



BWISE

WHITE PAPER

Inventory Record Accuracy is the Foundation of Successful Warehouse Management



PDF





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**This document is specifically intended to cater to companies engaged in the management of inventory, including manufacturers, distributors, retailers, and service providers. Its purpose is to assist these entities in improving their ability to effectively monitor and maintain correct inventory levels, all the while minimizing expenses related to both ordering and storing. Within the contents of this paper, we will outline and elaborate strategies that may initially appear straightforward, yet have been thoroughly tested and proven to be highly effective in achieving smarter inventory control.*

Have you ever walked into a store, excited to buy a specific item, only to be told it's out of stock? Or have you experienced the frustration of ordering something online, only to receive an email stating that the product is unavailable?

These scenarios are not only disappointing for customers but also reflect poorly on the businesses that fail to maintain accurate inventory records. Inventory record accuracy plays a crucial role in the success of any organization, regardless of its size or industry.

In this whitepaper, we'll explore the reasons behind inventory record inaccuracies and how they can affect businesses. We'll also share some helpful strategies and technologies that can boost accuracy and optimize your inventory management processes. By putting these practices into action, you can improve operational efficiency, cut down on costs, and ultimately increase your profitability. Let's get started!





Understanding Inventory Record Accuracy

Inventory Record Accuracy refers to how well the records of your inventory match the actual physical stock you have on hand. Think of it as a way to keep tabs on what you have in your store or warehouse.

Why does this matter? Well, imagine you're running a business and you think you have 10 units of a popular item in stock. But when a customer comes in to buy it, you realize you're actually out of stock! That's a bummer, right? It can lead to unhappy customers, lost sales, and even damage your reputation.

On the flip side, let's say your records show you have 5 units of a certain product, but in reality, you have 20! In that case, you might end up ordering more of that item when you don't really need to, wasting valuable resources and tying up your cash in unnecessary inventory.

That's where Inventory Record Accuracy comes into play. By keeping your inventory records accurate, you can avoid these kinds of situations. You'll have a clear picture of what you have in stock, which means you can fulfill customer orders more efficiently and avoid unnecessary stockouts or overstocks.

Having accurate inventory records also helps with forecasting and planning. When you know what items are in high demand or which ones move slowly, you can make smarter purchasing decisions. You'll be able to optimize your inventory levels, reduce carrying costs, and ultimately improve your profitability.

Causes of Inventory Record Inaccuracies

Human Errors in Manual Data Entry

Sometimes mistakes happen when entering data manually, like typing the wrong quantities or inputting information into the wrong fields. These errors can spread throughout the system and cause significant inaccuracies in the inventory records.

Delayed Updates

If inventory updates are not recorded in real-time, it can lead to differences between the physical stock and the recorded quantities. This delay in updating inventory records can occur due to manual processes, paper-based systems, or inefficient communication channels.

Issues with Receiving and Shipping Processes

Problems with receiving and shipping processes can contribute to inaccuracies in inventory records. Mistakes during receiving, such as incorrect item counts, incorrect data entry or missing products, can create discrepancies between the recorded and actual stock. Similarly, inaccurate shipping processes can result in lost or misrouted items, making inventory management more challenging.

Insufficient Training and Communication

When employees lack proper training or effective communication, it can lead to inaccuracies in inventory records. Employees who are not familiar with correct inventory management practices may unintentionally make errors that impact the accuracy of the records. To maintain accurate inventory records, it is essential to have clear communication channels and ongoing training for the employees.





Strategies to Improve Inventory Record Accuracy

Having accurate inventory records is really important for managing your stock effectively. When your records are not accurate, it can be difficult, or even impossible, to handle your inventory efficiently. When you receive orders from customers and give them shipping dates, you rely on knowing what items are available in your inventory.

If the actual stock doesn't match what's recorded, you might struggle to keep your promises, which can make customers unhappy and even cause you to lose business.

Here are a few ways that inaccurate inventory records can cause problems:

Excess Inventory and Stockouts

Inaccurate records can lead to having too much inventory or not enough. Having too many ties up your money and increases costs. On the other hand, not having enough inventory means lost sales, unhappy customers, and potential damage to your reputation.

Increased Holding Costs

Inaccurate inventory records disrupt your planning and can result in inefficient inventory levels and higher holding costs. You might end up overstocking some items while running out of others, which leads to increased warehousing costs, obsolescence, and higher carrying charges.

