

Tools to monitor your stock

Inventory and stock management tools can help drive efficiencies, but what should accountants be looking for and what are the best options?



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Taking stock

Keeping track of stock and inventory is a vital element of any business's activities. After all, it's crucial to be sure you have enough stock and/or components or ingredients to keep your clients happy. It wouldn't do to agree to an order, only to find you can't produce what you need to.

But inventory and stock tools are capable of more than simply monitoring stock levels. They are versatile tools that can enhance your operations in other ways, too.

1. Production control

"The stock systems out there can be used for valuation and managing your stock as well," says Steve Collings, partner at Leavitt Walmsley Associates.

Some tools offer a package, which includes a purchasing function, as well as a sales order function, and integrates with the accounting and financial reporting package.

They monitor companies' production and can order new stock at predetermined levels, preventing any one item, component or ingredient from running out.

"This can be vital for smoothing out your production and transactions, and for maintaining uninterrupted supply to clients," adds Collings.



"Stock management tools can be vital for smoothing out your production and transactions."

2. Analysis

That production control and monitoring allows for insight and analysis of which stock is moving the quickest. Furthermore, the real-time nature of the data that inventory software collects gives businesses visibility over which of their items are most popular, or which components or ingredients are most heavily relied upon.

“It means you can avoid waste because you only have what you need,” explains Ali Jaw. “It helps you monitor sales and performance, analyse which products are in demand and which are not. If you manage your inventory properly, you have less need to keep stock in storage when you’re not selling it, so you’re saving that cost.”

Similarly, it allows users to keep on top of fluctuations in supply, demand and the cost of stock, Jaw adds.

“It helps with products you might sell seasonally, too, for example around Christmas, so you can advertise to your customers with confidence.

“It also helps you highlight areas you need to improve and gives you the data flows, both over set periods and in real-time.

“It can help in terms of the margins that you make. When you enter the stock in the system, you enter the cost and sale price, so you can measure the margins on each individual item. If some items aren’t selling as you had hoped, it can enable you to identify that and remove it from further sale.”

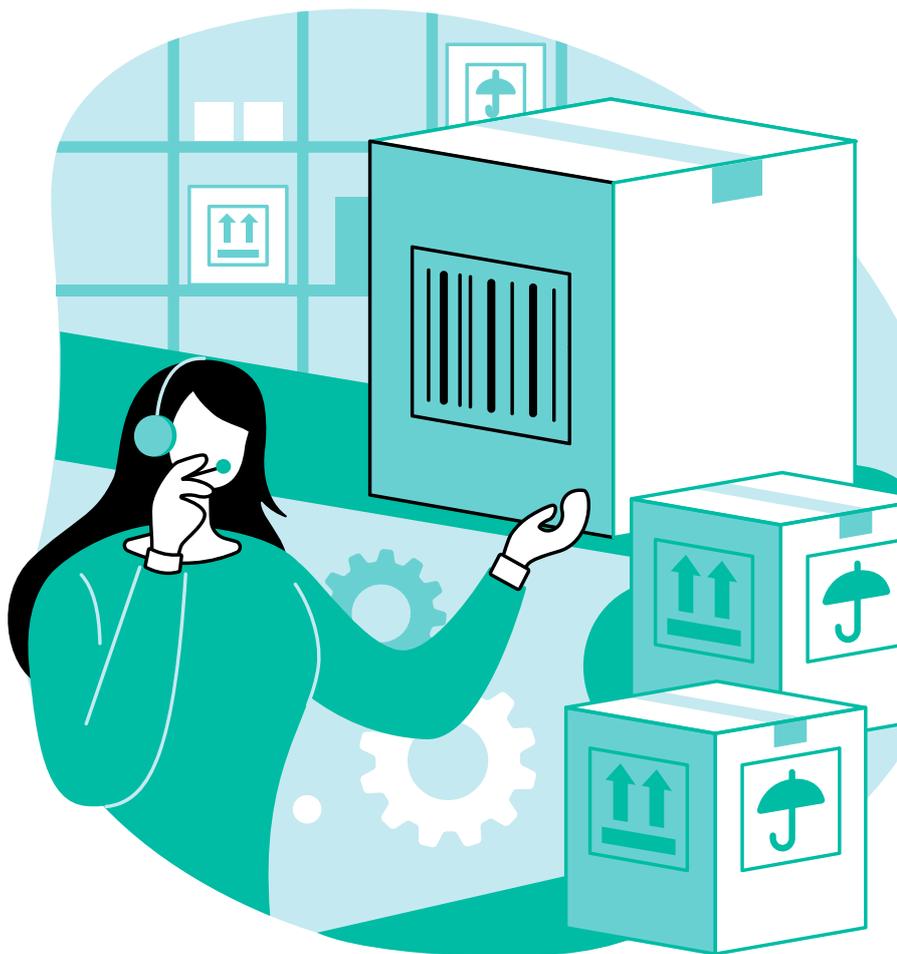
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3. Valuation

The versatility of many stock and inventory packages allows for granular information to be incorporated into businesses’ management accounts.

