

# 5 Tips for Successful Inventory Management

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Inventory management is one of the most important aspects of having a business. Companies that have products to sell need to know what they have and where it is in their warehouses. In order to improve the bottom line and maximize growth opportunities, inventory management needs to be streamlined, easy and fast, and there are a number of ways to make warehouse processes more successful and impactful on company profits.

Here are five quick tips for effective inventory management:

## **1. Know Your Product**

Small Biz Resources names four types of products that can appear on warehouse shelves: items, assemblies, families and case packs. It's important to be aware of the kinds of products your company sells and how they fit in the grand scheme of your warehouse. For instance, items are singular products that don't require assembly, and case packs are generally groupings of multiple items. Assemblies are products that require an employee or a machine to put it together in the warehouse - for example, a bicycle is an assembly.

It helps to know what product is where in the warehouse for multiple reasons. If workers can easily pinpoint where the case packs are, for example, they will find these types of products more easily when it comes time to ship them.

## **2. Be Aware of SKU Numbers and Barcodes**

Every product should have a SKU, or stock keeping unit. This basically works like a unique identification number that only one specific item has. Information about a product will be tied to the SKU, such as warehouse location.

Along with SKUs, barcode scanner software can be instrumental in helping warehouse managers keep track of their inventories. Barcode scanners make taking inventory easy and quick, as workers can simply scan products into the system and then use that data to track them throughout the supply chain.

## **3. Perform Metrics and Measurements**

Companies need to keep records of their best-selling products, and included in that data is where they sell the products and to whom. In 2012, Entrepreneur reported on Village Green Apothecary, an online integrative pharmacy. The company started losing 2 to 3 percent of its sales due to the loss of the inventory manager in charge of restocking the most popular items. The company's CEO, Marc Isaacson, started tracking each of the company's best-selling items, and sales started going back up - because of Isaacson's effective inventory management strategy.

Inventory managers should be acquiring data about how much product is selling to which customer, because then they can know when to restock.

## **4. Eliminate Warehouse Waste**

According to Inbound Logistics, safety stock is only useful if you're using it; otherwise, it's a burden on your warehouse and shouldn't get in the way of your company moving product from the distribution center to the customer. This is just one example of warehouse waste that businesses can eliminate by taking a careful look at their inventory and seeing what they should and shouldn't have on their warehouse shelves. Waste also includes the products that you're not moving from the shelves.

"Disposing of non-saleable material promptly leaves more warehouse space and working capital for inventory you need and can sell," Inbound Logistics reported. In

other words, getting rid of what you're not selling opens up warehouse space for more of the products you are selling. In the long run, this will lead to higher profits.

### **5. Integrate ERP Solutions With Inventory Management Software**

Companies should consider integrating their enterprise resource planning solution with inventory management software. Implementing mobile data collection technologies into the warehouse will help keep employees and managers on top of inventory and help them to see where and what they have on their shelves, allowing for easier picking and delivery.