

Features

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Managing the Mother's Day Crush

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For florists, growers, nurseries and flower shop owners, major holidays can be some of the largest revenue opportunities of the year—that is, if you know how to manage your business and, most importantly, control your inventory during peak-volume times.

Inventory management is important every day of the year, across virtually any industry. But in the world of greenery and florals, it's even more crucial during those high-volume holiday periods when you see an uptick in orders. Because it's then that in-stock products and on-time deliveries can really

make or break you.

When you have a good handle on your inventory management strategies, you're better able to:

- Identify seasonal timelines and demands
- Analyze historical sales data to optimize ordering so you can eliminate waste
- Ensure you don't disappoint customers as a result of stockouts
- Categorize inventory by season
- Automate fulfillment with software solutions and other techniques

Tips for Gaining Traction

One of the great things about inventory management is that it's completely customizable, but this can also prove to be one of the most challenging aspects, too. Where do you start? Here are some tips:

ABC—Analyze Your Inventory: The ABC method of inventory tracking categorizes your stock into three buckets, based on value. The A-products are your most valuable items and the C-products are the least. Assessing your inventory this way means you're more equipped to think about your inventory in terms of value and profit.

Use FIFO: First-In-First-Out is especially important when you work in a perishable industry. Limit the amount of spoilage you have to deal with by using your oldest products first. Rotating stock is critical if you have a brick-and-mortar marketplace where consumers can choose their own products.

Use LIFO: Last-In-First-Out is a strategy used when inventory costs may increase over time or if inflation is a concern.

Set (and Stick to!) Pars: Overstocking can be just as detrimental as stockouts can be. When you're paying attention to a par level, you know it's time to re-order once supply dips below a certain benchmark.

Nurture and Manage Relationships: Get to know your suppliers and treat them well. Respect and professionalism go a long way if and when you have a problem that a supplier can help you solve.

Be sure you're an effective communicator, too. Keep in mind, communication is a two-way street. If you have a solid rapport with a vendor or supplier, they're more likely to keep you in the loop if production or availability are on a decline for any reason.

Auditing and Taking Inventory: There are several ways you can track your inventory:

- Periodic physical inventory counts (where you count and track all your inventory at once), but this can be a huge undertaking.
- Spot check products. Spot checking involves counting a selected product and comparing it against what you've sold to determine if you have an accurate number.
- Cycle counts, where you rotate products, choosing to count various ones every so often. You can do this daily, weekly or even monthly.

Forecasting: Use a variety of markers to predict or forecast your needed inventory. Look at Year-Over-Year (YOY) sales, industry trends and conditions, holidays and seasonality, predicted growth rates, marketing incentives and anticipated weather patterns like droughts, extreme cold or other conditions that may affect growers or disrupt your supply chain.

Understanding the importance of inventory management as we head closer to Mother's Day means you can sail through the upcoming peak season and come out smelling like, well, roses ... **GP**

Steve Kietz is Reliant Funding's chief marketing officer. The company is a leading small business finance provider that developed an inventory management guide for small business owners looking to develop smoother processes. Find out more at www.reliantfunding.com.

If you're looking for more tips on how inventory management solutions can help you streamline and optimize your business, download "The Small Business Owner's Guide to Inventory Management" at www.reliantfunding.com.