About this Guide

This is a very detailed guide to getting started. We make the assumption that you’re starting from scratch, with only a vague system for tracking your inventory. You may not have part numbers, named locations, or the most basic attributes of a simple inventory system. (You may not have any inventory system in place at all!) Even if you never use our software, we hope that you’ll find this guide helpful for setting an inventory system that gets the job done.

To walk you through the process of setting up an inventory system, both in the physical world, and in our software, this guide will use a small (fictional) retail business called “Sweet Little Devils Cookies and Candies”. Here’s a recent aerial photo of the business:

Sweet Little Devils Cookies and Candies (fig.1)
(Undated Aerial Photo)

Sweet Little Devils makes and sells cookies, candies, coffee drinks, and other cafe items. Some items are made from scratch, while others are bought and sold. They also ship direct to customers, who order products from their web site, www.sweetlittledevils.com. Unbeknownst to them, their actions are being used in this guide to show the entire world how to set up an effective inventory system.

Let’s follow along.
The Elements of a Pretty Good Inventory System

We like our Clearly Inventory software. We think it’s easy to use, and we know that it will help you become more productive. But no matter how good we think it is, it will fail to help you if you don’t do some very basic things.

The purpose of this section of the Getting Started Guide is to walk you through the absolute basic attributes of a pretty good inventory management system. And to instruct you in detail about how to implement our recommendations.

We say “Pretty Good” because there are no perfect ways to create the above elements, but there are lots of bad ways. You may be able to improve on our recommendations or your enterprise may have to do things differently but if you follow our recommendations you’ll wind up with a pretty good system.

The Critical Elements of a Pretty Good Inventory System

- Well Organized Location Names
- Location Labels that are easy to read, and unambiguous
- Unique, Short, and Unmistakable Item Numbers
- Units of Measure
- A Good Starting Count
- Software that tracks all inventory activity
- Good Policies
- Most Important: People who know and follow good policies

Before we get into each of the above elements in more detail, let’s take a moment to explain why these elements are so important.

Well Organized Location Names & Location Labels that are easy to read, and unambiguous

If an item can be stored somewhere, that ‘somewhere’ must have a name, and it should be labeled with that name. If it doesn’t, time will be wasted looking for things, people will stock
things in the wrong place, locations will get referred to by more than one name, and your inventory will be in constant drift towards disorganization.

Remember, any open space can potentially store stuff, so label ALL of your storage locations, not just the ones that currently have stock. An open aisle? Name it, label it. An empty corner? Name it, label it. The tiny water heater closet? Name it, label it.

And don't pick just any name. You must have some logic to your location naming scheme. If you don't, you're setting yourself up for frustration down the road in ways that are difficult to anticipate. We'll give you some advice on a naming scheme later in this guide, but no matter what you decide to call your locations, make sure they’re all labeled, and all the names are unique.

Labels that are easy to read help everyone work faster. For example, if the letters on your labels are so small that you have to be two feet away to read them, or if the labels blend in with rack colors, etc... You'll be slowing down your operations and opening up yourself to mistakes.

Labels that don't clearly state which location they're referring to (i.e. labels, with no arrows, on shelves that have shelves above and below) will cause the same delays and errors as poorly printed labels.

**Item Descriptions**

All of your items should have well defined, unique descriptions, for many of the same reasons that apply to locations. Without good descriptions, people can become confused about whether or not they have stock on an item, or what items needs to be ordered. It can also be hard to search for items in reports, or find similar items when searching your inventory system. Our opinions about creating good descriptions for your items are a little more firm and we’ll explain in greater detail later.

**Item Numbers**

Item numbers also help uniquely identify items, but one of their greatest benefits is lost on people who haven’t used a software system to track their inventory: they serve as a shorthand, or abbreviated item description. When you are searching your inventory, making transactions, filling orders, filtering or searching reports, item numbers really come in handy. Instead of typing descriptions that can be hundreds of characters long, and hard to distinguish at a glance, most companies can use items numbers of only five or six characters or numbers in length. It
makes it easier to use your inventory software, and anything that makes something easier, improves the chances that it will get done.

