Three reasons why you need a better view of your inventory

Real-time inventory
visibility software

Where's all my stuff?

Businesses don't always have an accurate view of their inventory. With today's technology, you might think inventory accuracy is a given, but for many reasons, it's not. Your inventory may be siloed in channels – maybe it's housed in both stores and distribution centers, or at your business partners' locations. Or perhaps your inventory levels fluctuate rapidly like at chain groceries, where every order consists of a number of SKUs and each hour there are thousands of transactions. Or you may be one of those companies that's growing by acquisition and now you're trying to manage multiple inventory tracking systems. What should be a global view of all available-to-promise inventory is instead just a keyhole view of a subset of it.

Because companies don't have an accurate, up-to-the-minute view of their inventory, they're losing sales by showing stockouts when stock is actually available, aggravating customers by overpromising, giving away margin due to markdowns and rush shipping charges, carrying excess safety stock (in order to prevent those aforementioned stockouts) and limiting their ability to enter new sales channels.

The table below represents the top inventory challenges businesses face.

Industries	Challenge
Retail	In the new omnichannel model, it's difficult to consolidate a single view of inventory across web, retail and wholesale channels.
Consumer Packaged Goods (CPG)	Many CPG companies work in a consignment model with retailers, so they need visibility to inventory both in their own facilities and in the retail stores. The high volume of transactions also presents a visibility challenge.
B2B	B2B companies typically have SLA-based contracts with customers that mandate penalties if orders aren't delivered on time. A better view of inventory will help improve their on-time delivery metrics.
Telecom/ Communications	Like retailers, telecom companies typically have a retail footprint. They need visibility to their stores so they can provide an omnichannel experience for the sales of phones and other accessories.
Medical/ Pharmaceutical	Medical and pharma firms are working to differentiate themselves with creative distribution and consignment solutions. Lack of inventory visibility has hindered new implementations.

Knowing where your inventory is and tracking inventory changes is critical to providing an exceptional customer experience and carefully protecting your margins. And as the complexity of your operations increases – with more transactions, SKUs, channels and distribution outlets – it's even more important to have an accurate, real-time inventory count.

34% of supply chain executives surveyed cite inventory visibility across all locations, including in-transit inventory, as a top fulfillment challenge.[1]

Say "yes" more

Reason 1: Say "yes" to your customers more often.
B2C businesses are facing pressure from the big e-tailers. B2B companies face increased customer demands to match B2C online experiences as they move forward with their omnichannel digital transformations. All businesses need to capitalize on every opportunity that presents itself. But if you can't see your inventory because it's moving too fast for your tracking system, or because it's in transit, or because it sits in disparate silos, you may be losing sales and saying "no" to customers when you could be saying "yes."

Have you ever thought about how often inventory issues force you to say "no" to your customers?

One retailer was saying "no" over 800,000 times a year because they couldn't use store inventory to fulfill online orders.

Do you know the impact those "no's" have on your organization? It's not just lost revenue -- if you don't see all your inventory, you risk delivering a poor customer experience. And with all of the time and money your organization puts into enhancing the customer experience, you can't let inventory issues derail those efforts.

Not being able to see an accurate, up-to-the-minute inventory snapshot across segments, silos or channels is more than just an inconvenience. It impacts your efficiency and how your customers perceive you. Establishing one clear picture of your inventory could give you the vision you need to better manage your fulfillment performance and say "yes" to your customers more often – with confidence. And saying "yes" is also key to topline revenue. If you know where your inventory is, you can expand your business into new channels, or offer services like drop shipping and Buy Online Pick Up in Store (BOPIS), for even greater customer satisfaction.

Omnichannel support

Reason #2: Go all in on omnichannel with accurate, scalable inventory views.

The growth of ecommerce has resulted in new challenges for both B2B and B2C firms. Businesses have pivoted to an omnichannel model, but often their internal digital transformations haven't caught up yet.

Inventory is one of the systems that has not kept pace with the changes omnichannel commerce has introduced. Many B2C businesses are now offering services like BOPIS and ship from store in response to customer demands, resulting in inventory being housed in and shipped from many more locations. B2B firms are expanding the locations of their inventory beyond traditional distribution centers so they can meet rising customer expectations and deliver a better fulfillment experience.

You may be meeting the needs of your customers but putting stress on your infrastructure. If your inventory monitoring isn't elastic enough to meet peak periods, escalating inventory calls can overtax and slow down your commerce site, frustrating your customers as they wait for pages to load. And if they have to wait too long, they will buy somewhere else.

Omnichannel commerce requires an inventory system that scales up or down automatically without adding additional workload to your IT department. In many cases, a cloud-based solution is the best way to get the flexibility and scalability to meet changing inventory visibility demands without adding additional work for your IT team.