Impaired Demand Planning

Accurate inventory records are crucial for effective demand planning. When records are inaccurate, it can lead to incorrect forecasts, causing production inefficiencies, orders that are too much or too little, and missed opportunities to generate revenue. Precise inventory data is essential for meeting customer expectations and optimizing resource allocation.

Lost Sales and Dissatisfied Customers

The most important consequence of inventory record inaccuracies is the loss of sales and unhappy customers. Inaccurate records can lead to mistakes in orders, delayed shipments, and unfulfilled promises. This has a negative impact on customer loyalty and overall business performance.

It's clear that maintaining accurate inventory records is vital for your business to run smoothly and keep your customers happy.





Strategies to Improve Inventory Record Accuracy

Implement a Regular Cycle Counting System

Instead of relying solely on occasional full physical inventories, consider implementing regular cycle counting. This involves counting a small portion of your inventory frequently. It helps catch discrepancies early on and allows you to make corrections promptly.

Leverage Technology

Embrace inventory management software or barcode systems to automate and streamline the tracking process. These tools can significantly reduce human error and provide real-time visibility into your inventory levels. By scanning barcodes or using RFID tags, you can easily update your records and improve accuracy.

Train and Educate Staff

Ensure that your staff understands the importance of accurate inventory records and provide them with proper training. Educate them on how to use inventory management systems effectively and encourage them to report any discrepancies they come across. Regular training sessions can help reinforce the importance of accuracy.

Establish Clear Processes

Set up clear and standardized processes for receiving, counting, and recording inventory. This includes defining roles and responsibilities, documenting procedures, and establishing quality control checks. Consistency in processes reduces the chances of errors and improves overall accuracy.

Optimize Storage and Organization

Maintaining a well-organized storage system can significantly improve inventory accuracy. Use clear labeling, designated storage areas, and a logical arrangement of items. This makes it easier to locate and count items during inventory checks, reducing the likelihood of errors.

Regularly Review and Update Data

Make it a habit to review and update your inventory data frequently and regularly. This involves cross-checking (cycle counting) physical counts with recorded figures, identifying discrepancies, and investigating the root causes. By identifying and resolving issues promptly, you can maintain more accurate inventory records.



Foster Communication and Collaboration

Encourage open communication among different teams involved in the inventory management process, such as purchasing, warehousing, and sales. Collaboration can help identify and address potential issues early on, leading to improved accuracy overall.

Analyze and Act on Data

Utilize the data collected from inventory records to identify trends, patterns, and areas for improvement. Analytical tools can help you identify slow-moving items, forecast demand, and optimize stock levels. By acting on this information, you can minimize errors and ensure more accurate inventory records.





Implementing Inventory Management Systems

Having an efficient inventory management system in place can make a world of difference for your business. It's like having a trusty companion by your side, ensuring that you never run out of stock or have excess inventory gathering dust on the shelves.

Implementing an inventory management system may sound daunting, but fear not! With the right approach, it can be an exciting and rewarding process. Let's dive into some key benefits and tips to make your implementation journey smooth sailing.

Streamlined Operations

A proper inventory management system can streamline your operations and help you maintain optimal inventory levels. You'll have a clear picture of what items you have, how much you have, and when you need to reorder. This way, you'll avoid those frustrating moments of running out of popular items or wasting money on excessive stock.

Improved Efficiency

Say goodbye to manual inventory tracking methods and spreadsheets that seem to multiply overnight! With an automated system, you'll save precious time and reduce human error. Barcode scanning, real-time updates, and automated alerts will become your new best friends, ensuring accurate and efficient inventory management.

Enhanced Customer Satisfaction

Happy customers are the lifeblood of any successful business. By having an inventory management system in place, you can meet customer demands promptly. No more disappointing moments of informing customers that their desired products are out of stock. Instead, you'll be able to fulfill orders quickly and keep your customers satisfied.

Now, let's talk implementation tips:

Define Your Goals

Start by setting clear goals for your inventory management system. Identify the challenges you currently face and determine how the system can address them. You are looking to establish tangible Key Performance Indicators – then establish your benchmarks and measure against those KPI's. Are you looking to reduce stockouts? Improve order accuracy? By understanding your objectives, you can tailor the system to your specific needs.

Choose the Right System

Research different inventory management systems and find one that aligns with your requirements and your objectives. Look for user-friendly interfaces, scalability, integration capabilities with other business software and hardware, and, of course, a reliable support system to assist you along the way.

Plan for Data Migration

If you're transitioning from manual methods or an existing system, ensure a smooth data migration process. Take time to clean and organize your data before importing it into the new system. This will help you start fresh with accurate information.



