STOCK MANAGEMENT: PRACTICES FOR EFFICIENT CONTROL

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Category: General

Effective stock management is essential for the success of any company. Stock is a valuable asset that can directly impact the level of service provided to customers and the liquidity of the business. In this article, we will explore the importance of efficient stock management, highlighting the ABC classification and how it can help achieve the necessary balance to ensure the smooth functioning of the company.

Efficient stock management involves dedicated monitoring and control of the products and materials available in the company. When done effectively, it ensures that the company has the right products available at the right time, avoiding stockouts and, consequently, loss of sales. It also helps reduce warehousing costs and obsolescence while maximizing operational efficiency. Lastly, efficient stock

management contributes to customer satisfaction by ensuring that orders are fulfilled quickly and accurately.

ABC Classification:

A widely used tool in stock management is the ABC classification. This technique categorizes stock items based on their relative importance in terms of value or impact on the company's operations.
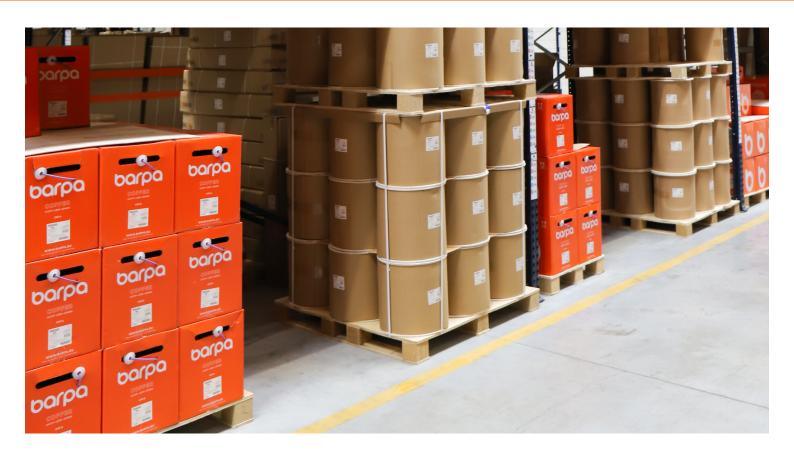
A Items:

These are high-value or high-impact items. They represent a small percentage of the total items but contribute significantly to the company's stock and revenue. These items require special attention, with more precise stock levels and higher replenishment frequency.

B Items:

This category includes items of moderate value or impact. They represent a significant proportion of the stock and revenue of the company. These items need proper management to avoid excesses or shortages.

C Items:

These are low-value or low-impact items. Although they represent the majority of items, they contribute to a smaller percentage of revenue. These items can be managed in a more simplified manner, with less strict replenishment and stock control.

Balancing Service Level and Business Liquidity:

The ABC classification helps the company prioritize resources intelligently. By applying this technique, it is possible to concentrate efforts and resources on the most important items, ensuring a good level of service to customers. At the same time, less important items receive less attention, allowing for a more efficient use of cash flow and thus improving the company's liquidity.

In addition to the ABC classification, effective stock management involves adopting other practices, such as implementing accurate inventory systems, establishing well-defined replenishment policies, and using advanced technologies for tracking and demand forecasting.

The following list encompasses some practices to be considered for efficient stock management:

- Centralize and standardize information
- Classify products (ABC) and suppliers (XYZ)
- Focus on A products (5% of items generating 40% of revenue) and then on B products (20% of items generating 80% of revenue)
- Accept stockouts for low-volume or low-profit items
- Reduce the number of items

- Reduce the number of storage locations
- Reduce minimum purchase quantities
- Reduce and stabilize delivery times
- Automate inventory management and demand forecasting as much as possible
- Have documented processes that are clear and shared with the team
- Maintain a holistic view of stock in the company
- Keep processes and management simple
- Communicate constantly, both good and bad situations

Effective stock management is a fundamental aspect for the success of any company. Through the ABC classification and other appropriate practices, it is possible to balance the level of service provided to customers and the business liquidity. By ensuring precise control of stock items, the company can maximize customer satisfaction, avoid waste, and achieve a healthier financial position. Therefore, investing in efficient stock management is a strategic decision that brings lasting benefits to the business as a whole.