saw the other's commitment.
- On-hand is physical, not commercial — it doesn't subtract what's already promised.
- The hidden cost is trust — teams stop believing the stock figure and revert to phone calls and spreadsheets.

## What stock reservation actually is

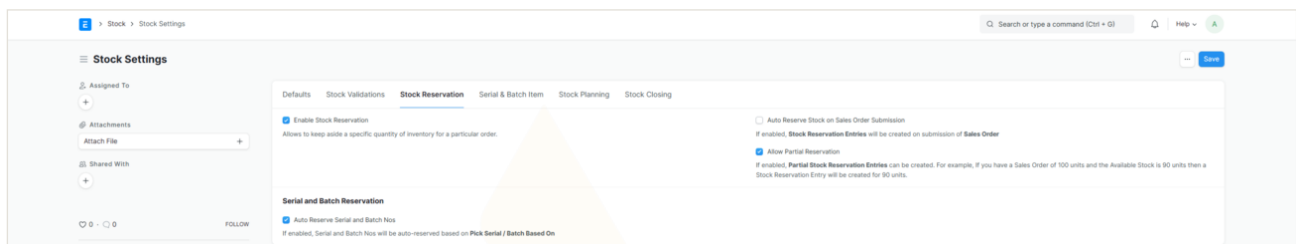
Stock reservation is the act of setting a defined quantity of an item aside, in a specific warehouse, against a specific document — most commonly a confirmed sales order — so that quantity is no longer counted as free to promise elsewhere. It's the difference between 'we have 100' and 'we have 100, but 40 are spoken for, so 60 are genuinely available.'

In ERPNext this isn't a soft flag or a note in a comment field. Reservation is a first-class, auditable record: enabling it in Stock Settings lets ERPNext keep aside a specific quantity of inventory for a particular order. It's an opt-in feature — you turn on Enable Stock Reservation, and you can layer on options like allowing partial reservation and auto-reserving on sales-order submission. Nothing changes

about how you sell until you decide reservation is worth the discipline it asks for.

Crucially, reserving stock does not move it. The units stay physically where they are, still owned and valued by you, still on the same shelf. What changes is their commercial status: they're earmarked, so the 'available to promise' figure drops even though the on-hand figure doesn't. That distinction — physical location unchanged, commercial availability reduced — is the whole idea.

- Reservation sets a quantity aside against a specific document, in a specific warehouse.
- It's a real, auditable record in ERPNext — not a soft flag or a note.
- Opt-in: you enable it in Stock Settings and choose options like partial and auto-reservation.
- Reserving doesn't move stock — it changes what's promiseable, not where the goods sit.



*Reservation is opt-in: the Stock Reservation tab in Stock Settings, where you enable it and set auto-reserve and partial-reservation policy.*

## How ERPNext reserves stock against a sales order

Once reservation is enabled, the workflow lives on the sales order itself. On a sales-order line you can tick Reserve Stock, and — because reservation only makes sense for physical goods — ERPNext limits it to stock items, quietly clearing the flag on non-stock lines. From the sales order's Stock Reservation action you then reserve the stock, choosing the warehouse and the quantity to set aside. You can also let this happen automatically on submission, so every confirmed order reserves its stock without anyone remembering to.

Behind that action, ERPNext creates a Stock Reservation Entry — a submittable document that is the actual reservation. Each entry records the item, the warehouse, the source voucher (the sales order and the specific line), the ordered quantity, the quantity available to reserve, and the quantity actually reserved. It carries a status that tracks its whole life — from Reserved, through Partially Delivered, to Delivered — and updates as you ship against the order, so a reservation is consumed by delivery rather than lingering forever. When plans change, you can unreserve: cancelling the entry releases the stock back into the available pool.

Reservation isn't limited to the sales order screen. The same Stock Reservation Entry can be created from a pick list as you allocate stock to fulfil, and — if you choose — ERPNext can even reserve stock for a sales order the moment the goods arrive, when a purchase receipt is booked against a material request raised for that order. However the entry is created, the effect is identical: that quantity, in that warehouse, is now spoken for.

- Tick Reserve Stock on a sales-order line (stock items only), then reserve by warehouse and quantity.
- ERPNext creates a Stock Reservation Entry — item, warehouse, source order, ordered / available / reserved qty, and a status.

- The reservation is consumed as you deliver; its status moves toward Delivered rather than lingering.
- You can also reserve from a pick list, or auto-reserve on the purchase receipt when incoming stock lands.
- Changed your mind? Unreserve cancels the entry and returns the stock to the available pool.

## How a reservation flows through ERPNext

1

### Enable Stock Reservation

turn it on in Stock Settings and choose partial / auto-reservation policy.

