
**Best Practices in Inventory Management**

It's sometimes hard to believe that inventory management is a fairly recent science. Today's manufacturing and distribution industry leaders manage inventory so tightly and intelligently, it seems their systems might have been in place forever.

Except, that is, for the radio transmitting barcode scanners, computerized picking systems, real-time connections with production and customers, and the host of other Star Trek technologies that direct the moving sinews of modern warehousing. Inventory may involve only a small proportion of assets at a given time, but inventory management can have a substantially wider and deeper impact on a company — for better or worse — and its revenues and costs.

Virtually every manufacturing and distributing firm engages in such basic practices as scheduling inbound shipments and hiring temporary workers, both for peak-time relief and as a recruitment pool. But fewer companies carry out other inventory practices that demand more resources, even though they may offer valuable results. One example is requiring strict adherence to the inbound shipping schedule, and enforcing it with penalties. Another is integrating into customers' supply chains.

At the higher-risk, higher-reward end, the most innovative — and successful — manufacturers and distributors perform some of the following:

- Conduct ABC inventory analyses.
- Run multiple shifts.
- Scan barcodes for warehousing and delivery.
- Automate picking orders (e.g., with carousels or pick-to-light systems).
- Use batch picking with automated sort.
- Automate storage and retrieval.
- Let just-in-time goals (or other supply chain cycle-time objectives) drive investment in warehousing and delivery.
- Require suppliers to manage some stock.
- Require that inbound shipments be “freight-collect.”
- Measure “Turn and Earn” index for total inventories, individual SKUs, suppliers and product lines.
- Locate warehouses near parcel-service hubs.
- Use trucking software for load planning and routing.
- Measure total delivery cost per delivery.

*If you’d like to hear more about best-practice innovation in inventory management, our firm can give you the facts. Contact us to discuss your situation.*