**Units of Measure**

Units of Measure, things like “pcs” “ea” “lbs” “bags” etc... give meaning to quantities and they belong in their own separate place, outside of descriptions and the numeric quantity fields. Using well created and consistent units of measure will make stock levels, shipping quantities, and ordering quantities, easier to understand.

**A Good Starting Count**

Loading data into a new inventory software program is an excellent time to get a good count of your stock levels. Once you have labeled your locations, cleaned up your descriptions, created item numbers, and consistent units of measure, getting a good stock level count will be much easier, faster, and better organized.

**A Software System that Tracks all Inventory Activity**

If you’re reading this, you probably realize that keeping your inventory data with pen and paper, or on a spreadsheet, just won’t cut it. Good inventory software will make it easier for you to to track your inventory, allow many users access to it, offer you insight into your inventory activity, and keep an accurate historical record of what’s happened.

**Creating Policies and Training People about the Entire Inventory System**

The people who work with your stock and use your inventory system are the most critical element in establishing a pretty good inventory management system. You must make sure that these people know what to do with items that are received, taken from stock, reserved for future use, required for production, or who is responsible for making certain transactions, etc... In some cases this may only be one or two people, but there’s nothing wrong with writing down your policies and making sure they get followed. If you or the people you work with aren’t consistent about the way inventory is handled, it won’t matter what software you use, you will only experience frustration and failure.

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SECTION 2: How to Name Your Inventory Locations

A Place for Everything, and a Label for Every Place
Location names exist so you know where to put stuff, and where stuff is put. Sounds simple, but walk into any business and you'll find lots of items stored in locations that aren't clearly labeled, or don't have a well thought out, commonly understood name. A location name doesn't need to be too complicated or cryptic. In many enterprises, the people working there day to day will already have common terms they use to describe various locations. If that's the case, then build on the common understanding where necessary. If you have lots of locations, bins, large rooms, or large storage areas, then this guide will help you organize your thinking on how to name locations.

How to Create Inventory Location Names

**Key Considerations**

- Location names should be unique. No two locations should ever have the same name.
- EVERY physical space in your facility should have a location name. Even if you don’t currently store anything in that space.
- Where practical, EVERY location should be labeled.
- The location labels should contain the full name of the location, and if possible, have arrows that point to the location
- If you have more than one “room” consider using zone names, or room names
- Zone/room names should be abbreviated (usually to a single letter ) and contained in the full location names.
- Within a zone or room, location names should ascend from top to bottom, and from left to right (to understand this concept better, please follow the detailed guide below.)

Here’s an example of a good location naming scheme using our fake company, Sweet Little Devils. Below is an illustration of the facility:
Break it Down into Zones or Groups

If your inventory operations cover more than one facility, or a large facility, or if you'd just like to be able to group locations together for reporting purposes, we recommend creating zones, or location groups. If you don't think you'll need to use zones or groups, skip to step 2 below.

As you can see, the store has many rooms. And each room has a name used by the employees.
The room names are as follows (see fig. 4 right):

- SHIPPING & RECEIVING
- OFFICE
- CAFE
- STORAGE
- COUNTER
- BAKING & ASSEMBLY
- RESTROOM

Commonly Used Storage Areas (fig. 4)

By abbreviating each room name, we can easily incorporate it into the location name without making our location names too long. This will help when viewing location names in tables and on labels.

We can abbreviate as follows (see fig. 5 right):

- SHIPPING & RECEIVING - "R"
- OFFICE - "O"
- CAFE - "F"
- STORAGE - "S"
- COUNTER - "C"
- BAKING & ASSEMBLY - "B"
- RESTROOM - "M"

**Commonly Used Storage Areas Abbr. (fig. 5)**

Why are we doing this?

If you store your items in a small area or one room, you don’t need to use zones because you only have one zone. But if you have a large storage area, or more than one room, you’re going to benefit by breaking down your space into manageable smaller chunks.

*Some of the benefits are obvious*

- You can find locations faster
- There’s no confusion about what a place is called

*Others not so much*

- Ability to reuse section names
- You can sort data, print count sheets, and do other activities, by zone
- Abbreviations make it easier to type in location names.
- Abbreviations make it easier to include the zone names on location labels
- Reports “read easier” when the same long word doesn’t appear over and over again
There’s no confusion about what a place is called

Shortening the Zone Name to just one letter will help us meet our goal of including the full name of a location on every location label. In a very short amount of time, people using the inventory system will associate the one letter name with the longer description of the zone.

