



Overcome the 5 Key Challenges

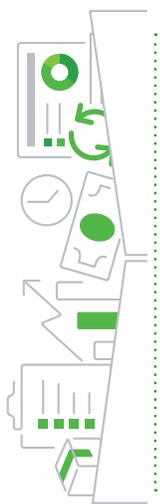
of Inventory Management



Overcome the 5 Key Challenges of Inventory Management

Introduction

What's in stock, what's on order, where stock is staged or stored, and where and when that stock is shipping... Inventory management is complex business. While the challenges are numerous, there are five that seem to cause small- and mid-sized business owners the most angst.



CHALLENGES

- 1 No real-time data on inventory statuses.
- 2 Relying on manual processes.
- 3 Ensuring everyone has access to the inventory information they need.
- 4 Manual inventory control isn't scalable.
- 5 Software is too complex.

Here's how these obstacles can be detrimental to businesses and how to overcome them.



Challenge #1 No real-time data on inventory statuses.

Construct, a building contractor, has to match the timing of their crews to the timing of material availability. It's all on a tight schedule to meet customer expectations. Their biggest problem is that they can't accurately account for building supplies — no one knows when stuff gets taken off the trucks, or where materials are in the warehouses or on order. Excess materials returned from completed jobs aren't always documented and damaged materials aren't reported.

Using barcodes on medication reduced errors in administration by 41.4 percent at an academic medical center.

Source: National Center for Biotechnology Information



Problem: Not knowing specific statuses is costly.

Not knowing where any specific product is at a given time can be risky. Not having real-time data means:

- **Increased costs** — Poor inventory tracking causes unnecessary expenditures due to spoilage, rush shipping charges and overtime charges.
- **A lack of inventory balance** — Not knowing where every item is often results in shortages or overstocking.
- **Increased lead times and stock-outs** — Running out of stock means disappointed customers and diminished customer loyalty.
- **Delayed shipping and delivery** — Customers and end users want items at a certain time.
- **Lack of insights and information** — It's difficult to analyze trends and counts across all warehouses and locations, and to make informed operational decisions.
- **No continuous improvement** — There's no way to drive efficiencies, identify bottlenecks or streamline processes.



Solution: Cut through the complexity with detailed tracking options.

One particularly useful feature to look for in an inventory software system is bin tracking. Bin tracking provides precise location information for

“Multiple location tracking ensures you know the precise location of a product.”

every item in inventory, across multiple sites or warehouses. The more advanced offerings — like the ones offered by QuickBooks Desktop Enterprise — even provide

specific serial and lot numbers, making picking and stocking simpler, more accurate and more efficient.

Multiple location tracking can be used to track products in different staging areas within a single warehouse, on service trucks and on order. This ensures you know the precise location of a product regardless of where it is in the supply chain.



Challenge #2 Relying on manual processes.

Blank Canvas, a single-location art supplies retailer takes inventory by hand counting and recording in an Excel spreadsheet. But manual data entry puts a lot of stress on the small staff and errors happen all too frequently. As a result, sometimes they order stock unnecessarily, increasing their inventory-carrying costs; other times products aren't ordered in adequate supply, resulting in empty shelves and unhappy customers.



Problem: Manual processes take too much time and result in too many errors.

Old school methods like hand counting and spreadsheets are time consuming and error-prone. There's no way to track long-term trends, supply chain bottlenecks or inefficiencies. Manual inventory processes also hamper collaboration and information sharing. Customer satisfaction and loyalty, as well as vendor relations may subsequently suffer.

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Solution: Automate with software.

One alternative to spreadsheet-based inventory management is the use of software that automates common inventory processes. Inventory management software incorporates barcode scanning, as well as serial and lot number tracking to eliminate the errors that come with manual data entry.

Many software programs will integrate with a simple USB or Bluetooth barcode scanner to help minimize the need for expensive hardware. Serial number and lot number tracking both make it easier and more efficient to track down specific items — whether to check stock, identify faulty batches of product or to look up warranty information.



Challenge #3

Ensuring everyone has access to the inventory information they need.

GigaValue, a computer wholesaler, requires up-to-date statuses on product orders and existing stock. Since they need to negotiate the best per-unit price, procurement needs to know which products are moving fast enough to warrant buying in higher quantities, and finance needs reports to ensure only minimal stock is on hand. One time, when a new finance employee started at GigaValue, he accessed the wrong file and inadvertently altered inventory data. It set off a chain reaction of costly events.



