

# Unlocking effective inventory management

It may seem obvious, but without getting products to customers on time companies will not survive. Particularly with the rise of e-commerce and customers expecting goods faster than ever before, inventory management has become the hook on which all other aspects of a business hangs.



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One of the reasons cited for US homeware giant Bed, Bath & Beyond filing for bankruptcy last year was its poor inventory levels. The past festive season was the first in more than half a century that American consumers were not be able to shop at its physical stores which were subsequently been sold off.

Understocking – or overstocking for that matter – is just one of the challenges businesses are faced with.

According to Stephen Howe, director of business solutions firm Times 3 Technologies (T3T), they can also fall into the trap of ordering supplies too late or too early, leading to excess costs and stockouts.

Additionally, manual processes can create disconnects between actual and recorded inventory levels.



## How ERP systems can optimise distribution and wholesale processes

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“There’s no two ways about it – inventory management is the foundation of distribution and wholesale. The management and visibility of stock is crucial to businesses, whether it be in a warehouse, remote location, or boot stock,” Howe says.

“Having the right stock ensures customer demands are met promptly, while well-managed inventory helps streamline your operations and cuts down on holding costs which can then be transferred to other parts of the business.”

Furthermore, accurate inventory data ensures that a business can respond quickly to any market changes that may occur.

### **South Africa is no different**

South Africa is no different to other countries when it comes to inventory. Its businesses also require forecasting that is accurate and current.

However, where it is more unique is in its varying economic factors, regulatory requirements and geopolitical influences, Howe says.

In response, many local companies are turning to technology to help them improve inventory management, in particular enterprise resource planning (ERP) solutions.

“ERP Solutions really tackle the challenges head-on,” Howe explains.

“These solutions include real-time tracking and automation to reduce errors in records. They also include advanced analytics that plays a major role in predicting demand accurately.

“Furthermore, these solutions enable businesses to manage inventory efficiently across multiple locations.”

“Of course, an ERP solution is only as good as the difference it makes in the wholesale and distribution processes. You can gauge this by looking at factors like the inventory turnover rate or the percentage of customer orders filled accurately and on time.

“A big one is to what extent costs are being reduced. This includes carrying costs, overstock and operational expenses.”

Importantly, Howe adds, companies should be concise in what they want to achieve when implementing an ERP solution.

They should define clear objectives, provide training for employees to understand and use the system optimally, maintain high standards when entering data and continuously evaluate whether it is meeting the company’s needs.

“Understanding the specific needs of the distribution and wholesale businesses is essential for successful implementation and excellent inventory management.”