

# What is Inventory?



# Inventory

- All the item, goods, merchandise and material held by a business uses in production, or sell in the market to earn profit.
- Short term assets, usually liquidated within one year.
  
- 3 Categories:
  - Held for sales in the ordinary course of business; or
  - Process of being produced for sale; or
  - The material or supplies intended for composition in the production process.



## 3 Main Types of Inventory



### Raw Material

- Includes materials intended to be consumed in the production of finished goods.
- Example: **Leather** to make belts.

### Work-in-process

- Includes items that are in the midst of production process, not ready for sale.
- Includes raw materials, labor, and overhead costs.

### Finished goods

- Final items that are ready for sale in the market.





# Inventory Management

- Systematic approach to sourcing, storing and selling inventory – both raw material (components) and finished goods (products)
- The right stock, at the right levels, in the right place, at the right time, and at the right cost as well as price.
- Controlling and overseeing purchases — from suppliers.
- Maintaining the storage of stock, controlling the amount of product for sale, and order fulfillment – to customers.

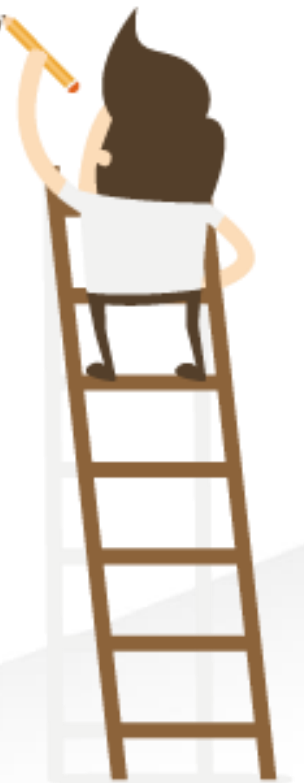
# Importance of Inventory Management

**Provide insights into your finance standing, customer behaviour and preference and business opportunity.**

**Optimise inventory levels, reduces storage costs and prevent stockouts.**

**Understand what stock you have on hand, where it is in your warehouse and how it is coming in and out.**

**Prevent loss from theft, spoilage, and return.**





# Common Mistake in Inventory Management

1. Falling out of alignment with demand Business not stock enough of what their customers want to buy.
  - Impact: lost of sales and customer go elsewhere.
2. Coupling sophisticated new inventory management software with untrained staff
  - Decision makers that adopt a DIY approach to instructing their inventory managers on how to use new and sophisticated inventory management software systems are holding back the company's capacity to operate fluidly and efficiently.
3. Disorganization in the warehouse
  - Lead to huge amount of time wasted.
  - Example: Poor labeled storage area.



# How to Improve Inventory Management

## Develop an inventory management inventory

- Making sure to keep track of what works and what doesn't.

## Focus on your needs

- Keep the top-selling items in stock, and you'll have made a great start at keeping your customers happy.

## Engage with suppliers

- to secure reliable supply, unlock competitive pricing and to understand emerging trends that may impact your business.

## Go mobile

- Barcode scanning, makes receipting and tracking goods far faster, help eliminate unnecessary errors.





**Thank You** 😊

谢谢

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