2 How to Create Section Names

Whether or not you use location zones or groups, at some point you’ll get to the 'room' level. Consider dividing up your room into sections. Some rooms will lend themselves to natural sectioning (for instance, rooms with rows of shelving can be easily divided into aisles). When naming sections, it may help to have a consistent method of creating sections names. This will help users find locations quickly and easily. Below we present one method which illustrates some of the thinking that might go into creating section names.
Close Up of Zone "S" with Sections A, B, & C (fig. 7)

The Storage Zone has now been divided into sections labeled “A” - “H” (fig. 5). While in this illustration the sections correspond with shelves, the main point is this: an area or zone should be divided up into sections that can be viewed without a person needing to move their feet. For instance, if you tell a person an item is located in location “Zone S, Section B”, that person knows enough to get to the section, stop walking, and start looking right in front of them for the exact location. This may seem like an obvious point, but you’d be surprised at the number of location naming schemes that do not achieve this very simple goal. You can use letters or numbers, but make sure that the sections ASCEND from left to right, in a clock-wise fashion. You may want to start your sections names with the section that is closest to you as you enter a room.

Now that we’ve explained how to name zones and sections, let’s look at the detailed location names themselves.

3 Putting it All Together - Detailed Location Names

When naming your exact location within a section, it’s best to use numbers, starting with the lowest number at the highest location and descending towards the floor. The main reason for this is that it will match the way your inventory reports will print out. Consider the figures below:
Try to match the order of inventory location names... (fig. 8)

...in the same order as they appear in the real world. (fig. 9)
Consider the task of someone taking an entire inventory count. All the locations will be printed along with what should be contained in them. Using this location naming scheme, the person can move through your facility in an orderly fashion, and the “paper world” matches the “physical world” perfectly.

Every enterprise has its own unique layout and structures. The above guide to location names is just that, a guide. You will no doubt need to make your own adjustments, but the important principle is this:

In our example, the location names start with a room or “zone”, then a section, then a specific name. If you have more than one facility, your location names might start with the facility name, then the zone name, section, and place. If you have a big warehouse, your location name might include an aisle, etc... You get the idea.

So, grab a piece of paper, sketch out your facility, break it into small pieces and create your zones. Then get a rough idea of where you want your sections to start.

Now you’re ready to create and apply your labels.

**SECTION 3: How to Label Your Inventory Locations**

**A Location without a Label is...Nothing.**

We’re serious when we say that every location in your facility should have a name, and a label. (There are some common sense exceptions, for instance public areas where labels can’t be displayed, or areas that only contain a few large assets that are easily counted.) It may seem extreme, but the cost of labeling a location and having it available in the Clearly Inventory application are so small, and the alternative, having to go back and label locations again, “losing” items because they aren’t stored in a known location, having jumbled location names, are so great that it just makes sense to take a little extra time and thought and get the job done once.

**How to Label your Locations**

**Tips on Making and Mounting Labels:**

- Your labels should be durable, and fixed in place (i.e. don’t use magnets, or labels that can be easily moved)
• Labels should be easy to read, preferably from across a room

• Consider using easy to spot colors such as black on yellow, or white on red. (if you decide that easy to spot colors are too “ugly” or you can’t easily make new labels with the same color scheme, you may not want to do this).

• It should be easy to change or create labels (use an office printer, or label maker to make them)

• They should be mounted so as not to obstruct normal activity or get easily ripped off or damaged

• They should show the FULL NAME of the location, and no two labels should be the same

• They should have arrows that point to the location making identifying the correct location easier, especially with shelf labels

What you’ll need to Make and Mount Location Labels

_ Labeling Supplies - The Minimum (lowest cost)_

• Pre-cut paper strips

• Sharpie or Permanent marker

• Wide heavy duty clear tape

• Scissors

• Duct Tape or Masking Tape

• pencil

• notebook paper

You may be tempted to count your inventory as you create and mount your labels. Don't do this. It will make BOTH processes more time consuming than if you do them separately. Get everything labeled. Then start your counts.

