# Mistakes to avoid in Inventory Management

CloudZone One has identified some of the most commonly-made mistakes in inventory management

CloudZone One has been implementing inventory management solutions for wholesale distribution and retail organisations for many years. We usually share ways to improve business operations but along the way, we've also identified some commonly-made mistakes – we thought we'd share them to help you in your business.
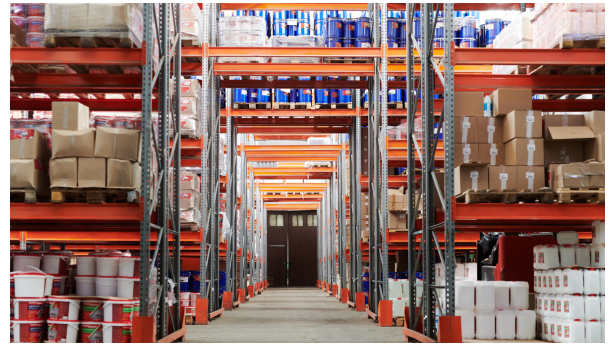
Excess Inventory

Excess inventory has to be one of the biggest problems faced by many organisations, especially when times are challenging - and we've been through enough of those in the last two years!

Any excess inventory which can't be sold is an unnecessary expense, it becomes a liability – even if it's only in storage costs. But it often prevents new stock from being brought in due to lack of space.

It's key to analyse sales month by month and year by year – also keeping a close eye on what's not selling (as well as the products that are selling of course). As soon as trends start to change, take action to prevent stock from being left on your shelves. Check around seasonal changes in sales – use those numbers to more accurately order the right stock in the right quantities. If you need to shift stock quickly use discounts.

Insufficient Inventory

At the other end of the scale is insufficient inventory which inevitably ends up with unhappy customers who will vote with their feet (or keyboards) and shop elsewhere…

Use the same analysis and checks as outlined above to work out when stocks are likely to get low (seasonality) and when there are sudden rushes on certain items that might be trending. It's often a fine line between getting it spot on or not – but losing customers isn't worth the risk!

Stop working with disparate systems - automate and innovate

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Seasonality Problems

You will already understand the implications of selling products that are affected by fluctuations occurring due to seasons (summer/winter) and seasonal demand (Christmas/sales etc). In addition to capturing this information, companies need to plan well so as not to suffer from external problems such as supplier delays. Use existing data to review what sold and what didn't in previous years, delivery times etc. Put out feelers with your buyers as to what they might like to buy early. Have a contingency plan for stock that hasn't sold – can it be sold at another time etc? If you don't manage this, you will end up with either of the two situations outlined above.

Using a business solution that integrates across all areas of your business will make the analysis and reporting quick and easy.

Use of Inefficient Inventory Management Tools

Another common problem in inventory management is using inadequate tools to do the job in hand or to give you the right data you need to make informed decisions. It makes life harder to load and save information and to extract good data if you don't have the right tools.

Tools or software that are integrated with purchasing and sales will enable you to control the actual value of your stock. If you don't have the right tools, you might easily make poor decisions that will affect stock, finances and customer satisfaction. In many cases, it will be too late to reverse the decisions and you could end up with high losses or costs. Automation of inventory control procedures also helps to minimise time and operating costs.

Lack of a physical stock check

Because it can be an arduous task, many companies don't recognise the importance and relevance of carrying out regular inventory management checks. They believe that the amount of stock shown in their systems (online or on paper) is accurate. This is highly likely to lead to unnecessary purchasing problems or being out of stock at critical times.

Schedule the stock take and allow plenty of time and make it thorough. Using a cloud-based solution specially designed for inventory management will make this job easier and quicker – and give you great data allowing you to make good decisions.

About CloudZone One

CloudZone One was formed in 2014 with the driver that NetSuite solutions and its own professional services could help businesses in New Zealand and Australia manage and operate better and smarter. Formed by a team with over 30 years' experience in helping companies to grow using the best technology. We specialise in providing cloud-based configurable software solutions, professional services, and reporting/data insights to help businesses succeed.

Based in New Zealand (Auckland, Christchurch) and Australia (Brisbane, Sydney) we have a strong team of qualified and experienced consultants, solution architects and support analysts, who help you though each stage of your journey.