

WAREHOUSE INVENTORY MANAGEMENT MISTAKES TO AVOID!



Avoid Having Way More Warehouse Inventory Than You Need

Having lots of an extra warehouse inventory not only means tied-up capital extra expenses like inventory space, more insurance. In short, it's costly to overstock.

Keep track of order velocity and try to anticipate changes that will come with season and cycle.



Not Having Enough Inventory to Meet Demand Efficiently

Today's customers want to know exactly when the item(s) will be delivered. They will not tolerate back-orders, and if an item is out of stock, they'll just take their business elsewhere.

If they are happening to you, you need to get a grip on why you are running out of inventory



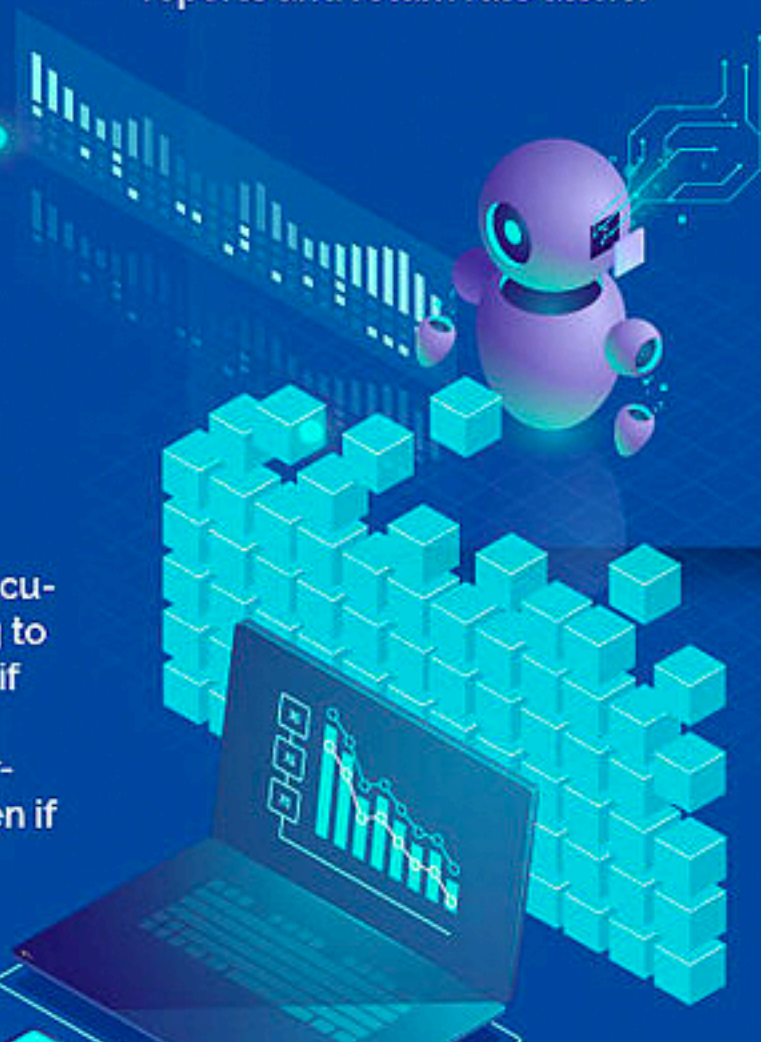
Not Using the Right Analytics

Only with the right analytics, you should be able to make a "best guess" for your sales for the next cycle and act accordingly. The last thing you want to do is base your decision-making on back-order reports and return rate alone.



Resisting Automation

Close to 90% of spreadsheet documents contain errors, according to a study¹ an automated system, if set up correctly, can operate in real-time and route critical information to whoever needs it, even if that means multiple people at once.



Slowing Your Flow During Warehouse Inventory Counts

If you're not doing physical counts, that can be a problem. But, if you're stopping your operation to do a physical count of everything, that's bad, too. It's better to do your count section by section and spread the count over the course of several days. If you have a barcode scanning system, this makes the count even quicker.



Dissociating Warehouse Shipping from the Rest of the Workflow

If the different systems for warehouse shipping and inventory management are not talking to each other it is a problem.

Information should pass easily from the initial order and on through to printing and affixing shipping labels as a part of a single, well-documented workflow.



Failing to Manage Your Labor

Labor costs can stealthily sneak up on even the most efficient operations. Labor needs are variable; during high shipping times, warehouses need an appropriate number of workers to handle the increased number of orders. But these cannot be full-time workers, as having extra people around when not needed will skyrocket your costs. A good labor management system is key.



Don't be a Hero

Individuals are much, much more prone to error than groups. That is exactly why you should be wary of the warehouse "hero." Take steps to make your data and your processes explicit for all (i.e., create a team that communicates), automate what you can, and make it easier for anyone to clock in and begin working efficiently.



Source:

1. Panko, Raymond R. (2008), What We Know About Spreadsheet Errors.

<http://panko.shidler.hawaii.edu/SSR/My Papers/whatknow.htm>