You can get the job done with the above list of items, or you can skip the paper, sharpie, & clear tape, and invest in tools that are a little more expensive.
**Labeling Supplies (more expensive)**

- Portable label maker, or desktop label printer. Labels made with a label maker have a cleaner and more consistent appearance. They also have self adhesive backing.

- Small hand roller (available at hobby shops). The small hand roller will help in applying labels firmly to flat surfaces, as well as odd surfaces like wire racks, without wearing your fingers out. It also helps apply pressure to, and eliminate air bubbles from, the labels without moving them or messing them up.

- Bonus - a mobile work top will make things easier. A mobile work surface will help keep your supplies together and give you a place to write on. You can also keep your coffee with you as you move about your facility.

- If you need to make a lot of labels and don’t want to hand write them, or use a label maker, consider building a list of location names in Excel, and then doing a “mail merge” in Word. Then you can cut and tape your labels.

**How to Make Good Location Labels and Apply them Properly**

First, position yourself in the first area/room/zone that you want to start labeling, and stand in front of where you want to start your sections. Then write or create your label. Remember, you want to include the FULL LOCATION name on the label. (If you’re using the paper strips, pen & tape, write the location name on the paper strip, make your arrows, and then cover it up with the clear tape.)

**Tips on Applying Labels:**

- Before you apply your label, make sure that the surface is clean. If you have any doubts about whether or not the label will stick over the long-term, cover the label with clear packing tape.

- If you are trying to apply a label to a wire rack, use the duct tape on one side of the wire, so that the sticky side of the label, and the sticky side of the duct tape stick together with the wires in between.

- If your label maker can’t print arrows, or it’s too difficult, print a sheet of arrows using a word processor and then cut and tape the arrows on either side of your labels.

- If you’re applying a lot of labels, use the roller we describe under "Labeling Supplies" above. It’s great for firmly pressing labels and getting rid of air bubbles. If you do this with your fingers, they will get sore, and chances are that you’ll go through more than a few labels when you try to smooth them out and deform them by mistake.
Your labels should start with the zone abbreviation (if you use zones), the section letter (if you use sections), and then descend from 1 - 10 or a -z from the highest point to the floor. If you have two locations side-by-side on a shelf, consider ending one with “L” and “R” (for "left" and "right").

Again using the illustration of our Sweet Little Devils store, let’s review our labeling practices:

Close-up of a Shelving Unit in Sec. "C" (fig. 10)

Let's take a closer look at our "BEST" example from the above illustration, we have:

Close-up of Bottom Shelf Label, "BEST" (fig. 10)
1. Arrow points remove any doubt about which location the label is referring to.

2. Zone Abbreviation “S” For the Storage Zone

3. Section “C”

4. “Vertical” or “Shelf” Location Number

**Labeling Locations That Move**

If you have racks on wheels, carts, or other items in your facility that move, consider naming them with the descriptive term for the item, followed by a serial number or letter. For instance if you have mobile cooling racks for baked goods, you might call them “RACK A”, “RACK B”, etc... Since these can move, using the “zone” or “section” naming conventions doesn’t make sense for moveable storage spaces.

**Make a list of the locations as you go**

Write down the location name of the label you just applied on the notebook paper using the pencil we told you to keep with you. You’re building a list of your locations that will ultimately get transferred to a spreadsheet and then uploaded into Clearly Inventory. If you have a laptop, you can enter the location names directly into excel as you go, but you may find it easier to just write them down and enter them at once.

**Repeat the above process until every location is labeled and you have a written list of all of your locations.**

Once you’ve completed your labeling and have a written list of all of your locations, you’ll need to get the location list into a spreadsheet program like Microsoft Excel or Google Docs Spreadsheet. Save the sheet. You'll upload it into Clearly Inventory a little later. But before we do that, we need to get our descriptions and units of measure ironed out.
SECTION 4: How to Describe Your Inventory Items

A Rose by any other name is still a rose, but you won't be able to find it.

