

Inventory Strategies Class

Overall Stock level discussion:

If you are not marking **Truck Runs as Shipped or Orders as shipped** there is no way to have accurate stock levels

Reconciling Actual Stock to GL:

See handout.

ABC Ranking of Inventory Items:

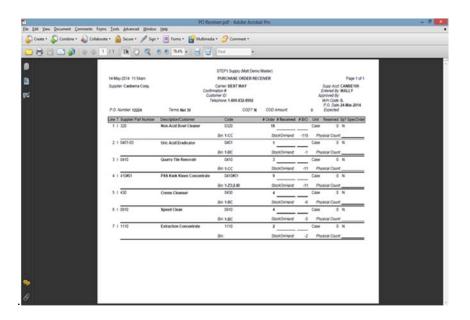
- ➤ Top 100 to 150 items you sell would be "A" Items. Could amount to as much as 90% of your sales volume. The next 150 or so would be "B" items. The items you cycle at least monthly would be "C" items. And those remaining items should be classified as "D" items.
- Very important to classify items A-B-C.
- > Sales force will know what items to push
- > W/H staff needs to assemble the W/H so "A" items are in the center and closest to the loading dock. "B" items next in the W/H and "C" & "D" items are furthest away.
- ➤ Line Point/Reorder Point needs to be adjusted based on item class
- ➤ Do not short change yourself on a very low cost item even if it is a "C" or "D" item. Example would be spray bottle, you do not want to BO a \$2 cost item, because when they need the spray bottle, they need it now.

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Procedures:

> Specials – have a bin or shelf just for specials and then use the W/H receiver.



- > Returns have a bin or shelf just for returns. Have one W/H person always handle the returns.
 - Customer Service should always do a neg. order and let the W/H person decide if it goes back into inventory or gets adjusted off.
 - o This person also communicates w/ Purchasing and A/P if there is a vendor credit.
- ➤ Warehouse Shipping Stock Counting (Bob's Norwegian Cycle Counting)
 - Use the Purchase Order Receiver
 - o Can do this as a spot check
 - o An advantage to this method is you will count your "A" and "B" items more often because you are counting as often as you order you product.
 - o Print the Receiver the day the product comes in so stock levels are correct
 - Stock on Hand = Stock level (beginning) + received shipped
 - If an item is off by a considerable amount, just circle the item and then audit it at a later date.

 Do not make stock adjustments based on the Receiver count. Examples of why stock may be different.
 - Pulled for a shipment
 - In the Showroom
 - Salesman has it for a demo

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