Yes, this makes perfect sense! Your classification is much cleaner and aligns with your goal of separating operational items from business expenses.

Your Proposed Item Types are Logical:

**Inventoried** - Production Assets

* Raw materials for manufacturing
* Components used in assembly
* Finished goods ready for sale
* Items that need precise quantity tracking

**Consumable** - Operational Supplies

* Office supplies (pens, paper, etc.)
* Small parts that get used up
* Hand tools (screwdrivers, wrenches, pliers)
* Cutting tools (drill bits, saw blades)
* PPE (safety glasses, gloves, hard hats)
* Fixtures and jigs for assembly
* Items that wear out or get consumed through use

**R&D Materials** - Research Assets

* Experimental materials
* Prototype components
* Research-specific chemicals or supplies
* Items used in development projects

This Eliminates Confusion Because:

1. **Clear Purpose**: All three types are operational - they're used to make products or run operations
2. **No Business Logic Split**: No more "is this an item or an expense?" decisions
3. **Consistent Purchasing**: All go through the same Items purchasing workflow
4. **Proper Cost Allocation**: Production items vs. operational supplies vs. research costs

What Gets Moved to Expenses:

* Utilities (electricity, water, internet)
* Software subscriptions
* Professional services
* Equipment maintenance contracts
* Insurance
* Rent/facilities costs

The "NonInventoried" Question:

I think you're right to remove it. Most things that were "NonInventoried" probably fit better as:

* **Consumable**: If it's something that gets used up (software installations, documentation that gets outdated)
* **Inventoried**: If it's a specific asset you want to track (expensive software licenses, critical documentation)

This creates a much cleaner mental model: "Am I buying something for operations/production?" → Items. "Am I paying a business expense?" → Expenses.

Your classification makes the system much more intuitive to use!