

IDEAS TO IMPROVE INVENTORY MANAGEMENT

1. Focus on your needs:

A warehouse full of inventory can be a daunting task. One way of making managing it all easier is to identify the items that are the most important and focus on them first. It's highly unlikely that every item in your warehouse will have the same demand from customers. Keep the top-selling items in stock, and you'll have made a great start at keeping your customers happy.

2. Engage with suppliers:

In any stock-based business, it is crucial to manage supplier relationships well. Developing constructive relationships with your business' key suppliers is important to secure reliable supply, unlock competitive pricing and to understand emerging trends that may impact your business.

3. Develop an inventory management system:

How your business deals with order quantities, replenishment cycle times, safety stock, forecasts, seasonality and more is important. Tweak each operation according to your specific business — making sure to keep track of what works and what doesn't. Making a dramatic improvement in one area can be better than a few small improvements across the board.

4. Utilise real-time data:

Information is a powerful tool, but only when it's accurate and up to date. Real-time data and analytics — from layered inventory tracking right through to forecasting data, automatic ordering and individualised safety stock — can make a real difference to your business. For the most accurate data, consider using perpetual inventory management software, as it is the best way to ensure the information you need is always at your fingertips.

5. Go mobile:

Mobile technology has revolutionised inventory management. Barcode scanning, for example, makes receipting and tracking goods far faster — and helps eliminate unnecessary errors. Sales apps, meanwhile, empower salespeople with

inventory data on the road. You no longer need to be tethered to a computer in your warehouse. You can keep track of key business processes from home, on holiday, or wherever you are.

6. Develop an inventory management system:

Managing your inventory on an ad-hoc basis will only ever get you so far. To really keep on top of your stock, you'll need an inventory management system. Every company will have its own unique needs, so picking a system that matches your business is important. In the early days of her company, for example, Sam might be able to manage her inventory using spreadsheets. But a global stock-based business like Amazon requires a bespoke, multifaceted solution that caters to the huge number of orders processed every single day.

COMMON INVENTORY MANAGEMENT TECHNIQUES

1. Just-in-time (JIT) inventory:

JIT involves holding as little stock as possible, negating the costs and risks involved with keeping a large amount of stock on hand.

2. ABC inventory analysis:

This technique aims to identify the inventory that is earning you profit, by classifying goods into different tiers.

3. Dropshipping:

Businesses that use dropshipping essentially outsource all aspects of managing stock — with several benefits but a few key drawbacks.

4. Consignment:

This technique allows a consignor, usually a wholesaler, to give their goods to a consignee, usually a retailer, without the consignee paying for the goods up front. The consignor still owns the goods, and the consignee pays for the goods only when they actually sell. This sounds great but it also carries major risks.

5. Cross-docking:

This system virtually eliminates the need to hold inventory. Products are delivered to a warehouse where they are sorted and prepared for shipment immediately. They are usually reloaded into other trucks at the same warehouse and sent out for delivery immediately.

6. Cycle counting:

This technique involves counting a small amount of inventory on a specific day without doing an entire stocktake. This method helps your business regularly validate accurate inventory levels in your inventory management software.