2

### Reserve on the sales order

tick Reserve Stock on a stock-item line, then reserve by warehouse and quantity.

3

### Stock Reservation Entry created

a submittable record of item, warehouse, source order, and reserved quantity.

4

### Availability updates

the reserved quantity is netted out of projected / available-to-promise, so it can't be sold twice.

5

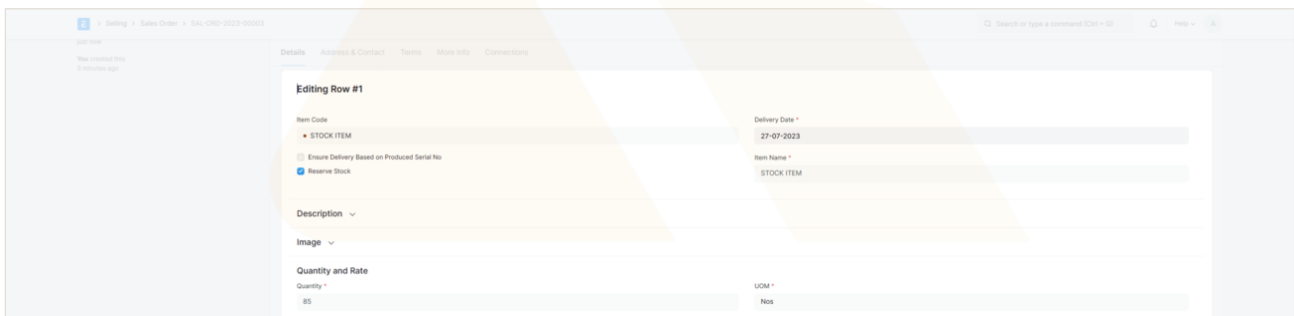
### Deliver against the order

the reservation is consumed and its status moves toward Delivered.

6

### Or unreserve

cancelling the entry releases the stock back into the available pool.



*Reserving on the order itself: the Reserve Stock checkbox on a sales-order line marks that quantity to be set aside.*

## Partial reservation and serial / batch stock

Real fulfilment is rarely all-or-nothing, and ERPNext's reservation reflects that. If you enable Allow Partial Reservation, an order for more than you can currently cover doesn't fail — it reserves what's available and leaves the rest open. The classic case: a sales order for 100 units against 90 available creates a reservation for 90, so 90 units are locked in for that customer immediately and only the shortfall of 10 is still to source. That's usually what you want — bank the stock you can, chase the balance separately.

For items tracked by serial number or batch, reservation goes a level deeper. Rather than just reserving a count, ERPNext can reserve specific serial numbers or specific batches against the order, and it can auto-reserve them based on the rule you set (for example first-in-first-out). That matters when what you're promising isn't interchangeable — a particular batch with a particular expiry, or specific serialised units — because it ties the promise to the exact goods that will fulfil it, not just to a quantity.

- Partial reservation banks what's available now (90 of a 100-unit order) and leaves the shortfall open.
- Serial / batch items can reserve specific serials or batches, not just a quantity.
- Auto-reservation can pick the serials / batches for you by a rule such as FIFO.
- This ties the promise to the exact goods — vital when batches or expiries aren't interchangeable.

## Available-to-promise vs on-hand: reading the real number

The payoff of reservation is a trustworthy answer to the only question sales actually cares about: how much can I sell right now without breaking a promise? That figure — available-to-promise — is not the on-hand quantity. On-hand is everything physically in the warehouse. Available-to-promise is what's left once you subtract what's already committed.

ERPNext maintains this at the item-and-warehouse level. Alongside the on-hand quantity it tracks a reserved quantity, and its projected quantity nets reservations out — so projected availability already reflects what's been set aside for orders (and for production and subcontracting), plus what's genuinely incoming. When a salesperson looks at projected availability rather than raw on-hand, the phantom stock disappears: the 100 on-hand with 100 reserved correctly reads as nothing free to promise. Each Stock Reservation Entry even surfaces its own 'available quantity to reserve', so at the point of reserving you can see how much of that item, in that warehouse, is still uncommitted.

The discipline this demands is simple to state and easy to skip: sell against available-to-promise, not on-hand. Reservation only prevents overselling if the number your team quotes from is the one that has reservations subtracted. Point them at raw on-hand and you've built the machinery but left the door open.

- On-hand = physically present. Available-to-promise = on-hand minus what's already committed.
- ERPNext tracks a reserved quantity per item and warehouse and nets it out of projected quantity.
- Projected availability also accounts for stock reserved for production and subcontracting, plus genuine incoming.
- The rule that makes it work: quote from available-to-promise, never from raw on-hand.

