Efficiencies That Take The Guesswork Out of What's 'Available to Sell'

inventory management

For Online Retailers eBook

Tips to Make Inventory Management Simple

The Evolving eCommerce Landscape

The eCommerce Retail landscape continues to witness seismic changes, seemingly on a daily basis, from the technology used to interact with potential customers, to the number and type of specialized marketplaces, the evolving expectations of customers for speed of delivery and reluctance to pay for said speed, to the expansion of the single largest eCommerce business driver, Amazon. Every eCommere business faces new challenges and pressures as they decide how they will respond to these changes.

The online market has proven to be an attractive entry point to entrepreneurs, allowing small, nimble startups to compete on even or sometimes preferential terms with traditional brick and mortar retailers for the attention of consumers. Amazon as we know, began as one such innovative, entrepreneurial organization which created a new way to engage with both consumers and book publishers which over time changed the way that books and almost every type of goods are purchased, evolving into the multi category online giant that is the agent of change for the way business is done across the world.

Given the shifts in the marketplace we have witnessed and those surely to come, ecommerce companies must ask themselves how they can prepare their business to protect their hard-won market share and to accelerate their growth in this era of opportunity and uncertainty. One of the most important concerns every eCommerce organization must address to solidify their business is how they manage inventory across multiple channels. This White Paper will examine the key concerns and provide insight into solutions which address how innovative eCommerce organizations use Inventory Management as a key differentiator in their success.

Why Automate
Inventory Management?

In every business the purchase, storage and processing of Inventory is one of the largest components of cost, for eCommerce companies Inventory is both costly and fluid with the requirement for Inventory to be held in several physical and virtual warehouses to properly service different marketplaces, eStorefronts and cooperative ventures. Realtime visibility of Inventory in every warehouse is essential to fulfilling orders and to avoid stock outs. Automating the management of inventory in one view can eliminate the costly, time consuming and error prone practice of manually compiling data through multiple spreadsheets and logs. Automation helps you avoid stock-outs [or double-selling] and leads to better analysis of your products in terms of performance, peak selling periods and profitability. More importantly, centralizing the management of your sales channels allows for more accurate inventory calculations.

Very often, online retailers who are evaluating an inventory management solution for the first time, realize the need to automate their order and inventory processes to not only alleviate the headaches and inaccuracies associated with the manual efforts, but to position themselves to continually grow their business.

Visibility into your product availability is critical to a healthy operation. The last thing you want to do is disappoint a prospective customer with an "out of stock' label on your website. By managing inventory across all channels in one solution, you can rest assured that the 'available to sell' levels that are synced to each channel are accurate.

Often eCommerce companies will attempt to address evolving Inventory requirements with entrenched solutions such as accounting software or Excel spreadsheets. Another popular stopgap is to employ what is referred to as "manual methods", which often means the good old pen and paper method. eTailers using any of the above methods are the kinds of people we speak to daily who love the fact that their business is growing, but hate the headaches this growth brings if they don't have the proper systems in place. They are looking to ease these pains so they can build on their success!

Do you fit into this category? If so, it may be time to start reviewing your options. Neither spreadsheets nor accounting software were designed to manage inventory and will only support your business growth to a certain extent. You don't want to stand in the way of your own success, right? As a savvy business owner, you know there's a better solution out there. You just may not have the time to explore your options – because you're too busy reconciling and correcting spreadsheet errors- sound familiar?

retailers' reasons for evaluating inventory management solutions

So why are retailers evaluating inventory management solutions? What's pushing retailers to invest in their back-office operations? Most of the reasons go hand-in-hand and relate back to the fact that using spreadsheets or accounting solutions to perform tasks they weren't designed to do just isn't efficient or effective and can prevent you from scaling your business.

In a poll taken by Software Advice, 35% of the prospective retail software buyers they surveyed said they were looking for a more modern solution for their inventory management needs. Essentially, they are looking for a software solution expressly designed to handle inventory needs rather than using spreadsheets. The other reasons involved having limited functionality, inability to support company growth and lacking the ability to automate business processes.

