

# Building an Inventory Management Practice

## A CONNECTSX CRITICAL CHECKLIST

Inventory management is a critical component of your business. While there are great tools available to streamline and simplify the process, not every business requires the scale or cost typically associated with enterprise solutions. This checklist covers the foundational elements for building an effective manual inventory management practice to maintain critical inventory assets even if you don't have a comprehensive inventory platform.

## The Set Up

### ○ Create master inventory spreadsheet

- List all products with unique SKUs
- Include columns for product name, description, unit of measure, quantity on hand, and reorder point
- Add columns for lot, serial, expiration, and UDI
- Add a new row per SKU to account for quantities by unique lot numbers, UDI, and expiration date

### ○ Establish location tracking

- Create a separate sheet for location mapping
- Enter location details and assign a unique code to each location (locations can be people or places)
- Link the location codes to the master inventory list
- Create a simple online form to capture new locations from anyone on your team

### ○ Codify supplier information

- Create a new spreadsheet for supplier contacts
- Include columns for supplier name, contact details, lead times, and minimum order quantities
- Link the supplier information to the relevant products in the master inventory list

### ○ Design order forms

- Create templates for purchase orders (if needed)
- Create online forms for inventory requests
- Include drop-downs for product, SKU, description
- Add fields for quantity, associated case, loaner or consignment, need-by and return dates
- Make forms accessible to internal and field teams

### ○ Develop stock count sheets

- Design printable sheets for physical counts
- Include space for product name, SKU, lot, expected quantity, and actual count
- Make sheets accessible online as well as printed version in your stockroom or warehouse

### ○ Build notification mechanisms

- Create email templates for notifying field and internal teams on inventory counts
- Use SMS or messaging platforms like Slack or MS Teams to notify teams and individuals when inventory is missing, past due, or expiring
- Send monthly updates on individualized inventory counts to anyone holding inventory

## Operational Process

### ○ Establish data-entry protocols

- Create guidelines for consistent data entry
- Implement a system for double-checking data entry before sending inventory into the field
- Conduct quarterly data audits to ensure data integrity

### ○ Establish a receiving process

- Design a goods receipt form
- Create a process for checking received goods against purchase orders
- Set up a system for immediate update of inventory levels upon receipt and QA clearance

### ○ Implement reorder processes

- Create spreadsheet formulas to flag low stock
- Create a weekly review process identify items for reorder
- Document procedures for creating / sending POs
- Create an online form to simplify field orders, restocks, and loaner orders

### ○ Develop an order fulfillment process

- Create email notifications for field orders
- Establish a shared open order calendar
- Create simplified pick lists for field orders
- Document the process for updating stock counts after order fulfillment
- Regularly assess the process to account for growth

### ○ Establish quality control checks

- Create checklists for inspecting incoming and outgoing inventory
- Establish a process for handling damaged / defective items
- Set up a system and documentation for returns

### ○ Implement regular stock counts

- Schedule weekly or monthly physical inventory cycle counts
- Assign counts and associated timelines to specific team members
- Create and document a process for reconciling count discrepancies

“

*Let systems run the business and people run the systems. People come and go, but the system remains constant.*

”

*—Michael Gerber*

## Report and Analyze

### ○ Create dashboards

- Select easy to use tools, like spreadsheets
- Create a summary page with key metrics
- Leverage visual charts and graphs when possible
- Consider separate dashboards for varied stakeholder groups (finance, operations, board of directors, etc.)

### ○ Set up regular reports

- Define the most valuable inventory reports
- Create templates for weekly and monthly versions
- Consider including current stock levels, upcoming reorders, and fast- and slow-moving items

### ○ Implement ABC analysis

- Categorize items based on value and turnover
- Assign categories (A, B, or C) based on results
- Set up a management strategy for each category
- Regularly update inventory ABC status to account for sales variability and potential changes in cost

### ○ Validate and adjust your data

- Do regular spot-checks of your data and formula outputs to ensure data integrity
- Do quarterly assessments of data in dashboards
- Regularly solicit feedback from your stakeholders
- Make adjustments to dashboards and reports based on feedback

## Maintain and Optimize

### ○ Conduct regular reviews

- Schedule monthly reviews of the inventory management process with your core team
- Do quarterly reviews with operational leadership
- Create bi-annual surveys to solicit feedback from your field team
- Update procedures based on feedback as needed

### ○ Formalize backup and security

- Create daily automated backups of inventory data
- Define user roles and implement access controls to secure sensitive inventory data and documents

### ○ Establish a training program

- Develop training materials for all inventory management processes
- Create a knowledge base for training documents and give access to all appropriate staff
- Create and document a training cadence for all new team members
- Schedule regular “refresher training” for all staff
- Regularly review and update training documents as processes are added, updated, or revised