Further, without real-time inventory accuracy, you could be at risk for overpromising, losing sales or incurring rush shipment charges. Have you ever been promised an item by an organization and then didn't receive it? Or received it too late? That experience, whether B2B or B2C, almost always elicits an emotional reaction from the customer, and depending on the situation, you could receive some undesirable social media attention. At minimum, they'll remember that it happened the next time they consider buying from you. If you can't see the inventory in all of your locations, you also risk declining an order when the product is actually in stock, leaving your customer to turn to other sources. It could put your organization at risk for potential overstocks, markdowns or liquidations.

There are even more reasons to move toward an accurate inventory view. Customers, especially millennials and Gen Zers, love fulfillment options like BOPIS. To offer BOPIS and ship from store cost-effectively, you need to see accurate inventory counts in all of your distribution centers and stores. Is your business seasonal? Do you drive peak demand with promotions or flash sales, or do you want to? Inventory can be inaccurate because of batch processing or latency issues during periods of high transaction volumes. An advanced inventory view is not only accurate across channels, it also scales up or down with your business needs. Commerce today requires more agility than ever before.

Maximize ROI

Reason #3: Maximize the ROI on your inventory

Most firms need to carry inventory as protection against fluctuations in demand and lead times, and inventory is often a company's largest asset. Despite today's many challenges, unsold inventory is part of your firm's assets that you have to manage well.

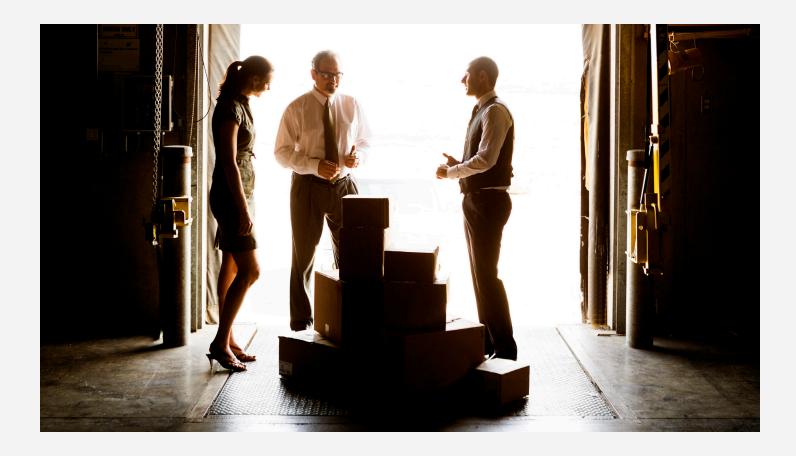> "Inventory is money sitting around in another form."
>
> — Rhonda Abrams, USA Today

But the new omnichannel environment means that large stores of valuable inventory are held in many more venues – distribution centers, stores, at partner sites or on consignment. It's tricky to customize inventory stock, but even more so when it's in multiple locations. When you can't see your inventory accurately across all your locations, you may carry too much safety stock because you don't want to say "no" to your customers. That can result in too much capital locked up in inventory. In retail, that means having too many markdowns at the end of each season or worse, liquidated stock. In the B2B world that could be thousands of very specialized and expensive parts carried on your books for too long. That's all margin that's being carved from your bottom line. On the other hand, if you err on the side of too little safety stock, you risk losing sales and your reputation by being unable to deliver.

Greater visibility into your inventory can also play a major role in inventory planning. There are complex calculations firms use to plan inventory based on service level, projected demand and lead time, but these don't always account for the new siloed inventory. And while there will always be errors in projected demand, the re-planning that you do for short-term needs should be in real time and based on actual demand for inventory. To make better decisions on where inventory should be, it's critical to have a view into everything you own and where it sits.

Standard inventory management software and technology can only count the inventory that it can see; it can't give you visibility across channels. You need up-to-the-minute insights across all your channels and locations to balance your inventory and maximize your inventory ROI.

The Answer

Inventory. Where, when and how to manage it, is one of the essential elements of most businesses.
And organizations today are realizing that, since beginning their omnichannel digital transformation, it's even more critical to have consolidated, accurate and real-time visibility of their inventory.

In the past, the only way to achieve near real-time inventory tracking was with an inventory hub built into a larger order management system, which can require a costly and time-consuming implementation.

What if you could...

– Have real-time, scalable updates to ensure accurate inventory counts to help you avoid overpromising, losing sales or incurring unexpected shipping charges?
– Maximize inventory ROI by tracking the demand for inventory turns to customize safety stock by location?
– Get cross-channel insights to better balance inventory?
– And you could get all of this capability in a cloud-based solution that can be up and running in a couple of months?

Learn about the unique solution IBM offers for both B2C and B2B inventory visibility.

Click here for more

Great strides are being made in fulfillment systems to meet the rising expectations of demanding customers. Inventory visibility software is a critical foundation of omnichannel fulfillment and one of the advancements you can adopt today to immediately improve the customer experience, protect your bottom line, and help grow your business.

Footnotes

1. IBM. Survey conducted on behalf of Supply Chain Management Review and Modern Materials Handling magazines, Key Challenges and Best Practices for B2B Fulfillment. April/May 2016