NOTE: In this section, we assume that you already have a list (or partial list) of the items that you stock. And we make these recommendations here so that you can evaluate the quality of your item descriptions as they currently exist and make changes now, before you move on. If you DO NOT have a list of items already, or you have a lot of items missing from your lists, you may want to create your item description list as you perform your starting counts as described on the How to count your inventory items page. Either way, you should read this section to familiarize yourself with good practices for creating item descriptions.

How to Create Good Inventory Item Descriptions

Tips on Creating Good Item Descriptions:

- Most Important: Inventory item descriptions should begin with a noun (what the item is) followed by the adjectives that describe the item (in descending order of the adjective's importance). This is so important that we offer a much more detailed and illustrated example below!
- Inventory Item Descriptions should be unique
- Avoid loading inventory item descriptions with more information than absolutely necessary. Information such as vendor names, manufacturer, country of origin, expiration dates, and so on belongs in the "item details", or" transaction details", areas where it can be used more effectively.

A Detailed Guide:

The single biggest mistake people make when describing items, is to describe them in the same way that they talk about them.

Consider this example:
We all describe things this way, and you will certainly refer to them this way in your day to
day operations, but there’s a big difference in the way we talk about things, and the way they
get stored and presented in a system or database. You will often find yourself looking at
printed lists of your items, or lists on a computer screen. And these lists will usually be
arranged ALPHABETICALLY.

Consider these two lists:

<table>
<thead>
<tr>
<th>List A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large blue soda cup</td>
</tr>
<tr>
<td>Large blue soda lid</td>
</tr>
<tr>
<td>Large brown coffee cup</td>
</tr>
<tr>
<td>Large brown coffee lid</td>
</tr>
<tr>
<td>Large brown coffee sleeve</td>
</tr>
<tr>
<td>Large brown coffee stirre</td>
</tr>
<tr>
<td>Large white coffee cup</td>
</tr>
<tr>
<td>Large white coffee lid</td>
</tr>
<tr>
<td>Large white coffee sleeve</td>
</tr>
<tr>
<td>---------------------------</td>
</tr>
<tr>
<td>Large white coffee stirrer</td>
</tr>
<tr>
<td>Large yellow soda cup</td>
</tr>
<tr>
<td>Large yellow soda lid</td>
</tr>
<tr>
<td>Medium blue soda cup</td>
</tr>
<tr>
<td>Medium blue soda lid</td>
</tr>
<tr>
<td>Medium brown coffee cup</td>
</tr>
<tr>
<td>Medium brown coffee lid</td>
</tr>
<tr>
<td>Medium brown coffee sleeve</td>
</tr>
<tr>
<td>Medium brown coffee stirrer</td>
</tr>
<tr>
<td>Medium white coffee cup</td>
</tr>
<tr>
<td>Medium white coffee lid</td>
</tr>
<tr>
<td>Medium white coffee sleeve</td>
</tr>
<tr>
<td>Medium white coffee stirrer</td>
</tr>
<tr>
<td>Medium yellow soda cup</td>
</tr>
<tr>
<td>Medium yellow soda lid</td>
</tr>
<tr>
<td>Small blue soda cup</td>
</tr>
<tr>
<td>Small blue soda lid</td>
</tr>
<tr>
<td>Small brown coffee cup</td>
</tr>
<tr>
<td>Small brown coffee lid</td>
</tr>
<tr>
<td>Small brown coffee sleeve</td>
</tr>
<tr>
<td>Small brown coffee stirrer</td>
</tr>
<tr>
<td>Small white coffee cup</td>
</tr>
<tr>
<td>Small white coffee lid</td>
</tr>
<tr>
<td>Small white coffee sleeve</td>
</tr>
<tr>
<td>Item</td>
</tr>
<tr>
<td>-----------------------------------</td>
</tr>
<tr>
<td>Small white coffee stirrer</td>
</tr>
<tr>
<td>Small yellow soda cup</td>
</tr>
<tr>
<td>Small yellow soda lid</td>
</tr>
</tbody>
</table>