Train Your Team

As with any new system, training your team is crucial for successful implementation. Invest time in educating your staff on how to use the system effectively. Provide hands-on training sessions, tutorials, and support to boost their confidence and ensure a smooth transition. Your success will rely on the end-user buy-in and training. You can never train enough.

Monitor and Adapt

After implementation, regularly monitor the solution system's performance against your previously established measurable key performance indicators (KPI's) and gather feedback from your team. Address any concerns or challenges that arise quickly and make adjustments as needed. An inventory management system should evolve with your business, so keep an eye on new features or updates that could further enhance your operations.



Best Practices for Maintaining Accuracy

By following these tips, you can ensure that your inventory stays in tip-top shape and your business runs smoothly.

Regular Stock Audits

Conducting frequent and regular stock audits (cycle counting) is essential to maintain accurate inventory records. Set aside specific times to physically count and verify your stock levels. This will help you identify any discrepancies and take necessary actions to correct them promptly. Root cause analysis is key to ferreting out your process issues and correcting the cause of the errors. Simply making a stock adjustment to align the inventory count is useless without identifying and correcting the underlying process error.

Utilize Inventory Management Software

Implementing efficient inventory management software can be a game-changer. It allows you to track stock levels, update inventory in real time, and generate reports. This way, you can easily identify which items are running low and which ones need to be replenished. Having an effective and efficient inventory management solution will allow to decrease overall inventory levels without any effect on your customer service levels. Eliminate the “just in case” inventory.

Organize Your Warehouse

A well-organized warehouse is the foundation of accurate inventory management. Keep similar items together, label shelves clearly, and establish a logical system for storing and retrieving products. This reduces the chances of misplacing items and makes it easier for your staff to locate and update stock levels.

Train Your Staff

Ensure that your staff members are properly trained on inventory management procedures. They should be familiar with using inventory management software, understand the importance of accurate data entry, and know how to handle stock discrepancies. Regular training sessions can help reinforce these practices and keep everyone on the same page.

Implement Barcoding or RFID Technology

Barcoding or RFID (Radio Frequency Identification) technology can significantly improve inventory accuracy. Each item is assigned a unique code or tag that can be easily scanned or read, reducing the chances of manual errors. This technology also speeds up the process of stocktaking and minimizes human intervention.

Embrace Just-in-Time Inventory

Adopting a just-in-time (JIT) inventory management approach can help minimize excess inventory, decrease rework/obsolescence and reduce the chances of errors. With JIT, you order and receive goods only when they are needed, eliminating the need for excessive storage. This reduces the risk of counting errors and saves costs associated with carrying excess inventory.

Conduct Cycle Counts

Conducting regular cycle counts involves counting a small portion of your inventory at a time, preferably on a daily or weekly basis. This practice helps identify and rectify any discrepancies promptly, rather than waiting for a full physical inventory count. It also minimizes disruptions to your business operations.

Monitor Sales and Demand Patterns

Keep a close eye on your sales and demand patterns to anticipate future inventory needs. By analyzing historical data, you can identify trends, seasonal fluctuations, and popular products. This enables you to adjust your inventory levels accordingly and avoid stockouts or excess inventory.





Case Study: Successful Inventory Accuracy & Flexibility Improvement

Claxton Cold Storage Powered by WISE WMS

Located in Claxton, Georgia, their 120,000 square foot facility offers 100,000 square feet of freezer space with ammonia refrigeration. And a total of 2 million cubic feet of cold storage space. Freezer areas are computer controlled and monitored to ensure reliability, and all merchandise is racked to protect stored products. In addition to a state-of-the-art computerized refrigeration system, Claxton Cold Storage offers equipment for bulk movement and pallet shuttle service, as well as blast capacity for quick-freezing. Inventory control is computerized to guarantee accuracy and sent out to customers on a daily basis. The remaining 15,000 square feet of the building houses a truck dock, machine room, battery charging area, and administrative offices.

This study highlights the remarkable impact that a flexible tier 1 WMS solution can have on a business. In this particular case, a company was facing constant challenges with inventory management. They were having issues with accommodating many of their diverse customers and their specific needs. They were struggling with moving millions of frozen chickens on a regular basis. On top of that, they also need an accurate system that can issue invoices to 5 decimal points.

To address these concerns, the company made a strategic decision to improve its inventory accuracy and expand the scope of their WMS. They implemented a comprehensive plan that involved a combination of process improvements, technology upgrades, and employee training.

