

ABi's series of 'Fact Sheets for Retailers' provide concise information on the key topic areas that impact on business success within the retail environment. Each fact sheet highlights the key issues and provides practical advice on the given topic.

If you would like any further advice on any issues relating to this fact sheet then please contact us. We will be delighted to help.

ABi Associates Limited is recognised by clients, businesses and agencies as one of the country's leading business development companies. We have over ten years of experience and expertise in providing business support to small businesses to succeed and grow.

Today's fast paced, competitive and chaotic consumer world provide a multitude of challenges for retailers. ABi offer a diverse range of unique, innovative and tailored business services to meet these challenges. These services include business diagnostics, training, sign posting, market planning, specialist consultancy and networking events. What ever your business challenge, we will show you a way of meeting it effectively.

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Stock control review



Empty shelves waste money and can disappoint customers

All retailers operate a system of stock control - even if, sometimes, it is all kept in the head.

But times change, trading environments change, the economy changes and competitors come and go. All these could have an impact on how you control your stock.

Do you have adequate stock to meet the demands of your actual and potential customers? Is too much of your money locked up in slow moving stock? These are some of the critical questions to ask when carrying out a stock control review.

There are a number of different approaches to stock control:

Re-order levels: A stock level at which you need to re-order more stock. In setting the level, you take account of how long you will have to wait for your supplier to deliver.

Stock-take review: periodic stock taking guides the purchase of additional stock to pre-determined levels

Just-in-time: Some people say that just-in-time stock control is not right for small independent retailers, but we should note the key features to see how it could impact on how we manage our stock.

Holding low-levels of stock: To achieve this, the supply chain and ordering procedures need to be very efficient. So have you thought about your relationship with suppliers? Is there anything that they could do to ensure that you don't run out of stock of key products? And what system do you use for re-ordering?

Economic quantity: It makes sense to order the most economic quantity if you have enough space and you can afford to have your money tied up in stock.

If you are short of space, can you persuade your supplier to give you a large order price, but deliver on a call off basis so that they store your products until you need them? It is in the interests of your supplier that you remain their customer and sell more of their products. What can your suppliers do to help you?

Review questions

Does your stock control system meet your needs? Can you monitor fast and slow moving lines? Can you analyse the effect of high and low margin lines on your turnover?

Does your stock control system incorporate planning for adjustments to stock levels to meet seasonal demands, pre-holiday peaks and special offer campaigns?

Does your stock control system integrate with your cash flow management? You should ensure that your cash flow meets the peaks and troughs of your trade.

Does your stock control system allow you to target key products and key product ranges so that your customers are not disappointed to find that you do not have what they want?

Does your system take account of potential stock shortfalls because of theft or error? Monitoring stock shortfalls will give you information that will help you to tighten security or to tighten procedures at the till.

Does the system take account of the requirements of perishables and stock rotation?

Computers

If you haven't already switched to using a computer for stock control, you should consider it. Don't get software that is more complicated than you need now or in the near future. It will cost you more in time and money than you will save.

The major benefit of computerisation is that the information you need is easier to retrieve and you can integrate your system with accounting systems to look at how you could run your business more effectively

Run a complete stock check before implementing a computerised system.

Run the computerised system alongside the old system for a while, until you are sure the new system is bug-free. The old system will act as a back-up in case something goes wrong.

EPOS

An Electronic Point Of Sale (EPOS) system can be used for the accurate taking and recording of payment for goods and services in a shop. The system saves you from having to price each stock item individually. EPOS will read the barcodes on products and makes the appropriate charge.

Each sale alters the figures in your stock control system and you can use this facility to alert you when you need to re-order.

Once you have told your system what the cost and selling prices are, it can work out your profit margin and it can also control your VAT and your ledgers.

Of course, EPOS is not appropriate for every retail business: a lot depends on turnover and the number of different lines you stock. But EPOS is used by most large retail chains and should at least be considered by all independent retailers.

ABi produces a range of Fact Sheets for businesses. The 'Cash Flow' Fact Sheet provides additional information for independent retailers on this topic.