**List B**

<table>
<thead>
<tr>
<th>Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cup, coffee, large, brown</td>
</tr>
<tr>
<td>Cup, coffee, large, white</td>
</tr>
<tr>
<td>Cup, coffee, medium, brown</td>
</tr>
<tr>
<td>Cup, coffee, medium, white</td>
</tr>
<tr>
<td>Cup, coffee, small, brown</td>
</tr>
<tr>
<td>Cup, coffee, small, white</td>
</tr>
<tr>
<td>Cup, soda, large, blue</td>
</tr>
<tr>
<td>Cup, soda, large, yellow</td>
</tr>
<tr>
<td>Cup, soda, medium, blue</td>
</tr>
<tr>
<td>Cup, soda, medium, yellow</td>
</tr>
<tr>
<td>Cup, soda, small, blue</td>
</tr>
<tr>
<td>Cup, soda, small, yellow</td>
</tr>
<tr>
<td>Lid, coffee, large, brown</td>
</tr>
<tr>
<td>Lid, coffee, large, white</td>
</tr>
<tr>
<td>Lid, coffee, medium, brown</td>
</tr>
<tr>
<td>Lid, coffee, medium, white</td>
</tr>
<tr>
<td>Lid, coffee, small, brown</td>
</tr>
<tr>
<td>Lid, coffee, small, white</td>
</tr>
<tr>
<td>Lid, soda, large, blue</td>
</tr>
<tr>
<td>Lid, soda, large, blue</td>
</tr>
<tr>
<td>Description</td>
</tr>
<tr>
<td>------------------------------</td>
</tr>
<tr>
<td>Lid, soda, medium, blue</td>
</tr>
<tr>
<td>Lid, soda, medium, yellow</td>
</tr>
<tr>
<td>Lid, soda, small, blue</td>
</tr>
<tr>
<td>Lid, soda, small, yellow</td>
</tr>
<tr>
<td>Sleeve, coffee, large, brown</td>
</tr>
<tr>
<td>Sleeve, coffee, large, white</td>
</tr>
<tr>
<td>Sleeve, coffee, medium, brown</td>
</tr>
<tr>
<td>Sleeve, coffee, medium, white</td>
</tr>
<tr>
<td>Sleeve, coffee, small, brown</td>
</tr>
<tr>
<td>Sleeve, coffee, small, white</td>
</tr>
<tr>
<td>Stirrer, coffee, large, brown</td>
</tr>
<tr>
<td>Stirrer, coffee, large, white</td>
</tr>
<tr>
<td>Stirrer, coffee, medium, brown</td>
</tr>
<tr>
<td>Stirrer, coffee, medium, white</td>
</tr>
<tr>
<td>Stirrer, coffee, small, brown</td>
</tr>
<tr>
<td>Stirrer, coffee, small, white</td>
</tr>
</tbody>
</table>

"A Tale of Two Lists"

The lists have the same content, but the descriptions are different.

(fig. 12)

Finding one item on either list is easy, but what about looking for groups of items? More often than not, you’re going to need to view your items by their type, and not their size or color. Anything can be small, large, blue, red, etc.. But a “cup” is a “cup” and a “lid” is a “lid” etc...

List A is great if you need to locate all of the large things in your facility, but that request will happen about never. “Quick, get me all of the large stuff!” On the other hand, List B is great if you need to locate all of your cups, and that mission is much more likely.
List A makes it easy to find adjectives, while List B makes it easy to find things. And your inventory is a collection of things, not adjectives. Using the description format we recommend, you'll be able to view similar items at a glance, and spare yourself from hunting through your item lists. What kind of information should be contained in your item descriptions? Anything required to uniquely identify an item and no more. For instance, if the brand name of an item is important, then it should be in the description, because it’s different from a similar item of a different brand. But if the brand doesn’t matter to you, then you should leave it out of the description. Also, don’t put information like the location, expiration date, or other temporal qualities into the description. These things are better tracked in “Custom Transaction Fields”

SECTION 5: How to Create Good Item Numbers for Products in Inventory

If you have the chance to create item numbers from scratch - don't screw it up.