The first step was to conduct a thorough analysis of their existing inventory management processes. By closely examining their procedures, they were able to identify bottlenecks, inefficiencies, and areas prone to errors. This analysis provided valuable insights and formed the basis for the improvements to come.

Next, they upgraded their inventory management system to a more robust and automated solution. This allowed for real-time tracking, improved visibility, and accurate data recording. The new WISE WMS system integrated seamlessly with their existing operations and improved business processes, making it easier to manage inventory levels and streamline order fulfillment.

To ensure a successful transition, the company invested in employee training programs. They provided comprehensive training sessions to educate their staff on the new processes and technologies. By empowering their employees with the necessary knowledge and skills, they were able to create a culture of accuracy and accountability within the organization.

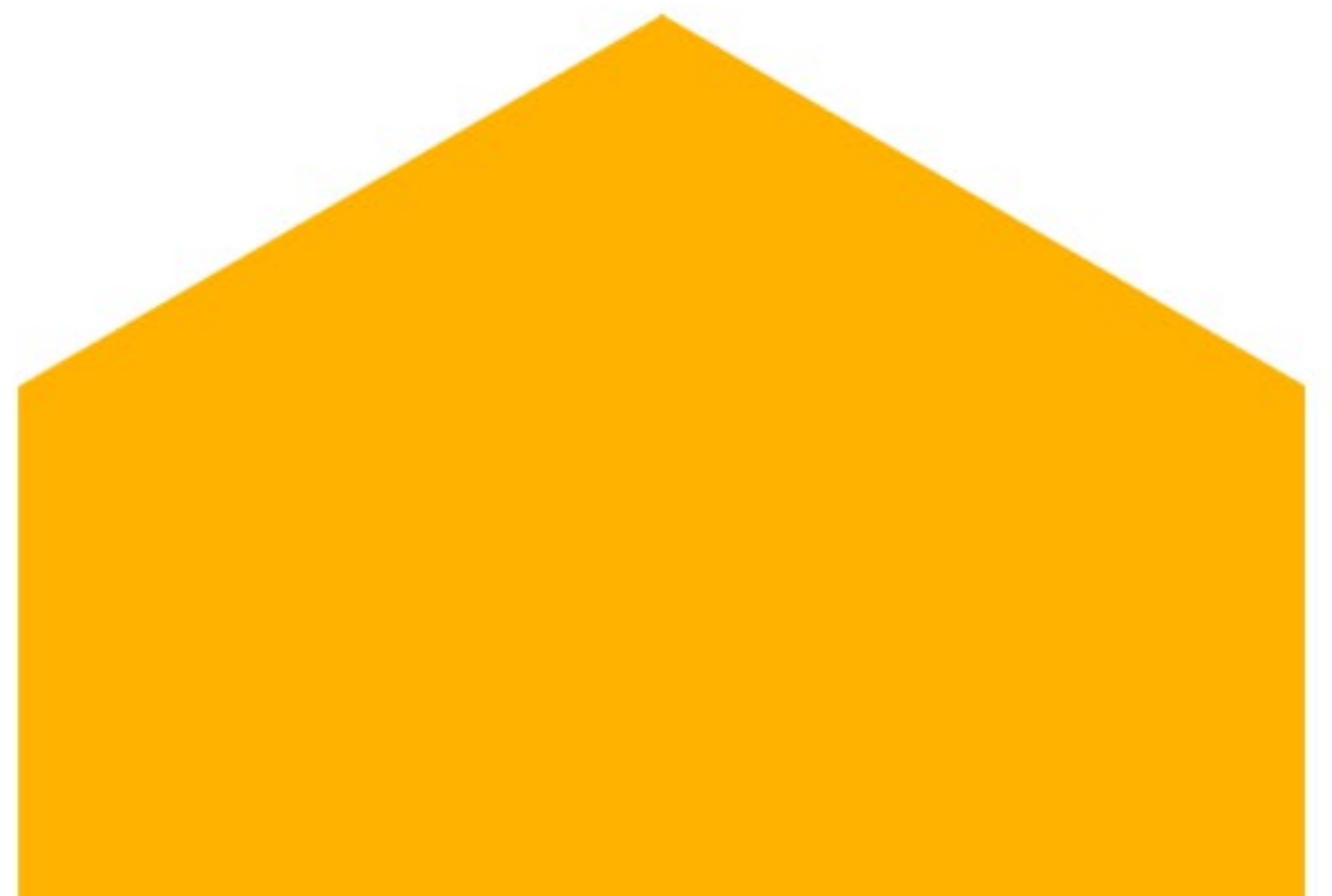
The results of this initiative were nothing short of remarkable. The company experienced a significant reduction in stockouts and excess inventory. With improved inventory accuracy, they were able to fulfill customer orders more efficiently, resulting in higher customer satisfaction and repeat business.



