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Solving the Unique Challenges of Grocery Inventory Management

A Reliant Whitepaper

Whether you are managing a chain grocery store, an independent store, a co-op grocery establishment or a natural food store, chances are that you face some of the same daily challenges when it comes to managing your inventory. You may be a procurement specialist, the head of operations or the VP, but if you're reading this ebook, it's probably because you're looking for realistic, affordable and sustainable solutions to address those common challenges. So, let's get right down to it. Read on to find out how Reliant is making grocery store inventory management a whole lot easier!

Avoid the Death of Expired Products

It's all about proper ordering, labeling and shelf stocking.

Most items have some sort of a lifespan- meaning that new items will one day become old items and when they do, they are referred to as "dead inventory." In other words, they are products that you can no longer sell and therefore your window of opportunity to make a profit on them has closed. In fact, they are now a liability because they are simply taking up shelf space and/or requiring time to relocate.

Sources of Dead Inventory

Because grocery stores carry both perishable and nonperishable items, inventory items can die in two different ways. First, products that are popular among your customers for a time may be completely unsellable as the season changes or general demand diminishes. Think of that new, exciting supplement that everyone is visiting your personal and healthcare aisles to buy up. After a few months, the item loses its luster or customers become disappointed that it did not work as they had hoped and suddenly sales for that particular product drop significantly. Now you are stuck with dozens of boxes of it.



Of course, more commonly in the grocery store setting, items can become dead inventory because they simply expire. Perishable foods have a short lifespan and stores must abide by rules and regulations that are in place to protect consumers from goods that are no longer fresh. Ultimately, the longer product is on your shelves, the harder it becomes to find a buyer for it. This is a general rule of inventory and so, the practices of properly managing inventory must address this very important issue. Liquidating stock and reducing prices on soon-to-be-expired goods are never very attractive options for any your store because it means there could (and probably will) be potential loss.

Here are some tips on where to start in the process of avoiding dead inventory...

- Be sure to collect enough history of inventory data from your store to know the common trends for supply and demand of certain goods at particular times.
- When you notice that too much of an item is being consistently ordered, take the time to go check the numbers and figure out how to adjust the order to avoid the excess. This small task may take you a couple of hours, but it will save you big time in the long run.
- Every product that enters your store **MUST** be properly marked with a sell-by and/or an expiration date and when shelves are being restocked, the newer items should always be placed behind older ones.
- When you are considering putting a new item on your shelves, consider this: do you have a plan for dealing with any leftover objects from this bulk purchase? How much will it cost you to store any excess, unsold goods?
- Ask yourself whether this item will only be popular for a season or if it has the potential for longevity (can it maintain consumer demand?).

Have an efficient system for conducting physical counts. It's all about accuracy, timeliness and keeping your doors open for business.

A whole slew of various potential problems can arise simply due to not having a regular and efficient counting system in place for your inventory. Even the smallest of companies will make errors when manually counting their inventory, so you can imagine (and probably have experienced) that a mid-sized or large grocery store with so many different kinds of items to account for can be in trouble without the proper system in place.

Inventory counting can be tedious and time consuming, but it is absolutely essential. Errors in inventory counting can lead to out of stock items, too much inventory, wrong reordering information, and loss of profit.

The Importance of Physical Counts

Physical counts should probably be conducted quarterly, assuming that your in-house staff is completing regular cycle counts each week. This physical, manual count of your entire inventory - wall to wall - is going to produce the raw inventory data that you need to make good business decisions for the future. However, it takes time, effort, and a lot of attention to detail and your staff may not be fully equipped to handle a project of this magnitude.



Outside of your staff's competency level, another aspect to consider is your store's ability to remain open for business during inventory counts. Some grocery stores attempt to count their inventory after hours and this can often lead to a rushed job with less than accurate results. Luckily, Reliant has a better solution! We can send in a team of dedicated inventory counting professionals to do a complete physical inventory in 5-6 hours...WHILE YOUR STORE STAYS

Here are a tips to consider concerning physical inventory counts...

- Don't forget that lack of a proper physical counting system will inevitably negatively affect the daily operations at your grocery store.
- Remember that your in-house staff probably doesn't have the experience, time or tools to perform the kind of counting and data collection that you really need.
- As important as it is to perform accurate counts, it's even more important to ensure that nothing interferes with the regular operations of your business. Find a way to count - quickly and accurately - while your store stays open!
- Consider handing the job over to specialists who can get you the detailed, accurate reporting you need to get your grocery store on the right track.

Solving Grocery Inventory Problems

Reliant Can Help

Now that we've established the two most common inventory related challenges for grocery stores and we've identified some helpful tips to keep in mind concerning each, it's time to do some problem solving. Use the recommendations in this ebook to start to make course correction in-house as much as possible. In the mean time, call Reliant to find out how we can help you truly solidify an inventory management strategy that will save your store money and boost your profits and efficiency in the process!



Reliant Inventory Services
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