Item identification numbers (item numbers) are used to uniquely identify items that you carry in inventory. Some companies will call them “part numbers”, “model numbers”, “product codes”, SKUs, etc... But whatever you call them, item numbers are important for you, and the systems you use. If you or your system can’t uniquely identify an item, you can’t effectively account for it’s activity and whereabouts within your inventory. Item numbers also serve as a shorthand for longer item descriptions. Instead of entering an entire name or description for an item, you can use a much shorter item number. This speeds up the process of data entry and inventory management.

Retail products, and big companies often use long and complicated numbers for their item numbers. These are fine if you're operating a complex warehouse or retail operation. And if this makes sense for your operation, then you probably already have a numbering scheme and don't need to read much further. But if you want to create a system that's easier to work with and uses your own item numbers, here are some of our recommendations.

Good Item Numbers will Make Your Life Much Easier!

Tips on Creating Item Number Schemes

- Unless you are forced to do so by something out of your control, never start an item number with a zero. Just trust us on this.
- Avoid using letters that can be confused with numbers. The main culprits are O,I, and L.
• DO NOT use a manufacturer's serial number or part number for your part number. These numbers are often too long and cryptic. Plus, if you switch suppliers, or the manufacturer changes their number it becomes meaningless to your organization.

• Keep item numbers short - but not so short that they could be mistaken for other numbers (i.e. quantities). 4 - 8 characters will suffice for most organizations.

• Do not load item numbers with meaning - do not try to use the item number to describe your product. This will only make your numbers longer, and more complicated. Save this information for the item description.

• Consider using a few letters. Letters will help further distinguish your item numbers from other numbers, and they will greatly increase the number of possible item numbers you can have while keeping the overall item number length as short as possible.

• Using a few letters from the beginning of your item description at the beginning of your part numbers will make it much easier to look up items in pick lists. For example, if you were creating an item number for “Sauce, Chocolate” you might create the number “SAU101”, “Sauce, Caramel” “SAU102” etc...

• Avoid loading inventory item descriptions with more information than absolutely necessary. Information such as vendor names, manufacturer, country of origin, expiration dates, and so on belongs in the "item details", or" transaction details", areas where it can be used more effectively.

• Do not use characters that might confuse people or software. For example, using a comma in your item number might make it look like a quantity or price. Using a "\" can result in Excel formatting your part number as a date. Symbols such as "<", ",", and "*" can have unintended consequences when moving data between Clearly Inventory and your spreadsheet program. Try to keep your item numbers simple and alpha-numeric where possible.

SECTION 6: How to Create Unit of Measure Names

Units of Measure - Something you Probably Never Think About

“Units of measure” are terms that give meaning to quantities. Common units are; ea., pc., ft., lbs., gal., etc... When they do their job, you hardly notice them. But if they are missing, confusing, or unclear, they will cause problems - ranging from minor headaches and annoyances to massively expensive blunders. To keep units of measure consistent and to make sure that the people in your organization use the same variations of units, Clearly Inventory allows you to set up a table of "approved" units of measure. You can lock this table so no one can change it. So, let’s take a second and think about our units of measure before we create our list.
Things to consider when creating your unit of measure labels:

**Tips on Creating Units of Measure**

- Unless it will confuse the meaning of the unit of measure, consider keeping all of your abbreviations lower case. For example, “lb.” instead of “LB” or “Lb” or “ea.” instead of EA.

- Try to incorporate both the singular and plural forms of the unit of measure into one term. For example, instead of having “crate” and “crates” as units, consider one unit of measure called “crate(s)” that can apply to any quantity.

- Try to avoid using multiple units with the same meaning. For example, instead of using both “pc” and “ea” (for piece and each) decide on one only.

- The “default unit of measure” should be the units in which you usually purchase or stock an item.

Setting up a consistent style for your units of measure is a good habit. It will make your software and reports look clean and clear, and make many of your lists easier to read. No matter what Units of Measure you use, or how you apply them, you must remain consistent with their spelling and appearance. You don’t want to use ea., ea, Ea, EA, ea(s), and EA. when you want to say “each”. Pick one abbreviation and apply it consistently.

