Understanding the Secrets of Inventory Management: Retail, Grocery, & Hospitality
Best Practices

INVENTORY MANAGEMENT FOR RETAIL, RESTAURANTS & GROCERY

Inventory management is an art form, of sorts. It is finding the right balance between ordering costs, carrying costs and shortage costs, and managing all three proactively in order to benefit the bottom line. For SMBs, in particular, inventory habits can make or break a business, and inventory management is one of the greatest areas for improvement. There is, very often, a gap between perceived and actual inventory. The strength of a good system comes down to the strength of the data analytics and reporting that the system can provide.

The first step toward business intelligence is smart data collection. Once a business owner has data and metrics available, step two involves proper analysis and use of that information. This is often a stumbling block for small- to medium-sized business owners, but it doesn’t have to be. Intelligent reporting can be automated, and can contribute to a strong inventory management foundation, resulting in increased revenue and business growth.

Your inventory is likely to be your retail, restaurant or grocery business’s largest asset and most significant source of revenue for your business. By establishing and using a comprehensive inventory system, you can control business costs and enable significant business efficiencies. With a quality inventory management system, you’ll save money by reducing stocking and storage fees, keeping only what you need on hand; you’ll maintain reputability by having the stock your customers request, when they want it; and you’ll save time on restocking, ordering and assessment. Accurately managing inventory is one of the most important tasks in your business, and it requires buy-in from the whole team. Indeed, poor inventory management is one of the leading causes of small business failure.

1 Microsoft Midsize Business Center
2 Michael Ames, Small Business Management
1. ROI of Inventory Management

Often, business owners begin inventory management using spreadsheets. But this ineffective strategy grows more cumbersome and dangerous to a business the longer it continues. Spreadsheets are not intuitive, they are easy to put off, they can be deleted, changes can be lost, and there is no central way for everyone on the team to share information. Perhaps most importantly, you simply cannot track inventory in real-time using a spreadsheet. Why base major purchasing decisions on invalid and out-of-date data?

Today’s technology allows you to incorporate comprehensive inventory management with your point-of-sale (POS) system.
One of the most important aspects of inventory management is accurate inventory tracking. Manual tracking is not up to the task. Items can go missing due to accident or theft at any point. Trying to catch these inaccuracies after they happen will lead to loss – of stock, money and customers. You don’t want to lose a sale because you don’t have a product on hand that you should.

Alternatively, overstocking products can be just as detrimental to the financial success of your business. It has been estimated that it costs the average retailer anywhere from 20 to 30 percent of the original inventory investment just to maintain it. Purchasing and keeping too much stock on hand takes capital away from other important parts of the business and erodes profits. The overstock also faces loss due to damage, destruction or shrinkage. An intuitive inventory management system connected to your POS system can predict stock requirements based on history. This can be customized seasonally, and will also track and reveal trends.

Small Things Add Up

1. Entrepreneur Magazine and Rieva Lesonsky, Start Your Own Business: The Only Start-Up Book You’ll Ever Need
2. Entrepreneur.com
3. Top Benefits

Explore inventory management systems designed for retail, restaurant and grocery by looking for specific features, such as:

1. Combined inventory tracking, purchasing and reordering functionality;
2. Ability to track current inventory, receipt of new inventory and outgoing sales in one central location;
3. Ability to account for every product and associated ingredient, down to a granular level (particularly important for restaurants and concessions);
5. Intelligent reporting (complete with graphs and figures), including sales summaries, sales by hour, product mix summaries, complete order history and detailed payment summary reports;
6. Customizable low-stock thresholds and associated reorder reminder alerts;
7. Ability to generate purchase orders directly from within the management console; and
8. Ability to store vendor contact information and link it to products you stock.

8 Things you Should Consider
When Alabama State University (ASU) decided to outfit their brand new Hornet’s stadium with Revel Systems POS, they did so for several reasons. One of those was inventory management control, in real-time.

Revel Systems’ iPad POS Ingredient Inventory Management module allows users to set up menus by attaching the recipes of the more basic ingredients directly to those products. For example, a hamburger could include, in detail on the POS system, eight ounces of beef, two slices of cheese, one bun, and a teaspoon of ketchup. Every time a burger is sold, the system automatically deducts the accurate amount of ingredients from the ingredient inventory module.

Accuracy like this allowed Gourmet Services, the company behind ASU’s stadium concession services, to conduct 27,000 transactions across 30 terminals in a four hour window, with real-time inventory tracking. The following day, the stadium’s concession staff saved five hours per terminal by not having to count new inventory items.

“We stocked 10,000 bottles for the game and only sold 3,000. Before Revel, we would have had to count the remaining stock in each stand in order to place the order for the next game. Now, I can just check all that from my computer or smartphone at any time, even as the game is in progress”

Alfred Baker,
Gourmet Services’ Executive Vice President
San Francisco’s City Beer Store is part of a new and growing retail/restaurant/grocery breed. In addition to service—City Beer offers tastings—you can buy beer and other items to take home. This mix of products and services requires a special kind of POS system, and highly intuitive, flexible inventory management options, all accessible from one central backend location. To have one system that can handle barcode items for products and food and beverage workflows is both invaluable and a necessity.

Wathen familiarizes himself daily with his store’s inventory, sales, assets and data, whether he physically visits the store or not. Revel’s iPad POS system provides inventory management and product mix reports than have directly contributed to increased revenue and cost savings for City Beer Store. Additionally, automated inventory tracking saves hours each week of Wathen’s time, freeing him up to focus on other vitally important aspects of his business, such as customer service and marketing.

“\text{I used Revel’s backend on a daily basis, not only checking sales, but to check my inventory and see what’s been selling the best}”

Craig Wathen  
Owner  
City Beer Store
6. Being Agile

Strong data analytics and intelligent reporting are the hallmark of a quality inventory management system. From detailed sales numbers, to product sales reporting and a complete order history of every piece of information on every order ever placed, these are the things you need to know to grow your business and your bottom line. With intelligent reporting, inconsistencies – such as insufficient funds or unusual order dates – should be automatically flagged by your system, alerting you to potential problems immediately.

You need real data to make agile business decisions. It’s as simple as that.
About Revel Systems

Revel Systems iPad POS was founded in 2010 in San Francisco, CA with the goal of changing the point-of-sale market. Founders Lisa Falzone and Chris Ciabarra developed a quick, intuitive and secure iOS-based point-of-sale system by combining cloud-based technology and the mobility of the iPad. Revel Systems software offers a feature-rich POS solution for restaurant, retail and grocery establishments with integrated payroll, inventory tracking, customer relationship management and more. With the introduction of the Revel Marketplace, Revel iPad POS users can now integrate directly into third-party enhancements, including mobile payments, online ordering, gift or reward cards and advanced financial software suites.

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