

6 Stock Strategies To Increase Your Profits



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Introduction

Many businesses use a mixture of spreadsheets, databases, accounting packages and other various software applications to manage sales, purchasing, stock and production. This is usually fragmented and cumbersome and fails to provide an integrated real-time overview of what's going on in the business.

The existence of disparate systems and manual procedures often leads to data duplication and/or gaps. There is potential for human error and the time taken to generate worthwhile reports could be much better spent doing higher value tasks.

However, with the rapid growth of many manufacturing businesses, the pattern of doing things 'the way we have always done them' emerges, despite processes becoming outdated and inefficient over time.

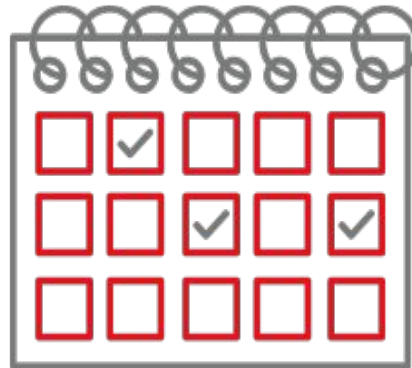
In this ebook we share some of the best practices for achieving purchasing savings through better stock management and involving all relevant departments in the process.



Problems Caused by Poor Stock Management

Stock management can be one of the most difficult and tedious tasks in manufacturing businesses. However, an efficient system ensures that there's an accurate account of what materials are on hand, on their way, or in need of reordering.

Failing to forecast demand efficiently is one of the main contributors to inadequate stock management. Without a clear view of the sales pipeline, businesses may have too much, or too few materials for production demand.



Likewise, stock that has been ordered for a particular project(s) can end up being used elsewhere, if it is not receipted and allocated correctly.

Overstock

Stock storage can be costly. At best, too much stock on hand is an unnecessary business expense, using up warehouse storage and working capital. At worst, it can result in materials becoming damaged or even obsolete.

Insufficient Stock

Poor forward planning can lead to customer frustration, lost sales and goodwill when stock shortages are identified too late and a customer's order cannot be met on time.

Rush Orders

Purchasing efficiency is difficult when reacting to shortages and urgent requirements. Understanding sales projections, minimum stock thresholds, supplier lead times and delivery costs facilitates advance bulk ordering and in turn, major savings for businesses.

What Causes Purchasing Inefficiencies?

The following are some areas where businesses encounter problems managing their sales, stock and purchasing.

- **Managing Quotes and Sales Orders**

Sales quotations and orders are often stored in emails, spreadsheets and standalone CRM systems. Forecasting sales is not easily achieved with accuracy and therefore production scheduling and stock purchasing are not as efficient as they could be.

- **Minimum Stock Thresholds**

Businesses with no automation of minimum stock alerts can expect to run out of materials for production without warning, resulting in delays and associated costs.

- **Sourcing Supplier Quotations**

Lack of notice means that purchasing departments may not be getting the best deals as they don't have time to get multiple quotes from suppliers. Likewise, they may have to order materials from a more expensive source if a shorter delivery time is required.

- **Receiving and Allocating Stock**

Once stock requirements are determined, it's essential that the stock will actually be on hand for the intended project(s).

Opportunities for discrepancies occur mainly at the inward delivery and production stages, as well as a result of breakages, loss and theft.

- **Unstructured Data**

Manual integration of sales quotations/orders, purchase orders and stock management can result in unstructured data and insufficient business reports.

- **Employee Reliance**

There is a reliance on the knowledge of individual staff regarding suppliers, materials and lead times. When employees leave the business, this information is lost and training new staff to the same level may be inconsistent.

- **Too Many Spreadsheets**

Using spreadsheets to track and manage stock is laborious and can often result in inaccurate stock level reporting as manual updates get delayed, missed or carried out incorrectly. Plus, it's too easy to update the wrong version. Documents can accidentally be deleted and multiple people cannot easily combine their spreadsheets. Likewise, with all manual processes, there is an expectation of diligence from the people in the process.

