

Should You Be Tracking or Managing Inventory?

TAKE THE QUIZ TO FIND OUT



While many people use the phrases “tracking inventory” and “managing inventory” interchangeably, the two could have wildly different effects on your distribution business — and, depending on the size and goals of your company, using the wrong method could actually be keeping you from growth.

So, which inventory method are you using, and what method is best for your business? Answer the questions below and find out.

Want to learn more about the difference between tracking and managing inventory?

[Check out this blog post >](#)

QUESTION

ANSWER

Which is more important for you to have visibility into?

A. Everything from quantities at all our locations to the varying costs of my inventory at every stage of purchasing (cost stack based on your accounting method, i.e. LIFO, FIFO, etc.).

B. Quantities of inventory in stock.

Do you need meaningful information about inventory costs?

A. Yes.

B. Not necessarily — I operate off of the most recent price of my inventory.

Do you only need a “sum cost” of your inventory to export to your accounting platform?

A. No, I need the exact cost of every transaction automatically synced to my accounting platform or ERP system.

B. Yes, I only need a sum number at the end of the day.

What do you need MOST?

A. I need insights regarding sales trends, best-selling items, and inventory costs

B. I only need to know what my quantities are.

Are you a newer business?

A. No, we're growing and want to implement software that can scale with us.

B. Yes, we're trying to get established and need to save money when it comes to software costs.

Interpreting your answers



MOSTLY As:

YOU SHOULD BE MANAGING INVENTORY.

Managing inventory allows you to see your inventory cost stack and cost layers and provides in-depth information like true cost, individual sales transactions, sales trends, all of which are necessary for forecasting future growth. By doing this, you'll get valuable insights on your best-selling items and see trackable inventory costs, gaining the data you need to make forward-thinking decisions.

MOSTLY Bs:

YOU'RE FINE TRACKING INVENTORY.

For where your business is, you're satisfied with seeing quantities without any in-depth information about your inventory. Tracking inventory simply answers the question, "How much of this product do I have?" Because tracking usually consists of manually entering the cost of different inventory items in a field within your system, you only see a "sum cost" rather than the actual cost of your inventory generated by data in your ERP system. This method works fine for small or new businesses by allowing you to see the quantities of inventory you have in stock, but isn't ideal if you're a larger business or are looking to grow significantly in the near future.

WHAT NOW?

Managing inventory is certainly a best practice for any sort of distribution or wholesale company. But, implementing this method takes some work on the front end, and if you're just starting out in the wholesale scene (or maybe just beginning to consider offering your products wholesale) it simply may not be a priority for you right now. And that's OK.

On the flip side, tracking may work for certain kinds of businesses, but if you want to grow, you'll need to see inside the true cost of your inventory — and you can only do that by managing your inventory.

At the end of the day, choosing between tracking and managing inventory is a question of growth — are you ready to take your business to the next level?



Learn about SalesPad Cloud, the all-in-one inventory and order solution, by downloading the fact sheet.

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