

Five benefits of insight-driven inventory management

Insight-driven inventory management lets businesses move on from the reactive processes of the past and become forward looking and proactive. This approach can result in substantial reductions in cost of goods sold (COGS) and a marked increases in gross margin return on inventory (GMROI).

1 Improves customer service and loyalty

As consumers themselves, businesses understand that shoppers expect that what they're looking for is in stock. Retailers need to meet this expectation without carrying so much stock that they end up with a negative return on inventory investment. By offering the right inventory to the right customers at the right time, with an optimised time-phased inventory plan, businesses can find the right balance of consumer demand and inventory costs.

2 Reduces stock-outs and overstocks

Industry experts agree that overstocks and stock-outs are the most significant contributors to profit erosion. The cost of stock-outs extends well beyond the lost sales - they diminish brand equity and decrease the effectiveness of promotions. They also create a damaging ripple effect by distorting demand, which can lead to inaccurate forecasts. Businesses also have to wear the cost of employees trying to satisfy customers who want the out-of-stock item.

By automating the inventory planning process, businesses can take the guesswork out of purchasing and greatly reduce these problems. Companies who are not taking advantage of inventory forecasting capabilities are missing out a lot of opportunities.

3 Lower inventory costs

Businesses using intelligent data to order and allocate merchandise will quickly reduce their inventory expenses. And with a demand forecasting tool, businesses can generate accurate forecasts that help optimise their inventory levels, and ultimately increase sales and profit.

4 Synchronises supply and demand

Integrated inventory planning can give businesses the insights into how fluctuations in supply and demand affect the inventory. Businesses can then focus on improving internal and external communications within their supply chain, and use this as a springboard for success.

A supply chain can offer more value when it is responsive. An integrated business management solution enables companies to better understand the balance between supply and demand and efficiently deliver products to consumers. It's important to be flexible to consumer demand, and efficient inventory management will dramatically speed up the order-to-shelf time.

As product portfolios grow larger and companies go global, there is much less room for error. Businesses must operate with a greater degree of precision and greater responsiveness in order to accommodate the pressures of more complex product ranges and decreasing inventory levels.

5 Streamlines inventory planning

The inventory planning process can become convoluted if systems and processes are not in place. Extending the inventory planning process helps coordinate all planning and execution functions, and helps bring businesses closer to the consumer.

The inventory planning process can also be extended to include transportation planning. To further streamline inventory operations, an integrated inventory management solution can bring all the touch points of inventory planning together.

Conclusion

Insight-driven inventory management is helping businesses reach their crucial financial targets. By bringing intelligence and visibility into their inventory management they're delivering substantial cost savings and significant increases in profits.

With improved visibility into supply and demand, businesses can make critical decisions about where to reduce inventory and still maintain the highest level of customer service. Integrated inventory planning tools provide the forward-looking data and intelligence that allow businesses to be proactive about the future instead of being reactive based on the past.

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