

# THE IMPORTANCE OF A BALANCED INVENTORY MANAGEMENT SYSTEM

With the rapidly changing world of retail, proper inventory management can make or break a sale and snowball into other costly issues for your company. Here's a closer look at its significance.



## WHY INVENTORY MANAGEMENT MATTERS

More than **7 in 10 online shoppers** will look for an out-of-stock item elsewhere instead of waiting for it to come back in stock.

[repricerexpress.com/infographic-4-top-ecommerce-inventory-management-stats](https://repricerexpress.com/infographic-4-top-ecommerce-inventory-management-stats)

The most important inventory practices include:

- **Forecasting** (61.3%)
- **Warehouse management** (50%)
- **Logistics** (46.8%)
- **Back-end technology** (32.3%)

[financesonline.com/supply-chain-statistics](https://financesonline.com/supply-chain-statistics)

Optimizing warehouse operations can save **20% to 50% of warehouse costs.**

[wsinc.com/wsi\\_wire/the-importance-of-maintaining-inventory-accuracy](https://wsinc.com/wsi_wire/the-importance-of-maintaining-inventory-accuracy)

Companies can **gain 20%** in space usage, a **30% increase** in stock use efficiency, and a **25% boost** in productivity if they use an inventory system with integrated order processing.

[financesonline.com/supply-chain-statistics](https://financesonline.com/supply-chain-statistics)

46% of small businesses **don't use an automated system** to track inventory or don't track it.

[financesonline.com/supply-chain-statistics](https://financesonline.com/supply-chain-statistics)

As of 2020, 18% of small and mid-sized businesses use an **inventory management system.**

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## ISSUES WITH TOO LITTLE INVENTORY

- **Missed sales:** If customers can't find an item they want, they likely won't buy it from you, which means missed sales for retailers.
- **Harm to reputation:** Lack of inventory can hurt retailers' and wholesalers' reputation among current and potential customers.
- **Disruption of manufacturing process:** If a manufacturer runs out of material, its entire manufacturing process can grind to a halt — while still facing its usual operating costs.

[unleashedsoftware.com/blog/risks-little-inventory](https://unleashedsoftware.com/blog/risks-little-inventory)

## ISSUES WITH TOO MUCH INVENTORY

- **Waste of capital:** Excess stock can absorb working capital on assets that may not be sold to generate revenue quickly enough.
- **Increase in carrying costs:** Excess stock also increases the cost of storage space (the rent or mortgage on the space as well as utilities) and service costs such as insurance and security.
- **Increased risk of inventory dropping in value:** Having excess inventory increases the risk that your product may deteriorate or drop in value.

[eazystock.com/uk/blog-uk/the-disadvantages-of-excess-inventory](https://eazystock.com/uk/blog-uk/the-disadvantages-of-excess-inventory)

## STRATEGIES TO HELP KEEP A BALANCED INVENTORY

- **Tag inventory properly** to improve accuracy.
- **Organize inventory neatly** so that it's easy to see and access.
- **Use real-time tools** such as barcode scanning to track your inventory at any time.
- **Use inventory management software** that provides transaction histories for all of your items.
- **Use a third-party logistics provider (3PL)** to manage your inventory.



[WSINC.COM](https://wsinc.com)

Sources: [wsinc.com/wsi\\_wire/the-importance-of-maintaining-inventory-accuracy](https://wsinc.com/wsi_wire/the-importance-of-maintaining-inventory-accuracy)  
[systum.com/blog/importance-of-inventory-management-for-small-business](https://systum.com/blog/importance-of-inventory-management-for-small-business) | [tradegecko.com/inventory-management](https://tradegecko.com/inventory-management)