## When to use reservation — and the pitfalls

Reservation earns its keep when a promised unit is expensive to break: long-lead or imported goods, allocated stock for a key account, made-to-order or project material you don't want casually sold off a general shelf, or any item where two channels routinely fight over the same inventory. In those cases the small overhead of maintaining reservations is far cheaper than the fallout of an oversell.

But reservation is a discipline, not a free win, and it has failure modes. Turn on auto-reservation blindly and every draft-quality order can lock up stock you'd rather keep fluid, starving genuine demand. Reserve everything, everywhere, and fast-moving commodity items gain paperwork without buying you any protection. And the quiet killer: reservations that are never released. If orders are cancelled or left

to rot without unreserving, stock stays phantom-committed and your available-to-promise understates reality — the mirror image of overselling, where you now refuse business you could have taken. The fix is ownership: decide deliberately which items and orders warrant reservation, prefer partial reservation so shortfalls stay visible, and make sure cancellations release their reservations.

- Best for long-lead, imported, allocated, made-to-order or contested stock — where a broken promise is costly.
- Don't reserve everything — on fast-moving commodities it's overhead without payback.
- Auto-reservation on every order can lock up stock you meant to keep fluid — enable it deliberately.
- The quiet killer is un-released reservations — cancelled orders that were never unreserved understate availability.
- Make it work with ownership: choose what to reserve, prefer partial, and always release on cancellation.

## Getting reservation set up right

Stock reservation is one of those features that is simple to switch on and easy to get subtly wrong — because the hard part isn't the setting, it's the policy around it. Which items should be reserved and which left fluid? Should reservation be automatic on submission or a deliberate step? Who owns releasing reservations when orders change? Should sales quote from projected availability, and is every screen and report they use pointing at that number rather than raw on-hand? Getting those answers right at implementation is what turns reservation from a checkbox into a genuine end to overselling.

As an official ERPNext partner, we configure Stock Reservation to match how you actually sell — enabling it where a broken promise is expensive, setting partial-reservation and auto-reservation policy to fit your channels, wiring serial and batch reservation where goods aren't interchangeable, and making sure your team is quoting from available-to-promise, not phantom on-hand. If overselling is a recurring headache, that setup is the difference between hoping it won't happen again and knowing the system won't let it.

### KEY TAKEAWAYS

- 1 Overselling comes from quoting raw on-hand, which doesn't subtract what's already promised to other orders.
- 2 ERPNext stock reservation sets a specific quantity aside against a specific sales order and warehouse via a Stock Reservation Entry — reserving without moving the goods.
- 3 Reserve from the sales order (or a pick list, or automatically), and the reservation is consumed as you deliver; unreserving releases it.
- 4 Available-to-promise = on-hand minus what's reserved; ERPNext nets reservations out of projected quantity, so the phantom stock disappears.
- 5 Reserve deliberately — best for long-lead, allocated or contested stock — and always release reservations when orders are cancelled, or availability quietly understates.

## FAQ

### **What does stock reservation do in ERPNext?**

It sets a specific quantity of an item aside, in a specific warehouse, against a specific document — usually a confirmed sales order — so that quantity is no longer counted as available to promise elsewhere. ERPNext records this as a Stock Reservation Entry. The stock doesn't physically move; only its commercial availability changes, which is what stops the same unit being sold twice.

### **How is available-to-promise different from on-hand quantity?**

On-hand quantity is what's physically in the warehouse right now. Available-to-promise is what's left once you subtract everything already committed to other orders. A warehouse can show 100 on-hand yet have nothing available if all 100 are reserved. ERPNext tracks a reserved quantity per item and warehouse and nets it out of projected quantity, so if your team quotes from projected availability rather than raw on-hand, the phantom stock disappears.

### **Can ERPNext reserve stock automatically, or only manually?**

Both. You can reserve manually from the sales order (tick Reserve Stock on the line, then reserve by warehouse and quantity), or enable auto-reservation so stock is set aside automatically when a sales order is submitted. ERPNext can also reserve from a pick list, and optionally reserve stock for a sales order when a purchase receipt lands against a material request raised for that order. Auto-reservation is convenient but should be enabled deliberately, so draft or speculative orders don't lock up stock you meant to keep fluid.

### **What happens if I can only reserve part of an order?**

If you enable Allow Partial Reservation, an order you can't fully cover doesn't fail — ERPNext reserves what's available and leaves the rest open. For example, a sales order for 100 units against 90 available creates a reservation for 90, banking that stock for the customer immediately while the shortfall of 10 stays visible to source separately. For serial- or batch-tracked items, reservation can go further and set aside specific serial numbers or batches rather than just a count.

**Talk to a real ERPNext expert.**

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