Modern Solution to Inventory Issues

Companies who take physical inventory at year end often find misplaced inventory that becomes excess inventory. The reason for this is because additional inventory was purchased and financed by the banks or the secondary lender markets while the lost inventory collected dust on the shelves. Besides the financial expense, often some of the inventory found might be outdated and could not be sold.

Issues in the warehouse

- Before new inventory is received at the warehouse, half-empty shelves get consolidated to make space for the new inventory and the computer records are manually updated. Often the warehouse personnel enter incorrect information or forget to update the computer records. This results in the inventory not being found until the next physical inventory takes place.
- The warehouse personnel often pick the wrong products or quantities. This results in customers returning the inventory resulting in double freight bills, and charge backs by the department stores. The accounting department having to issue credits, often miss the vendor early payment discounts.
- The Purchasing Department, not having accurate information of the inventory status in the warehouse, often orders additional inventory that becomes excess inventory.

The Benefits of Having Modern Integrated ERP Software

Physical inventory count. Locations are scanned on a weekly basis. If misplaced inventory is found, physical inventory count takes place at that location aided with radio frequency guns and the computer records are updated in real-time mode. This eliminates the need to take a physical inventory count at the end of the year.

- Inventory in transit. The inventory is being tracked enabling customer service to notify the customers time of arrival. When the inventory arrives at the warehouse, open orders are shipped off the dock and the invoices accompany the shipment. The unshipped inventory is placed on warehouse shelves guided by radio-frequency guns. This results in a shorter receivable cycle and eliminates additional labor cost of putting the inventory on the shelves and then picking it later to be shipped.
- Purchasing department has an accurate view of the inventory in the warehouse, what was allocated against open orders, what purchase orders were issued and when new inventory will arrive at the warehouse. Additional information is available about the product's maturity, when to buy it, and in what quantity.

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