6 Steps to Making Purchasing More Efficient

1. Generate sales projections

Past sales are a key indicator of future demand. Determine what percentage of qualified sales quotes usually turn into orders and apply this calculation to your current sales pipeline. Combine the total units of each stock item required for all production orders to enable advance bulk buying.



If your product is seasonal, e.g. most popular in Spring or at Christmas, factor this into the equation also.

“

Flowlens' real-time analytics shows key performance metrics and progress against specified targets which has allowed senior management to concentrate on more strategic priorities.

”

- Peter Craven, Head of Marketing at [CDE Global](#)

2. Understand supplier lead times and costs



Every supplier has different terms regarding minimum order quantities, delivery time and costs. Use this information to determine the optimal minimum thresholds for stock materials so that you don't run out of stock while waiting for the next delivery.

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Under the previous manual process it was rare that Purchasing had early visibility of new orders and requirements for stock, making it impossible to plan far ahead. Flowlens has allowed the Purchasing Department to manage suppliers' lead times, allowing standardised parts to arrive 'just in time'.

”

- Colla McMahon, Purchasing Manager at [Kiverco](#)

3. Define and agree an internal stock management process

A repeatable and consistent process that is agreed across your team will aid the accurate tracking of stock through the business.

Determine who is responsible for checking in goods and allocating them for production. Avoid delays between stages so that reporting information is accurate and up to date.



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Working through our processes with Flowlens allowed us to identify ways of working smarter. For example, providing access on the system where it is needed to focus users on relevant areas has shared the workload of the GRN process. ”

- Damian Owens, Project Manager at [Kiverco](#)

4. Automate processes and reporting



Create uniform data and language for consistency in reporting terminology. Where possible, reduce the opportunity for human error by using handheld scanners for receiving and moving stock and if using spreadsheets, populate them with dropdown menus, for error free data entry.

Cut down on copying and pasting by linking customer and order data across quotes, orders, invoices and despatch notes. This will not only reduce the chance of errors, it'll save time too!

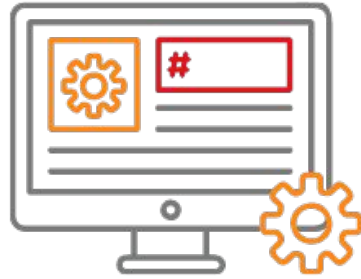
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Flowlens enabled us to integrate RFID and barcode scanning which dramatically reduced the number of mistakes made through the previous manual process.

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5. Set minimum thresholds alerts

If your system facilitates it, automate alerts for when minimum stock thresholds are reached to allow adequate time for quote sourcing, ordering and delivery.



“

Minimum stock levels are managed in real-time, allowing purchasing to obtain the best price whilst simultaneously avoiding delays waiting for replenishments to arrive.

”

- Colla McMahon, Purchasing Manager at [Kiverco](#)

6. Link Sales and Works Orders to Stock



Give your Sales Order Processing Team and Works Order Planners better visibility of stock and reduce the risk of shortages, delays and unhappy customers.

Feed demand data back to the Purchasing team for faster reaction to urgent requirements.

