Inventory inaccuracies -
The Compounding Effect

Can I trust this number?

One of the major struggles that companies face is maintaining an accurate on-hand inventory count of both raw materials and finished goods. Improper counts can lead to incorrect planning, resulting in over purchasing, under production or missed customer delivery dates. The last thing any business wants is not being able to fulfill customer orders because of incorrectly reported inventory and in turn incur additional costs in expediting vendor shipments to keep your customers happy.

Imagine how many times every single day, a forklift operator doing put-away work has to repeat these steps hundred times a day - place material on the shelf, manually record the information on paper & then return to a work terminal to enter data into the system. This sort of manual paperwork and operator errors are key contributors to inventory inaccuracies. Now the issue gets even more complicated when the same operator is working on multiple orders on the same route and when not monitored closely can mix up the orders very easily.

Addressing these issues requires a structured approach to systems, processes and procedures within inventory, warehouse and supply chain. Here are a few ways to overcome these challenges -

Impact on Sales & Customer Service

The compounding effect of inventory inaccuracies has a significant impact on Sales & Customer Service departments. With accurate inventory, your organization can drive efficiencies by being able to quickly provide accurate Available to Promise (ATP) or Capable to Promise (CTP) dates to your customers at the time of receiving sales orders. Without such dependability, the customer service team needs to arrive at these dates by evaluating the supply and demand numbers manually. Accurate inventory will help you achieve better On-time Delivery (OTD) and On-time In Full (OTIF) KPIs.

Need to revisit SOPs?

Standard Operating Procedures need to be revisited periodically to ensure continuous improvement. Modern-day ERP systems can help with adherence to these SOPs. Roles & Corrective Behaviors - Evaluating which roles within your organization need visibility into inventory is key. You can track down inefficiencies on the shop-floor by virtue of mobile devices. These incorrect behaviors need to be corrected sooner rather than later. This allows Managers to create a better environment for compliance enforcement and identify where gaps in processes may happen.

Advanced Warehouse Management (WMS)

Implement an ERP with extensive out-of-the-box functionality in Advanced Warehouse Management. You need barcoding that will allow warehouse personnel to scan barcodes from a pallet limiting the amount of manual processes. Systems are able to now provide warehouse personnel directives on where materials should be placed within the warehouse based on material size, type, volume etc. This will save time for future transactions as related materials can be found in the same area.

Mobile Devices

Increased productivity and reliability with the use of handheld mobile devices in the warehouse help eliminate the risk of lost paperwork, human errors in entering locations manually as well as saving personnel time from starting and stopping work in the warehouse. For example having the ability to switch between warehouse receiving and put away jobs with the simple switch of function on the device menu increasing the number of transactions that personnel can perform daily.

Automated workflows

Automated workflows and proper prioritization of orders and eliminate the possibility of operators picking inaccurate items from inventory. Operators can have work generated directly from the ERP to workers anywhere in the company who are on the handheld device network. Each day warehouse supervisors can schedule transactions for each person on staff that matches where they are located in the warehouse and what functions they are already performing and what their skills may be. Mobile devices can be programmed with the same security functions as the ERP. Remember the mobile device is an extension of your ERP.

Cycle Counts

In additional to basic warehouse tasks such as receiving, transfers and shipping having a system generated Cycle Counts can assist in day to day inventory functions. Cycle count functionality can be generated from the ERP and executed direct from the mobile device. Warehouse managers find this reduces the amount of time the process takes and information is provided back to needed users real time. The time lost in decision making process can be minimized and the reaction time for the supply chain is increased reducing bottlenecks.

A compliant Labeling System

A compliant Labeling System is essential in tracking inventory better. A solution that integrates with the workflows of your ERP system offers cost and holistic benefits.

Talk to our Subject Matter Experts today!

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