Problem: Access to information is all or nothing.

Warehouse managers, production, procurement, logistics, sales, customer service and accounting all need different types of inventory information in different amounts. No matter what, that information needs to be accurate and up to date, which isn't always easy when multiple sites are each employing their own ways of doing things.

Without controlled access, vital information can be stolen, deleted or otherwise rendered unusable.

“Give employees access to no more and no less than what they need to do their jobs.”



Solution: Grant controlled, job-specific access to accurate information.

Most employees require very limited, specific information. If you're considering inventory management software, look for a system that allows you to restrict access to only those who need it — and confine that access to only what they specifically need to do their jobs effectively.

Within QuickBooks Desktop Enterprise, a business can set access levels that allow field personnel and inventory clerks to stay up to date with current inventory levels; and ensure that warehouse supervisors and accounting personnel have full access to all the order details. Give employees access to no more and no less than what they need to do their jobs.

About half of businesses surveyed reported an insider incident regarding information security. These attacks are often more costly than outsider attacks.

Source: GT Nexus



Challenge #4 *Manual inventory control isn't scalable.*

When Tough It Out, an activewear manufacturer, was in its startup days, it could quickly replenish merchandise in its stores. Once it opened more retail outlets, the company implemented store item-level inventory management to minimize costs and keep stores stocked, but they can't keep up with manual inventory tracking. They can't get a clear picture of product need and product loss per location. As the company continues to grow, the system's deficiencies are becoming increasingly apparent (and costly).



Problem: Manual processes hinder growth.

Tracking with a spreadsheet works fine for 15 items, but it won't work as well if that number increases to 100. Likewise, processes suitable for a single warehouse, distribution channel or retail location may not cut it when more are added.

It's not just a matter of needing more people to do the work. Sorting and consolidating all that information is complicated, as is putting it in a format that can be easily used to generate essential analytics.



Solution: Streamline by automating.

As companies expand, the scalability of their business processes really depends on automation. If data flows smoothly between departments, fewer bottlenecks affect productivity, inventory amounts, turnaround times and profitability. QuickBooks Desktop Enterprise can help you grow your business. In fact, 87 percent of users surveyed agree that QuickBooks Enterprise helps them make informed business decisions. ¹

A scalable inventory software system should be:

- **Flexible.** It should be able to easily add users so more employees can use the software simultaneously as a company increases in size or its needs change. It should also easily accommodate significant increases in inventory items and increasingly larger data sizes.
- **Seamless.** There should be no need to add on components or install more software just because the system is handling more users or inventory items. Though there may be additional costs when additional user licenses or software modules need to be added.
- **Stable and secure.** Load times, calculations and report generation speed should never be affected because of increases in users or inventory items. The same applies to the system's security features.

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Challenge #5 Software is too complex.

Nuts & Bolts, a parts manufacturer, is in growth mode. They just recently implemented a software system to automate business processes, including inventory management, to increase efficiencies and generate savings. The problem: The system isn't delivering. It's complicated and involves extensive training to use. The change is proving very challenging for the company's employees.

¹ Using information and insights available with Quickbooks. Intuit survey; 2016.



Problem: Difficulty adapting to and embracing the software.

Many software systems are exceedingly complex with user interfaces that aren't intuitive and processes that are difficult to master. That can make training stressful, time consuming and costly, negating many of the benefits generated through inventory process automation.

Costs add up even more if additional training is required — like with employee turnover or when a new hire joins the company. If new features or other upgrades are released for a complex system, it's safe to bet that more training will be necessary.

There's also the matter of installation. Installation and roll outs of new inventory software increase the burden on IT staff.



Solution: Find a system that's easy to learn and implement.

Easy-to-use inventory management software systems do exist, but there are important distinctions. Consider one that:

- Requires no special expertise to install, maintain or troubleshoot.
- Can be customized to meet your company's needs.
- Offers flexible support options, including access to technical and product experts.
- Includes extensive, in-depth initial training and follow-up training when new features are introduced.
- Allows a free trial of the system.
- Easily integrates with existing business software or legacy systems, and doesn't have unique hardware or technical requirements.

It may seem like a lot to ask of an inventory system, but it's all essential to maximize the return on investment.

LEARN MORE ABOUT QUICKBOOKS DESKTOP ENTERPRISE

QuickBooks Desktop Enterprise focuses on business management, not just project management. Make managing inventory less complicated by taking advantage of software that automates key processes and addresses all the common challenges.

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