



Managing Your Inventory

All you need to know about looking after your inventory





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What is inventory management?

This can be a tricky topic to get your head around, especially if running a business still feels completely alien to you.

Your inventory is essentially a list of the items you sell to customers, as well as the things you use in their production. Think of products, merchandise, the raw materials you use to create garments, or any other products your business may distribute. These all form part of your inventory.

Managing your inventory is super important because that's how you know what you need to purchase, or what's currently trending, and the quantities in which you need to order the materials.

The key is to never leave your customers disappointed by constantly selling out of your most popular items.

Taking the time to monitor your inventory means you're more likely to take spot trends and opportunities to take advantage of, and identify areas that aren't doing so well. That way there's less risk of carrying items or services that simply don't sell, which can cause strain on a business and even cost more money.

Managing inventory is important because:

- ✓ You save money
- ✓ You get to know your customers
- ✓ It helps you [manage your cash flow](#)





What are the best techniques and practices for inventory management?

Getting your inventory management spot on is essential for your business, and there are several ways to go about it. Staying up to date may be easier than you think!

Track all product information

This includes the suppliers, SKU codes (this stands for stock keeping unit, typically an 8-digit code that helps you keep track of stock internally), barcodes etc.

Any information you have, record it, and stay up to date with how much it costs, and what you sell it for.

Audit your inventory

You need to know what the most popular items are, how many you have left, and whether you need to order more. It's the same for products and items that aren't selling too.

An audit can take place weekly, monthly, yearly (or all of the above) to make sure everything matches up.

Spending time on regular audits might not always be practical, or even necessary, depending on what your business does, so test the waters to see what's most effective for your business.

Stay consistent

Keeping on top of your inventory is vital for your cashflow and customers. Staying consistent doesn't always mean having the same amount of stock or products.

Instead, think of it as always having enough, and that this number will fluctuate with demand.

Use software that can help you

Say goodbye to the days of writing out your bookkeeping tasks, because we live in an age where software can do a lot of the work for you.

Let's take Pandle for instance (although other software is available!).

Our [Items feature](#) means you can create and manage tracked and untracked items, and use this information to populate invoices and quotes, and update your stock levels each time there's a transaction for a tracked item.

It makes inventory management much easier. Phew!

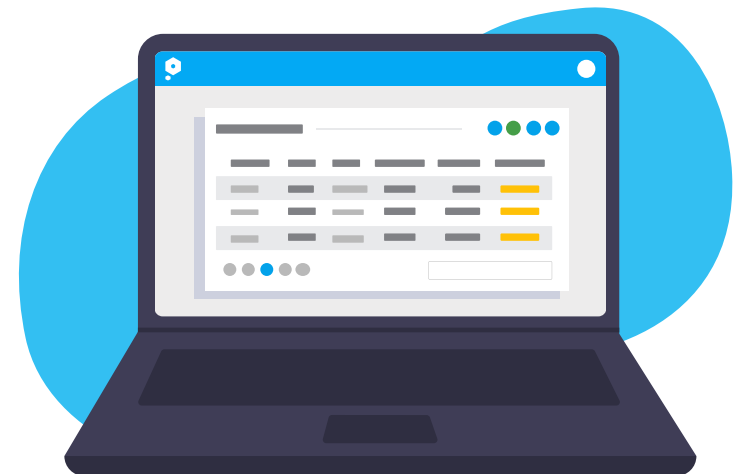


Are spreadsheets an effective way to manage inventory?

Excel can be a good place to start managing and tracking your inventory. It's accessible to use, and will help you understand what needs recording, and how often.

The only problem is, it's time consuming and prone to errors. An inventory software system can help you to automate more of those time consuming, tedious tasks, particularly if you can integrate this with your bookkeeping.

This way errors are easier to spot, and much of the process will be completed by the software, so you can track and order your most in-demand products and materials to help your business stay prepared.



What is the goal of inventory management?

It's simple. To have the right items in the right place at the right time.

For example, if you look at inventory trends and discover your Christmas slogan tee's sell out during the last week of November every year, you'll know that this year you need to get enough stock ready to keep up with demand in that period.

Managing your inventory can even help you work out how much to order, and how quickly you should be ready for a restock.

It's all about reviewing the data and having the things your customers want, while also testing out new products and tracking your inventory so you know if it's the right item for you or not.





What are the 4 main steps in inventory management?

Every business is different, and there will always be processes and systems that differ from one another.

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1. Look at what you have now

Keep a record of what you currently have available to offer, along with any materials you have on hand to make your products, or items you need to provide your services.

2. Look back at what you had

This is a vital step to work out what your business needs. Looking at your last inventory report (or delving through your financial reports), are the numbers similar? Are there things which just aren't selling?

This process will help you put together a plan of what you should have available, and when. For example, a mobile hairdresser might need particular products during the Christmas party season (so it's not all about retail businesses!).

3. Analyse your sales

Put your sales into various categories. Items that sell quickly after you repurchase them, ones that don't sell at all or sell very little, and your core products that always sell steadily throughout the year.

You can also add a section for seasonal stuff, such as Valentine's Day gifts or Christmas gifts that have a clear spike in sales during certain parts of the year.

4. Spend time identifying the items you need to repurchase, and the items you don't

When you have everything in order, this step should be the easiest. Use the data you have to ensure you have the right things available at the right time.

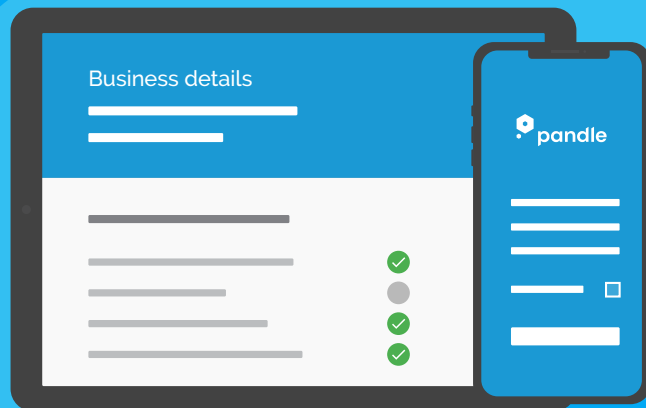
For example, you may make personalised journals or planners which sell fast in January. Once you begin to track this data, it'll become much easier to understand what your business needs, and help you be ready for it!



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