DITCH MANUAL INVENTORY MANAGEMENT PROCESSES: CLOUD-BASED SYSTEMS WILL HELP GROW YOUR BUSINESS AND INCREASE PROFITS

Business owners are a passionate group of entrepreneurs and innovators focused on delivering the best product or service they can. They realize the importance of integrating business tools into their company processes, but often they are unfamiliar with the tools available to them beyond basic payroll, accounting, and sales solutions.

One of the least familiar tools is inventory management software. Most business owners find they manage inventory in one form or another, but rarely do they completely understand the impact inventory management processes can have to either facilitate growth or cause deficiencies.

On the surface, inventory management seems like a pretty simple process. You keep track of how many inventory items you have, record the number of things you sell, and reorder and stock new inventory before you run out. It's a balancing act of tracking and keeping enough on hand without overspending on too much inventory. It doesn't take very many times of checking the backroom for a product or part only to find you've run out to understand managing inventory is a big job.

QuickBooks and QuickBooks Online – two of the most popular accounting programs among business owners – provide strong accounting capabilities, but they have limitations related to inventory management. It is wise to use an inventory management solution that easily integrates with these accounting applications. A cloud-based inventory management system provides real-time data, statistics, and stock levels available for sales reps and others within the business.

On the surface, inventory management seems like a pretty simple process.

MANUAL INVENTORY MANAGEMENT

Many business owners manage their inventory using complex spreadsheets requiring large amounts of time for double data entry, organizing emails, manual counting, and other tedious tasks.

One office manager over accounts payable and accounts receivable for a small business explained it this way, "I used to pull a huge sack of paper out every month and sort through it for each sales rep, then go ahead and formulate that data, and hand type it into an Excel spreadsheet. That was all hand done, and hand typed."

A sales rep for the same business said, "I have to create an inventory list every week. What I used to do is make one by hand. Every Monday I would go in, go in the back, count the stuff, make sure that we have a working list, if it's in stock or if it's low."

The work is repetitive, slow, and provides no real way to determine if it is helping your business grow or holding it back, potentially costing the business vast amounts of time and money.

Manual inventory management is usually performed in one of three ways – spreadsheets, pen and paper, or by memory. Manual processes may work at the start of your business, but as your business grows, they cost you time and money, and they take your focus away from your customers.

- **Spreadsheets** – Spreadsheets can be used to store inventory data, keep track of quantities in stock, amounts to reorder, and more. The problem with spreadsheets is time. It takes a lot of entry time to keep spreadsheets up to date. Someone who is proficient needs to create a useful spreadsheet. Depending on the complexity of the sheet, significant problems may arise if the originator is unavailable. Spreadsheets also don't provide much in the way of data security with data entry errors common and no way to audit the changes made.

- **Pen and Paper** – You grab a piece of paper and a pen, walk through the warehouse, and start counting your inventory, making notes of items you need to reorder. Sounds simple, but you can't secure paper or implement it into your accounting software. Paper can easily be lost, handwriting can be hard to decipher, and there is no digital record of your inventory assets. It is simple yet time consuming and unsecure.

- **Memory** – You may have the best memory in the world, and it may have worked just fine managing your inventory during the early days of your business, but you've grown. There are more items to keep track of, dates to remember, orders sold, and lapses in recollection. Memory is a standard way of managing inventory and one of the least reliable.

One electronics business was selling large numbers of its most popular product. They used a manual process with email to inform accounting of a sale and to perform hand counts of inventory. The product, though popular, required a great deal of technical support, resulting in returns, which impacted their inventory.

The company was making millions off of this product, but when they finally integrated a robust inventory management process, they found they were not profitable at all and had to discontinue the product to avoid growing losses.

The situation of this company is an excellent example of what happens with manual inventory management. The company had to utilize so many resources to hand count inventory, provide increased support, establish shipping and receiving processes, and manually handle sales and invoicing; it became clear they couldn't build and sell their most popular product profitably.

Performed every few days, weeks, or even months, manual entry takes too long. You won't have access to real-time data to make informed decisions.

WHAT INVENTORY MANAGEMENT SYSTEMS NEED TO PROVIDE

An inventory management system saves you time and money by automating tedious and time-consuming processes related to your inventory. If an inventory management system does not provide this then it isn't worth your time, money, and effort.