“To get a stock valuation, these systems produce stock reports that will show you have X amount of these products, with a cost of Y to arrive at the value. Then you’ll do a stock take in person to verify the report,” explains Collings.

“One client of mine sometimes has nonconforming products (products that don’t meet their requirements), where, for example, the chemical mix might be wrong for a certain product. In the system, it will either be written off to nil because it cannot be used, or it can be used in another way, in which case an adjustment can be made.”



For your app stack

Having the right stock and inventory tools can help a business reach the next level. Here are some of the most widely-used options on the market



DEAR Systems

DEAR is suitable for small to medium businesses in the retail, wholesale, manufacturing, food production sectors with requirements to manage inventory. Includes features that provide information to manage costs and maximise profitability. Has integrations with Shopify, Magento, Amazon and eBay retail platforms, along with QuickBooks Online and Xero.

Requirements: QuickBooks Online, Xero

Price: From \$249 (£199) per month



Vend

Vend allows users to manage inventory across multiple outlets with a centralised product catalogue, accessible from your software or on the road. Users can edit products in bulk and set limits to automatically reorder stock.

Requirements: Xero

Price: From £49 per month



Erplain

Erplain is an inventory and order management system that automates the creation of sales orders, invoices, and purchase orders while updating inventory in real time.

Requirements: QuickBooks Online

Price: From \$49 per month

Stock software enables just-in-time supply chain

“Often an order will be placed to be collected within 24 hours.”



One of Leavitt Walmsley partner Steve Collings' clients is a chemical manufacturer, which produces chemicals for household goods including air fresheners and detergents. It needs to constantly keep abreast of the wide variety of chemicals it has in stock.

“The business gets chemicals in from various suppliers, both in the UK and from overseas,” explains Collings. “The goods come in and they are recorded. They’re checked first by the laboratory to ensure they aren’t faulty and that the chemical mix is correct. It’s then put into stock, and all that is handled by the production department through their stock control system.”

The programme features alerts that make the department aware when certain stock is running low and includes a predetermined re-order level to ensure the company never runs out.

“My client does hold quite a lot of stock on hand, which is important as some of its customers operate on a just-in-time basis and often will place an order to be collected within 24 hours. The inventory system allows that to happen on a regular basis.”

“Stock tools help manage scale-up”

Severn Accounting’s Ali Jaw recently introduced an inventory and stock management tool to a client who sells hair and beauty products and dog accessories online — to customers all over the world.

“She was struggling to monitor her stock and see the performance of her stock,” Jaw explains. “She now has a level of visibility she didn’t have before and is able to be far more strategic as a result.”

In particular, Jaw notes, it has allowed his client to more closely and effectively manage both her beauty products and dog accessories product lines, having found it difficult to manage stock levels effectively.

“Having two lines made the need to monitor her stock far greater,” he says. “With one product line, it was more straightforward, but adding the second line meant she was spread thinly without a system to keep track of her sales and stock.”

Inventory tools enable ‘drop shipping’

Drop shipping is a form of retailing in which the seller accepts the customers’ orders, but does not keep the goods sold in stock. Instead, the order and shipment details are transferred to the wholesaler, which then sends the product directly to the customer. Although the seller has less control over product quality, it eliminates the overheads of keeping stock.

“You’ll buy the product and send it straight to retail platforms such as Amazon and you only pay for it once it sells,” explains AAT licensed member Will Blower. “It helps if you haven’t got your own premises. It means you handle other elements of your operation such as marketing, without having to handle supply chain issues.”

Tips to get started

1. Get the right package

Unlike other tools, many stock and inventory tools are specialised for certain lines of work. So, if you're a brewer, for example, there will be tools tailored to your industry.

2. Make efficiencies

One of the great benefits of stock and inventory tools is that they smooth your stock acquisition process and allow you to improve your margins, so take the opportunity to cut unnecessary costs such as stock storage if you can.

3. Analyse

Inventory and stock tools provide both long-term and real-time visibility of the performance of your stock, allowing you to glean deeper insights and make better-informed decisions.



Any questions?

We hope you've enjoyed our overview of inventory and stock management tools. Please get in touch if you have any questions or feedback.

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