

Best Practices for Managing Your Inventory



According to the State of Small Business Report presented by Wasp Barcode Technologies, 43% of small businesses in the United States still use pen and paper or Excel spreadsheets to track their inventory. Out of the 1,100 small businesses surveyed, they found that some did not track inventory at all. Inventory being some businesses greatest asset, it is important to manage your inventory to ensure customer satisfaction and to increase sales. Patients/clients become very disappointed if you have sold them foods that have a short shelf-life, or you have run out of products they are looking to purchase. In this article, we will examine some best practices for managing inventory manually.

Prioritize Your Inventory

Looking at your inventory through an analysis process helps you to determine which are fast moving products and which are not. One process is to use the ABC analysis method. This method puts your products in a hierarchy of most valuable to least and helps you determine which are fast moving products. Items in the A category are items that are your priority stock. Tight management of these items ensure you will never run out and these items usually have the largest value in your inventory because you purchase these foods in larger volumes. For example, HealthWise Caramel Crunch Bars would be an "A item."

B-items are those products that may move faster during the changing of seasons (i.e. hot chocolates in the winter, fruits drinks in the summer). Items in this category are also your products that move but slower then A items.

Items in the C category may move slower, but you have to keep larger quantities in stock as compared to their sales. Blender bottles are good example of C items.

Category	Value to your Business	Stock Volume for Cash Flow	Re-order Frequency	When to Review Current Inventory Levels	Examples of Products in this Category
A	High	Low	Weekly	Weekly	Caramel Crunch Bars, Chocolate Drink, Protoccino Drink, Dietary Supplements that are fast movers, etc.
B	Moderate	Moderate	Bi-Weekly or Monthly	Bi-Weekly or Monthly	Hot Chocolates, Fruit Drinks, Cappuccinos, Soups, Dietary Supplements that are moderate movers, etc.
C	Low	High	Bi-Monthly or Quarterly	Bi-Monthly or Quarterly	Blender Bottles, Cookbooks, Brochures

It is a good idea to group like categories in your store room together. Another way to set up your store room is by like product (i.e. all fruit drinks together, all hot chocolates together, etc.). How ever you group your products, ensure your inventory room stays organized and neat.

Set Par Levels

It is crucial to set par levels on all your inventory so that you never run out of any products. Fast moving items will want to have higher par levels then moderate and slow movers. Below is an example of a Par Level Worksheet.

Inventory ID/Category	Name	Description	Unit Price	Qty in Stock	Reorder Level (Par)	Reorder Time in Days	Qty on Reorder	On Backorder or Discontinued
114 (B)	Strawberry Pudding	36 boxes per case	\$x.xx/box \$xxx.xx/case	0	2			Discontinued
167 (B)	Variety Soup	36 boxes per case	\$x.xx/box \$xxx.xx/case	1	2	4 days to arrive	4 ordered on 12/14	
208 (A)	Chocolate Drink	96 shake-shake bottles per case	\$x.xx/bottle \$xx.xx/case	2	5	4 days to arrive	8 ordered on 12/14	
404	Blender Bottles	16 oz. bottle; 24 bottles per case	\$x.xx/each \$xx.xx/case	1	1			
613 (A)	Chocolate Drink	12 canisters per case	\$xx.xx/each \$xxx.xx/case	0	3	4 days to arrive	4 ordered on 12/14	On backorder. ETA is 12/28

Checking inventory weekly helps you to manage your par levels and direct your ordering habits. It is a good practice to have just one or 2 people managing your inventory; preferably trained the same way so they manage the inventory similarly and can cover each other as needed during time off or away from the clinic/office.

Rotate Your Inventory

It is important that your inventory manager(s) know to rotate all stock. Using the FIFO (First In First Out) method for your foods. Using the FIFO method will ensure your older stock is sold before your newer stock. When your new stock arrives, have your inventory manager check it in (see Quality Check below for more information), and date all cases of products the day it was received. Using a large black magic marker (i.e. Sharpie®) and putting the date in the same place on each case (upper right-hand corner, lower left-hand corner, etc.).

Once all the cases have been dated, place the newer cases behind any current stock in their correct inventory location. This ensures the older stock gets pulled first.

If your inventory manager sees that some foods are moving real slow, it is a good idea to check the BBD (Best By Date) on the product and if it is close (3 months out) it is a great time to have a sale! Buy one box, get the 2nd at half price or running a BOGO sale (Buy one, get one free) are good examples.

Quality Check When Receiving a New Order

When new orders arrive, have your inventory manager(s) check the quality of the shipper cases. If you detect any damage, you can refuse the case at delivery time and UPS will ship back to us. If you have checked the order in after UPS has left your premises, call your Business Development Manager (Sales Rep) to report any damaged goods.

Ensure all your food product is stored in a dry, room temperature area and it is 6" off the floor. This is the proper way to store any food products to ensure they do not get damp or dirty sitting on the floor.

As mentioned previously, your store room should be clean, organized and free of any debris or trash. A weekly sweep or vacuuming is highly recommended as well.

By Tammy Hutchisen RD, LDN - 2016