

10 best tips for better inventory management

Inventory management is very important in a business's profitability, but many small businesses don't practice good management when it comes to the times that they sell. Some businesses have insufficient inventory, unable to meet customers' expectations by supplying enough available products. This usually drives customers away, generally to a different business, and sometimes for good.

Effective inventory management lies somewhere between these 2 extremes. While it needs a lot of work and is aiming to accomplish an efficient management method, your profits can reflect your effort.

Tips for managing your inventory

Here are ten essential tips to effectively manage your inventory for increased profit and income management.

1. Prioritize your inventory

Categorizing your inventory into priority teams will assist you to understand that things you wish to order more of and more often, and that are vital to your business however might value more and move more slowly. Specialists usually recommend segregating your inventory into A, B, and C teams.

Things within a group are higher-ticket items that you simply want fewer of. things in the C class are lower-cost items that flip over quickly. The B group is what's in between items that are moderately priced and move out the door more slowly than C items but more quickly than A items.

2. Track all product info

Make sure to keep records of the product info for things in

your inventory. This info should include SKUs, barcode information, suppliers, countries of origin, and lot numbers. You might also consider tracking the cost of each item over time so you're aware of factors that may change the cost, like insufficiency and seasonality.

3. Audit your inventory

Some business people also do a comprehensive count once or twice in a year. Others do monthly, weekly, or maybe daily spot checks of their hottest things. Several do all of the above. Despite how you usually do it, create a point to physically count your inventory often to make sure it matches up with what you think that you have.

4. Analyze supplier performance

An unreliable supplier will cause issues for your inventory. If you have got a supplier that's routinely late with deliveries or often shorts an order, it's time to take action. Discuss the problems along with your supplier and conclude what the matter is. Be ready to change partners, or handle uncertain stock levels and also the risk of running out of inventory as a result.

5. Practice the 80/20 inventory rule

It is a general rule that 80% of profits come from 20% of your stock. Prioritize inventory management of these 20% of things. You must understand the entire sales lifecycle of those things, as well as how many you sell in a week or a month, and closely monitor them. These items will give you more profit so don't fail in managing them to gain more profit.

6. Be consistent in how you receive stock

It may seem like good judgment to make sure incoming inventory is processed, however, do you have a regular method that everybody follows, or will every worker receiving and processing incoming stock do it differently?

Small discrepancies in how new stock is taken in may leave you scratching your head at the top of the month or year, wondering why your numbers don't align with your purchase orders. ensure all workers that receive stock do it with a similar approach, in which all boxes are verified, received and unpacked along, accurately counted, and checked for accuracy.

7. Track sales

Again, this looks like a no brainer, however it goes beyond merely adding up sales at the end of the day. you must understand, on a usual basis, what things you sold and how many, and update your inventory totals. However, beyond that, you'll need to analyze this data.

Do you understand when certain things sell quicker or drop off? Is it seasonal? Is there a particular day of the week once you sell certain items? Do some items nearly always sell together? Understanding not simply your sales totals however the broader image of how items sell is very important to keep your inventory under control.

8. Order restocks yourself

Some vendors supply inventory reorders for you. On the surface, this sounds like a decent issue – you save on workers and time by letting some other people manage the process for at least some of your things. And also remember that your vendors don't have the same priorities that you have. they're trying to move their things, while you're looking to stock the items that are most profitable for your business. Take the time to examine inventory and order restocks of all of your things yourself.

9. Invest in inventory management technology

If you're a small business owner then it is important to firstly manage the first eight things that are mentioned in

this list, with spreadsheets and notebooks. However, as your business grows, you'll spend more time on inventory than you do on your business, or risk your stock getting out of management.

Smart inventory management software makes all these tasks easier. Before you select a software solution, confirm you perceive what you would like, that it provides the analytics important to your business and that it's easy to use.

10. Use technology that integrates well

For managing your stock, inventory management software is not the only technology. Things like mobile scanners and POS systems will assist you to stay on track. once an investment in technology, prioritize systems that work along.

Having a POS system that can't communicate with your inventory management software isn't the end of the world, however, it'd value you extra time to transfer the information from one system to another, creating it simple to finish up with inaccurate inventory counts.