Accuracy: WISE WMS with its comprehensive and accurate system was able to invoice up to 5 decimal points and with 99.9% accuracy.

Flexibility: WISE WMS is a tier 1 solution that is flexible and was able to cater to the different needs of Claxton Storage's diverse clients

Additionally, the company saw a positive impact on its bottom line. The reduction in stockouts minimized lost sales opportunities, while the decrease in excess inventory reduced carrying costs and increased overall profitability.



Challenges and Roadblocks

One common challenge is the sheer complexity of inventory management systems. With various products, suppliers, locations, and transactions involved, it can be quite a task to maintain accurate records consistently. This complexity often leads to discrepancies and errors, making it difficult to have a precise inventory count.

Another roadblock is the lack of proper training and understanding among staff members. If employees are not adequately trained on inventory management procedures and techniques, it can lead to mistakes during receiving, picking, or counting of inventory items. Miscommunications and misunderstandings can further compound the issue, impacting accuracy levels.

Technology can sometimes pose its own challenges. While implementing inventory management software or automated systems can be beneficial, it may require significant upfront investments and integration efforts. Additionally, transitioning from manual processes to digital solutions may cause temporary disruptions and will necessitate training for the team to adapt to the new systems.

Maintaining consistency in inventory counts across various locations and channels is another hurdle. If you have multiple warehouses, retail stores, or online platforms, ensuring accurate inventory levels across all these touchpoints can be a tricky task. Coordinating and synchronizing stock information in real-time becomes crucial to avoid overstocking or stockouts.

Another challenge is related to the physical aspects of inventory management. Factors such as improper storage, damages during handling or transportation, or theft can all impact inventory accuracy. Implementing proper security measures, efficient storage practices, and regular audits can help mitigate these issues and improve accuracy.

It's important to remember that overcoming these challenges is not impossible. By addressing them proactively, you can pave the way for improved inventory accuracy. Some steps you can take include providing comprehensive training to your staff, leveraging advanced inventory management software, and regularly conducting physical stock counts and audits. It's also helpful to establish clear communication channels and foster collaboration among different departments involved in the inventory management process.

Achieving and maintaining accurate inventory records is a journey that calls for dedication, teamwork, and the right tools. By giving importance to keeping precise inventory records, you can reduce instances of running out of stock, manage costs effectively, improve operational efficiency, and, most importantly, create an amazing customer experience. So, let's start this exciting journey together! We'll embrace the best practices shared in this guide and see how accurate inventory record-keeping can positively impact your business's success.





Thank you

In conclusion, effective inventory management is a multifaceted discipline that requires a strategic mindset, the right tools, and a commitment to continuous improvement. By implementing the insights and recommendations presented in this whitepaper, organizations can unlock the full potential of their inventory, drive operational efficiency, and achieve a competitive edge in today's challenging business environment.

Note: This whitepaper provides a general framework for understanding the importance of inventory record accuracy and utilizing statistical data analysis techniques. Specific details, case studies, and references can be further developed based on the requirements and industry context.

About BWISE

Our Story

Excellence in Distribution is not a mystery. It is industry knowledge applied in a soundly systematic manner to address a carefully defined problem or need based on your design parameters.

Our roots come from industry, not the bits and bites of software. Our singular focus is your satisfaction. For over 30 years we have been putting our knowledge of industry to work for you. From this, we deliver industry proven solutions. Software, you can buy that anywhere.

Our Values

BWISE is dedicated to improving the total condition of your supply chain system.

Operational excellence and commitment are mandatory. We endeavor to ensure all projects are carefully planned and faithfully executed. ERP excellence is not an accident – it is planned.

We practice win-win partnerships with our customers, and our diverse team is committed to providing excellent customer service and support during the entire project and post-implementation. We are your long-term strategic partner.

Empowering your Business Efficiency

For more than 30 years we have been walking in your shoes. For more than three decades that's all that we have done, distribution and manufacturing! When we walk in your warehouse, or on your floor, we know your business! We speak your language! We understand your needs!

That's why BWISE is Empowering your Business Efficiency!

That's why BWISE is your trusted partner!



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