



Inventory Management and Its Importance

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FEBRUARY 26, 2021 — *What do all product-based businesses do? They keep track of inventory.*

Some business owners are able to keep a running tab of stock levels in their heads or organized in an excel spreadsheet. After a certain point, this method is no longer workable. Larger businesses require alternate solutions to manage their inventory.

How do you know it's time to start looking into alternate inventory management solutions? Here's some indicators:

Are you struggling to keep your "best sellers" in stock? Are you struggling to manage space in your warehouse to make room for incoming truck loads? Both of these areas deal with how your inventory is being handled. If your "best sellers" go out-of-stock for too long, your company's profitability declines. Too much inventory on-hand sitting in a warehouse restricts your cash flow. A proper inventory management system helps you balance the fine line between keeping a product in stock on the shelves and overstocking your warehouse.

What happens when you sell out of your "best sellers," but are met with an unexpected lead time to replenish your stock inventory? The lack of in-stock product leads your customers to your competition; ultimately, the customer will meet their needs with the most readily available product. How do you stay ahead of your competition and retain your customers? You must track lead times from various vendors and understand the right time to place your next order to ensure you have no lapse in available product on the shelves. This becomes even more important in direct proportion to the volume of product you are selling.

Out-of-stock product, excess inventory, and delays due to unplanned lead times are a drain on your cash flow. Over time as you properly manage inventory space, on-hand supply, and supply chain timing, your business will see a substantial cost savings.

While the need for an inventory management solution typically depends on the size of the business and the level of complexity accompanying it, some inventory management process is always necessary, regardless of the size and complexity of the company. Use inventory management to your advantage, staying ahead of the curve, instead of risking being left behind by your competition.

For help evaluating inventory management tools, contact our team. Together, we'll put together the solution that works best for your business needs.

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