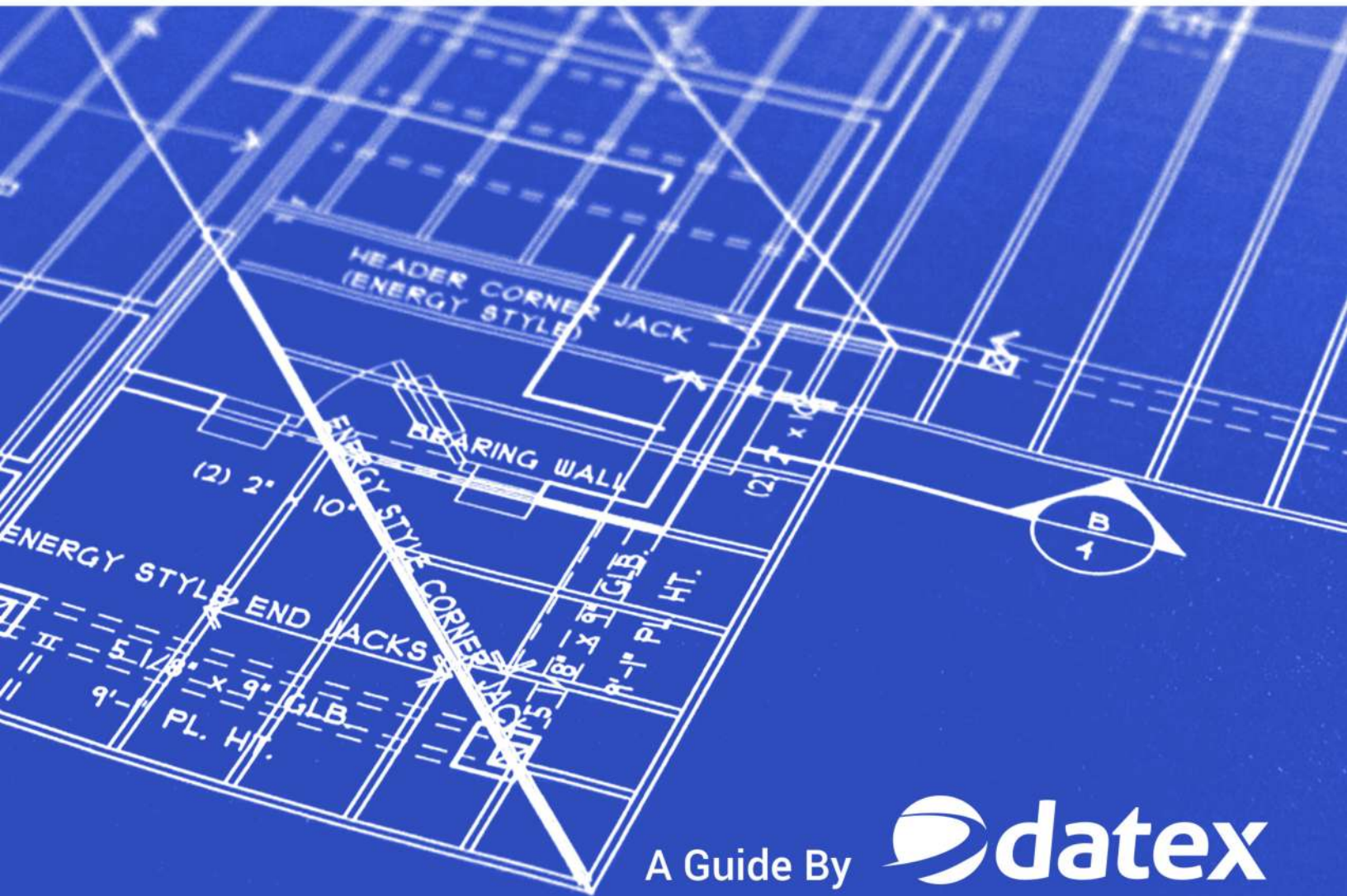


Improving Inventory Management Effectiveness

PART ONE

Inventory Control and Warehouse Organization



A Guide By

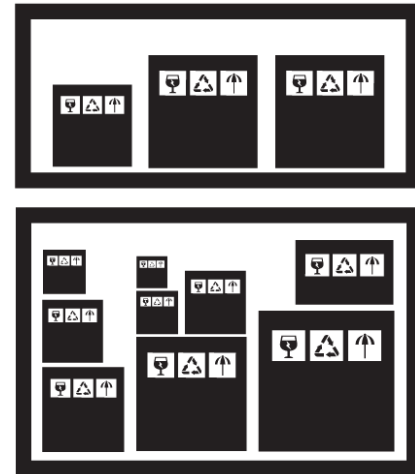


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Improving Inventory Management Effectiveness

Part 1: Inventory Control and Warehouse Organization

Warehouse organization and inventory placement is critical to optimizing inventory management and inventory control processes. At least once a year, you should evaluate the organization of your warehouse and make adjustments according to current operational needs. Needs change over time. New clients and types of inventory are added periodically. As new inventory is added, incoming inventory may be positioned wherever it fits rather than into optimal locations. This can decrease efficiency and picking times and cause chaos.



Making changes can help to improve warehouse efficiency, increase order rate accuracy and have other benefits as well. Problems with finding specific inventory are typically tied to inventory discrepancy. Some studies show that reorganizing your warehouse can help to improve picking times by as much as 50%.

