

Inventory control and management is all about how your materials and supplies are procured, stored, arranged, accessed and disposed of. The best techniques for inventory control are typically cost-effective, promote cleanliness and improve organization at your facility. Some examples of good inventory control techniques include:

- Ensuring that products are entirely used up before opening new containers
- Purchasing materials only when necessary
- Storing products according to manufacturer guidelines
- Establishing a sustainable procurement process that considers the environmental impact before purchasing new products

Optimizing inventory control and management requires a data-driven approach. By continuously monitoring inventory and documenting purchasing trends, your company can gain insights into which products are selling and which are not. This information can help you make informed decisions about stocking and replenishment, and even identify unprofitable products that should be discontinued. *Here are some inventory control techniques to help your businesses start managing supplies and products more effectively:*

Categorization

Proper organization of products is crucial to prevent unnecessary purchasing, waste and spills. It's simple: make the oldest product in storage the most easily accessible. The key is to label all items correctly and store them in designated areas. Highlighting important characteristics like flammability, for example, is a great way to ensure that those products are stored safely and effectively. Working together as a group to make an efficient system will facilitate easy access. Basic tips to streamline your process and increase profitability include:

- Categorize your inventory based on functionality and use.
- Keep a separate inventory list of supplies for each workstation to ensure employees have essential equipment.
- Track only unopened or unused items in the established stock area. Supplies brought onto the floor should not count toward the back-stock inventory. This can help you achieve greater control over your inventory, reduce waste and save money.





First In, First Out (FIFO)

The FIFO method is simple: place new products at the back of the stock and use older items first. You can also develop a system to track product expiration dates. This habit will help prevent waste and ensure products are used before they go bad. Checking the shelf life of equipment and fluid shipments is crucial to ensuring only usable products are stocked.

Tracking System

Monitoring supply inventory levels is essential to ensuring you have enough stock to meet demand. You can use a manual logbook or scanning software to track merchandise levels. By tagging each item with a barcode, scanning software can automatically deduct products from the inventory, making the process more efficient.

Properly labeling items will also help avoid confusion and ensure accurate merchandise levels. If scanning software isn't available, staff can manually document products. There are free tools online for you to use, such as Excel spreadsheet templates. A manual log book can be used; however, this method may lead to greater discrepancies, so train employees to document and label items carefully to avoid errors. Effective communication between the various pieces of the supply chain is also crucial to ensure that inventory is managed effectively and efficiently.

Setting Periodic Automatic Replacement (PAR) Levels

A best practice that can be used with a tracking system is establishing your stock's PAR levels. It eliminates the risk of losing sales because of out-of-stock items or expired inventory. Businesses can use this formula to determine the minimum amount of crucial inventory to keep on hand. Once PAR levels are set and entered into your system, the software can notify you when stock is below the set PAR level. You should never need to order your exact PAR level. Order just enough to restock up to that set level. This way, you can always maintain an inventory that meets the demand of the shop without acquiring excessive or unnecessary stock.



The formula to determine your PAR levels:

$$\frac{\text{Average Inventory Usage} + \text{Safety Stock}}{\text{Number of Deliveries per Time Period}}$$

DID YOU KNOW?

Inventory Audits

Regular inventory audits can help you promptly identify discrepancies and avoid stock imbalances. By investing some additional time inspecting the inventory thoroughly, companies can detect defective products and prevent further issues down the line. This can help save money and ensure that quality products are used. Regular inventory audits can also help businesses identify trends and patterns in supply and demand, enabling them to make informed decisions about inventory management. By analyzing inventory data, businesses can determine which products sell well and which don't, enabling them to make data-driven decisions about stocking and replenishment. Regular inventory audits can help companies improve customer satisfaction by ensuring that high-quality products are consistently available.



Remember:

Ensure your staff are well informed about your inventory management system, this can be accomplished through routine training and reinforcing accountability with your teams through regular engagement and training.

Questions?

Contact our Pollution Prevention team at 602-771-8083 or P2@azdeq.gov.