

Inventory Value Trend

The Suncorp Inventory Value Trend Widget displays a timeline of monthly figures relating to the cost and sale price of your current inventory holding.

About this Widget

This handy Widget helps improve inventory control management by identifying depreciation, excesses and shortages, and stock forecasting. It can help you:

- ✔ Identify sales patterns that can be used to maintain optimum inventory levels and forecast for future orders.
- ✔ Highlight sales patterns and adjust future orders accordingly to avoid excess inventory carrying costs, obsolete products, or lost sales due to inventory shortages.

Data essentials

Inventory, Accounts Payable and Accounts Receivable data need to be entered accurately and daily for an accurate view. Your inventory asset account and cost of goods sold account also need to be set up correctly.

Making the most of your Widget

- ✔ Check that your inventory asset account and cost of goods sold accounts are set up properly.
- ✔ Ensure opening inventory balances are entered accurately.
- ✔ Check inventory against bills and invoices on a regular basis to ensure they match.

Tips to address a negative trend

1. Use inventory management software

- ✔ Inventory software can streamline your stock activity and lead to less money being tied up in inventory, less theft and stock obsolescence, greater awareness of stock levels and order times, the identification of stock patterns, and time savings from having all cost of goods in one place.

2. Make regular physical counts of inventory

- ✔ Counts ensure real numbers match with your accounting and inventory software.

3. Implement better product traceability

- ✔ Gain valuable information on the exact journey and location of individual products.
- ✔ Minimise lost and misplaced inventory.
- ✔ Ensure greater accuracy around supplier orders and access to your products.

4. Decrease your cost of goods

- ✔ Negotiate better prices with vendors or find cheaper suppliers.
- ✔ Balance the benefits and costs of bulk purchases.
- ✔ Streamline your ordering systems.
- ✔ Evaluate and implement systems around when orders are made, who makes them and how they are made.
- ✔ Identify stages of the inventory process that could be more cost effective.

Tips to address a negative trend cont.

5. Review and amend inventory strategies regularly

- ✓ Search for your optimum inventory level for each product, as it can fluctuate.
- ✓ Categorise products as specifically as possible. The more product groups are refined, the smaller the margin for error – ultimately saving on costs.
- ✓ Determine the demand and supply variability for each category.
- ✓ Reduce or eliminate low margin products and, if viable, your overall product holding.
- ✓ Set safety stock levels for all products based on acceptable service levels.
- ✓ Devise strategies around excess and obsolete inventory.

Troubleshooting

Issues can sometimes arise when inventory items and opening balances are entered incorrectly. Other issues include cost of goods bills not being entered on the day of purchase, sales invoices not entered on the day of sale, and inventory and cost of goods sold accounts not being set up correctly.

Corrective action

Xero users can search for:

- ✓ How to set up an inventory asset account and cost of goods sold account [here](#)
- ✓ How to track and update inventory [here](#) or [here](#)

Quickbooks users can search for:

- ✓ How to set up and track inventory [here](#)
- ✓ Inventory reports [here](#)