Take a critical look at the overall warehouse organization. Pay attention to space utilization, workforce needs and essential processing areas. Effective warehouse organization can help to increase your company's ability to efficiently handle the input and output. Simple changes to the floorplan, labeling and processes can help your company save time and labor and generate more revenue. Having a warehouse that operates efficiently with minimal waste of time and labor can motivate your workforce and produce other quantifiable benefits for your company.

Space utilization in the warehouse: Does your workforce have adequate space to receive goods? Many inventory errors can occur during the receiving process if there is insufficient space in which to work. By maximizing this important workspace, your company may be able to reduce inventory receiving errors and reduce time loss, damaged goods and labor cost.

Track top selling inventory so that you can position it accordingly. Store this inventory in locations that make picking and delivery easier and faster. High sellers should be positioned near the shipping area so that you can eliminate unnecessary labor and wasted time.

Making it easy for your workforce:

Add signs and labels to help direct your workforce through the warehouse quickly and easily. This will help ensure that other workers are not disrupted to provide directions. Make sure you have well-organized and easy to understand location names. Locations need to be clearly, accurately labeled with location labels that are easy to read. It is essential that location names are not duplicated-they must be unique.



Lettering that is too small to read quickly wastes workforce time. Labels that blend in with rack colors and other surroundings may not be seen. This wastes valuable time and results in frustration. Be sure to label **all** locations, not just those that currently house inventory.

Make sure that location labels clearly state the location to which they are referring. For clarity, zone or room names should be abbreviated to a single letter and should be contained in full location names. In order to make it easier for warehouse workers, each location label should contain the full name of the location and have an arrow that points to the specific location.

Make sure that all of your items have well-defined, unique descriptions so that warehouse workers can review the information in case they have questions.

Inventory management procedures: Proper [inventory management](#) requires that effective inventory handling and storage procedures are developed, communicated to the workforce and enforced. Adequate training must be provided and reinforced. Warehouse workers should know what to do with items received, removed from stock, reserved for future use or production, etc. Your operational procedures should include your process to educate your workforce whenever a product is moved from one location to another. By notifying your workforce, you can prevent inventory loss, errors and wasted time.

Inventory Control: How to Minimize the Amount of Unauthorized Traffic in Your Warehouse

Inventory discrepancies, lost or misplaced inventory and inventory loss can be attributed to numerous factors. One factor is unauthorized people in the warehouse where inventory is stored. To reduce or eliminate this problem, use some type of identifier for your workforce such as badges and lanyards or specialized t-shirts. This can help you to identify authorized personnel so that you can distinguish unauthorized people and enforce your company's policies.



Inventory Management by SKU

Every product has its own pattern of supply chain and demand variability. Use the 80/20 rule to help boost profitability. Concentrate on the 20% that make up 80% of the volume so that you can manage this section of the business most effectively.

Cycle Counts Catch Inventory Errors

Using cycle counts can be helpful in maintaining inventory control. Cycle counts involve counting a partial amount of inventory frequently, typically on a daily or weekly basis. This is much less disruptive than counting an entire warehouse full of inventory all at one time. To ensure maximum effectiveness, cycle counting should be done methodically, in a consistent pattern-the same way every time it is conducted.

Cycle counting can help to detect errors more quickly so that they can be evaluated and corrected. Inventory errors that go undetected are more challenging to solve and can result in significant adjustments to end of year balances and inaccurate financial statements.



Conducting cycle counts will help ensure the accuracy of the data in your warehouse management system.

Having accurate real time data is essential to processing orders, inventory replenishment, production scheduling and other processes.

For optimal results, post your cycle count schedule in a highly visible, high traffic area and hold your workforce accountable to meet the schedule.

Gain Real Time Inventory Visibility by Using Automated Data Collection and WMS

Using **mobile computing devices** in the warehouse along with a **WMS** can provide your company with the real time inventory visibility needed to help you make better management decisions. Mobile devices help by capturing data from warehouse and inventory processes in real time, eliminating delays and errors. This in turn can help enhance customer service and result in higher levels of customer satisfaction.

The use of **warehouse management software** and **mobile devices** enables your business to gather and retain vast amounts of information about your operations that can be used in a variety of ways including for inventory planning, enhanced inventory management strategies, reporting and more.

Conclusion

Inventory management can be improved by first examining your warehouse. First evaluate your warehouse layout and organization. Consider your workforce and space needs to see if space reconfiguration would be beneficial. Review the labeling of locations as well as basic warehouse operational processes and workforce communication and training.

Limit the number of unauthorized people in your warehouse in inventory storage areas. Implement cycle counting and hold your workforce accountable to meet the established schedule. Consider using the 80/20 rule for managing inventory in your warehouse so that the highest volume of inventory receives the greatest amount of focus.

Using mobile devices along with a wireless network and warehouse management can provide measurable benefits for your business. Real time data capturing and information visibility can provide insight into your operations so that processes can be improved and better decisions made.

About Datex

Datex provides flexible, reliable supply chain technology solutions to help make businesses more profitable, including supply chain software, mobility solutions, professional services and mobile device management. In business for over 35 years, Datex has a wealth of experience in helping companies across the world meet these critical business challenges.

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