A good inventory management system is easy to access, and it shows you exactly where your inventory resides all through the process. It automates and speeds up inventory management, and it reveals how many items are in stock, where your inventory is located even if in multiple locations, and how much each item costs.

It should allow you to eliminate costly stockouts while maintaining balanced inventory quantities. It should also allow you to calculate your actual costs to make wise decisions that will make your business more profitable.

Stockouts not only cause you to lose sales, but they can also affect your online ranking if you sell on Amazon or other online services. This is particularly costly since it can affect your online position for future sales, not to mention the negativity your customers feel when a product is out of stock, which can cause bad reviews.

Digitally based inventory management gives you real-time data to make healthy decisions. It helps you become more efficient, so you know where you need to focus to be more profitable. Cloud-based solutions give you real-time data anywhere whether you're home or on your mobile device while you're on vacation.

QuickBooks Online provides many businesses with vital accounting tools.

Inventory management solutions eliminate manual and double data entry by integrating with your accounting software. When a sale takes place, the system automatically sends the information to the accounting program for adjustments in assets and cost of goods sold. Additionally, the ability to integrate with shopping carts, shipping solutions, and payment processors further automates inventory management and eliminates human error related to manual and repeated order entry and inventory tracking.

Reporting features within inventory management systems allow you to create customized forms, labels, and reports, and they offer more flexibility and business intelligence than ever before.

INTEGRATION WITH YOUR ACCOUNTING SOFTWARE

Your inventory management software should integrate seamlessly with your accounting system. Many small businesses use QuickBooks or QuickBooks Online.

QuickBooks Online provides many businesses with vital accounting tools. It has some basic inventory management capabilities, but it relies on double data entry to complete the process.

QuickBooks Online is easy to use, efficient, affordable, fits a cloud-based model, and provides decent accounting reports. As it relates to inventory management, QuickBooks Online lacks important features, such as lot tracking, ecommerce, barcode scanning, and reports outside of accounting. It also lacks the ability to track inventory in multiple locations and misses the mark with unit of measure conversions.

One key aspect of QuickBooks Online is its ability to integrate well with other applications. This opens the door to connect it with a cloud-based inventory management solution, such as Boxstorm Forever Free.

THE IMPORTANCE OF CLOUD-BASED SOLUTIONS

Many businesses are beginning to integrate cloud-based systems and applications because of the efficiency they provide. Inventory management is no exception. There are several cloud-based inventory management solutions that provide all of the features needed to efficiently power a business.

Here are some of the key advantages of cloud-based inventory management:

- It's available everywhere at any time on practically any Internet-connected device, including mobile devices.

- It's cost-effective. It eliminates the need for extra technology infrastructure, such as large servers.

- It reduces IT and software costs while maintaining a high level of capabilities.

A cloud-based inventory management system that integrates with QuickBooks Online, provides an efficient process, and is available for use anywhere will help your business become more profitable.

The bottom line for business owners is that it is the right time to stop using antiquated manual processes of inventory management and jump on board with an automated inventory management solution. The cost savings and business performance enhancements this move will generate will more than offset the costs of the technology by eliminating inefficiency in the business and making it easier to make strategic decisions that increase profitability.

There are several good inventory management solutions available. If you're still using spreadsheets, pen and paper, or your memory to keep track of your inventory, we encourage you to implement a new technology system to help you run and improve your business.

ABOUT FISHBOWL AND BOXSTORM

Boxstorm Forever Free – a Fishbowl solution – is the first free online inventory management solution that integrates with QuickBooks Online for small to medium businesses. Boxstorm Forever Free eliminates manual processes and the need for spreadsheets to manage inventory. Boxstorm also comes in more advanced versions, as needed, to automate additional business processes. For more information, visit www.boxstorm.com. Fishbowl is the No. 1 requested desktop manufacturing and warehouse management solution for QuickBooks, and it is also a popular standalone solution for organizations or enterprises looking to track assets. For more information, visit www.fishbowlinventory.com.

For more information visit our website at www.boxstorm.com

BOXSTORM
A Fishbowl Solution

580 E Technology Ave · Suite C2500 · Orem, UT 84097
Phone 801.932.1100 · Toll Free 800.774.7085 · Fax 801-932-1101
www.boxstorm.com