Streamlining essential back-office processes supports current and future growth. With manual processes in place, there tend to be bottlenecks that occur as business starts to take off, hindering growth potential.

In order to effectively manage inventory, you may also need to:

- Track those inventory products that you don't stock yourself but are shipped directly to your customer by your supplier, typically this practice is called Drop Shipping and can be one entry point for eCommerce business that do not want to invest in the cost of operating a warehouse

- Manage inventory products made up of other items and sold as a kit or group with a special price

- Streamline your existing Purchasing and Replenishment processes to assure that "trigger "levels for purchase orders consider historical data for seasonality and consumer buying trends

- Manage continuity programs like a "fruit-of-the-month" club where you determine what is shipped and when

- Many Inventory Management solutions offer deep functionality to improve warehouse operations that will suit most operations. In some cases you may need to consider adding a WMS (Warehouse Management System)

- Take advantage of sophisticated, integrated shipping solutions to control your costs for free, two day and or expedited shipping

Top Requested Inventory Management Features

So what features are buyers looking for? For most, it starts with basic inventory control; i.e. having a systematic way to truly 'manage' and control your inventory and replenishment across all your sales channels. Being able to rely on a solution to do the work for you, and have confidence the calculations are correct, rather than working in spreadsheets where your formulas can break and cause an inventory nightmare.

Those running a slightly more complex organization from an inventory standpoint may need a solution with more advanced features like: bar coding and scanning, demand forecasting, drop shipping, lot tracking and kitting. And because there is still a need for an accounting solution to complement your inventory management solution, ideally retailers would like to find two of the best solutions that can seamlessly integrate with each other.

Again, it's not that you don't need an accounting solution. Rather, an accounting solution is meant to do just that, manage your finances, and not manage and track inventory. It's not unlike using an electrician to fix a plumbing problem. Yes, they are both professionals, but plumbing is not the electrician's specialty. In this case, you're using a piece of software that wasn't designed to manage your inventory, and managing inventory is an integral part of a retailer's business.

Since many small to mid-size online retailers use QuickBooks for accounting, a direct integration to QuickBooks is an attractive feature to offer. This enables retailers to easily post to their General Ledger account and keep track of all their other business expenses outside of inventory.

Here are the six key requirements that eCommerce retailers look for when they review Inventory Management Solutions:

Gain Visibility Into Your Inventory Across Sales Channels

The last thing an online retailer needs is to have is too much inventory on hand and too few orders coming in, leading to reduced margins. Excessive inventory ties up cash that could have been invested in new equipment, enhancing your eCommerce store, or boosting your marketing efforts to drive additional revenue. At the same time, not having enough inventory on hand results in stock-outs, backorders, cancellations, and lost customers. It's a balancing act and it is a major issue for all companies.

Accurate inventory data is critical to delighting customers and driving growth. Multichannel selling significantly complicates inventory management, purchasing and other business processes. Visibility into your inventory and forecasting is critical to a healthy operation. You need to be able to track inventory across all sales channels – your eCommerce store(s), catalog fulfillment business, offsite fulfillment centers or shopping channels like Amazon, eBay or any of the many marketplaces available - in one solution. This information will help you determine what products are selling, what and when certain products may require more inventory, and ultimately give you 'the big picture' on how your business is performing across all channels at a quick glance without having to log in to multiple systems and/or wading through various spreadsheets!

What's Available to Sell?

You need to know what inventory is actually available for sale, not just what's on hand. You should also have visibility into what is moving through your purchasing process to understand when your stock will be replenished. That's because many of the eCommerce channels you might use require that you allocate inventory to that channel, even if it's not physically segregated. Your accounting system can't help you with that, but your Inventory Management solution should!