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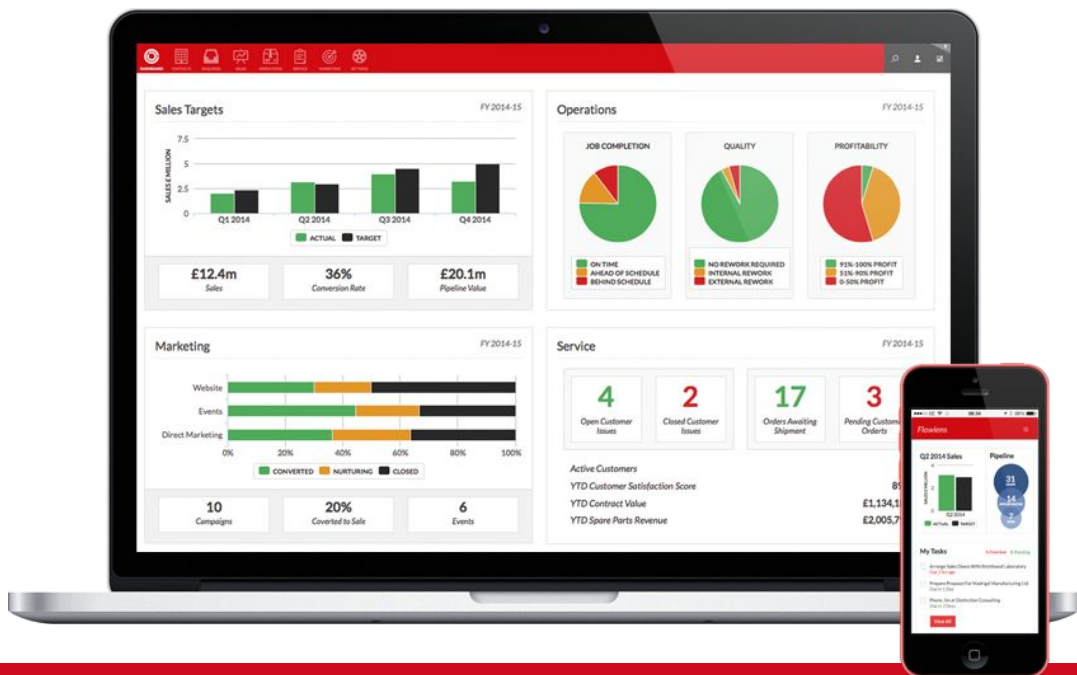
The workflow provided by the Flowlens system has enabled us to link our Sales and Purchasing departments. The improved communication between the departments allows us to respond quickly to changing customer demands.

”

How Flowlens Can Help

With time-consuming manual processes, constant email traffic and looming production deadlines, it can be difficult to allow enough time to follow best procurement practice. In an ideal world you'll source multiple quotes and ensure the best price and delivery.

Flowlens offers an affordable, tailored software solution that manages sales enquiries through to production and after sales and integrates this with purchasing and stock control. This enables businesses to eradicate time consuming manual processes and provide real time dashboard reports and management information. Manual effort is significantly reduced, making supplier comparison easier and more informed.



With direct links to the BOM and production schedule data, plus historical supplier pricing and delivery performance, Flowlens automates manual RFP and PO generation and allows suppliers to log quotes directly. It can also link with existing accounting and design packages in the business such as Sage and CAD. The time saved provides more scope for quote scrutiny and supplier review, as well as liaison with engineering to plan future requirements.

Flowlens is cloud-based so you are guaranteed reliability and availability across devices, with no hardware upgrade costs, or expensive per-user licensing. Securely access your dashboard anywhere and never worry about backups again.

Designed specifically to help manufacturing, engineering, service and asset management firms, Flowlens could help your business achieve optimal purchasing efficiencies by combining sales forecasting and stock management on one platform.

About Flowlens

Flowlens helps businesses to improve their processes and reduce waste, supported by user-friendly, sales, production, stock and service software.

With Flowlens, customers have achieved significant return on investment such as:

- 20% reduction in sales admin time and
- 40% reduction in operational administration

We specialise in helping plant manufacturing, engineering and installation firms unleash their potential, replacing the complex processes, spreadsheets and systems that hold them back.

The Flowlens platform unites the CRM and ERP functions needed by SMEs, avoiding the costs and risks of larger alternatives:

- critical real-time dashboards
- intuitive processes and reporting
- profitability and efficiency metrics
- a single view of the customer
- modular and scalable, only pay for what you need

Talk to us today about your
business processes and
request a FREE demo...

[Email Us](#)

or Call +44 02890 998 597