Smart Inventory management and allotment across channels will reduce your carrying costs and at the same time allow you to sell more across your enterprise.

Omnichannel Support

For eCommerce merchants with a brick and motor presence the emergence of Omnichannel delivery models is a key component in managing Inventory. The presence of a viable Omnichannel strategy is now often the difference between instilling customer loyalty or whether they choose another retailer. Whether the need is order on line pick up in store, order in store and deliver or order in store and pick up in another store: inventory must be visible and able to be allocated for the customer without the danger of over promising and under delivering on expectations.

Realtime Access to Information

With all the demands on inventory across multiple channels real time access to information is critical. Static reporting will simply not meet the demands of planners and replenishment professionals and there is a need to be able to access data from not only your office but from any connected device through intelligent portals which offer the ability to analyze and predict requirements

"With M.O.M we were able down to crush down the cost of failure, can react quickly to take advantage of opportunity and run our business within low risk parameters"

Anisa Ali, CEO of PulseTV

Complex Inventory Operations

The speed and increasing complexity of today's eCommerce landscape bring unique challenges to sellers. As Sellers continue their journey to embrace true Inventory Management best practices they will need to find ways to incorporate complex models of distribution to the existing process.

Can you manage a new process that incorporates some or all of the following?

- Drop Shipping programs with multiple vendors
- Expanded Kitting and gift promotions
- Embracing true Omnichannel commerce with expanded if/then scenarios to determine whether to ship from a store or a warehouse
- Instituting decision-making processes for placing orders with visibility into available to ship inbound inventory
- Improving warehouse operations with the introduction of fast, accurate barcode scanning
- Returns processing, evaluation & disposition

Improve Customer Satisfaction and Retention Rate

Often viewed as an outcome of the introduction of an Inventory Management solution, improved customer satisfaction and retention once realized, becomes a powerful argument to justify the project from the very beginning. For all the process and financial driven reasoning discussed throughout this document ultimately it is the customer benefit that matters most, especially when you consider the investment you have made in every part of your enterprise to attract customers:

- Cost of acquiring customers
- Attention to Marketing to these customers
- Promotion and Loyalty programs designed to retain customers
- Expected lifetime value of each customer relationship

With the investment you make in engaging with your customers and cost of losing even one of them, the value of and benefits of an Inventory Management solutions become a logical and vital part of your customer engagement strategy.

Conclusion

Automation is one of the top reasons retailers reach out to Freestyle Solutions. Our Inventory Management solutions provide retailers with the ability to automate both inventory and order processes to streamline their operations, improve customer service and satisfaction and free up time to focus on strategic efforts – like growing the business!

When it comes down to it, there is one common goal in implementing a solution for the first time, or a replacement solution – finding a way to run your business better to not only manage current growth, but to support continued growth in the future!

If you're in that category of retailers who are still using spreadsheets or non-order and inventory specific solutions to run your business, you will want to consider solutions that can meet your needs now and for the future by providing the option to use sophisticated shipping solutions to manage costs, yet enable the type of free and expedited shipping solutions that shoppers have come to expect. You will also want the option to fuel the growth of your business once your warehouse grows into an even more complex operation, picking a vendor with a WMS module can help to guarantee you have everything you need to scale your business.

Ready to Start the Conversation?

Our solutions put everything you need in one place.

Multichannel Order Manager (M.O.M.) enables online retailers to grow faster by expanding their eCommerce presence & automating back office operations to manage critical aspects of their business: multichannel order management; inventory visibility & control across multiple channels; drop ship management; rapid, reliable order fulfillment; customer management; integration with Shopify, BigCommerce, Magento, Amazon & more. Call or contact us today to put your business on the path to eCommerce success: marketing@freestylesolutions.com

"Use of M.O.M. has helped us understand our stock levels, giving us great control regarding inventory for order fulfillment and ultimately a better experience for our customers."

Maxwell Alderton, Peter Christian Outfitters

Freestyle
solutions ®

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