**SECTION 7: How to Count Your Inventory Items**

**The Hardest Part**

The count we’re concerned with here is your initial count. Maybe you’re counting your stock levels for the first time, or perhaps you don’t trust your current numbers and want to start ‘clean’. Whatever the reason, if you’re going to get a complete count of your stock, this document will provide help and insight. If you already have a trusted picture of your current inventory levels and don’t feel the need to visit this subject, than you can certainly skip this section. If you're using Clearly Inventory, this section will explain how to get the information you will need to load in the "current inventory" table.

**Tips on Performing an Initial Count of your Entire Stock**
Key Decisions to Make Before Conducting your Count

- Why are you counting your inventory?
- What are you going to count?
- Where are you going to count?
- When are you going to count?
- Who is going to be doing the counting?

Why are you counting your inventory?

You probably already have a good reason for counting your inventory. But this is a good time to consider other benefits to keeping track of your inventory, and the reasons for tracking it. The following list of reasons is meant to remind you of common reasons for tracking inventory, as well as stimulate your imagination as you think about why you're doing this.

Asset Tracking and Valuation

Most businesses have a large part of their capital tied up in assets. These assets may be things like buildings, automobiles, machinery, furniture, fixtures, equipment, computers, etc… Often businesses need to know the value of these assets along with other information as to where they are, when they were purchased, for how much, etc.. Your accountant may need this information, banks, insurance companies, partners, people in operations, and management. You can’t get the best use of your assets if you only have a vague idea of what they are, where they are, and what they cost. This is as good a time as any to count your longer term assets.

Managing Stock Levels

Can you save money while still delivering your products on time? Are you chronically over ordering certain items? Do you need to free up space for other products? If these business decisions are important to you, then you will need to have a count of the items that may be involved.

Anticipating Demand

If you are in a business or enterprise that experience demand changes based on the seasons, time of year, holidays, days of the week, etc… Then you will want to have an accurate count of those
items that are most affected by these factors. You’ll want to know how much of an item you used last time, and how much was left over so you can decide how much to buy this time.

Shrinkage, Theft, & Loss control

If people know that no one’s keeping track of things, they will tend toward carelessness at best, and outright theft at worst. When an organization demonstrates through actions that an accounting of its goods and equipment is a regular part of their operations, people will know that someone’s paying attention, and they had better do so as well.

Insurance

If disaster strikes how quickly will you be able to account for all of your stock and equipment? And if you keep track of these things, where are those records kept? On site? When considering why your counting your stuff, ask yourself what you’d want to know if everything was gone tomorrow. What would your insurance company want to know?

Accounting

Do you need to provide your accountant with a value of your current inventory at the end of every fiscal year? Will you need to at some point in the future? A solid record of your inventory can make an annual chore that people dread into a task that can be completed in seconds. And if something’s easy to do, chances are, it will get done.

Location Decisions

Will you want to know where the most frequently accessed items are located? Will you want to know the locations of your most valuable stock? Lots of small businesses set up their storage locations by feel, or sometimes by habit. Once you get in the practice of tracking your inventory, you’ll be able to make better decisions on the best locations for your stock.

What are you going to count?

Why your tracking inventory should lead directly to what your going to count. It may seem overly simplistic, or obvious to have to specify what is going to be counted, but if you put a little thought into this, it will help deal with questions that are bound to arise during a count. Even a sole proprietor will be helped by making these decisions in advance, because you want to spend as little time as possible thinking during an inventory count and maximize the time spent
counting. Also, anyone helping with the count will need to know what to count. Here are a few common categories to help inspire you.

_Sale-able Items_

Anything that may be sold to a customer. By far the most popular category of item.

_Maintenance Items_

Many larger companies use Clearly Inventory to track maintenance items. They find that it's easier to use a simple web based application instead of trying to use their complex internal systems.

_Raw Materials_

Clearly Inventory's Bill of Materials function makes it easy to automatically deduct raw materials when making a finished good. If you track raw materials, you'll be able to take advantage of this feature.

_Furniture, Fixtures, & Equipment_

Because it's so easy to segment your inventory in Clearly Inventory, many companies decide to use the application to track their hard assets as well. This can be a valuable record, in the event of a disaster, for accounting purposes, and to monitor damage, theft, or usage.

_Rental and/or Movable Equipment_

The "Move" function in Clearly Inventory makes it easy to track the movement of items across lots of locations, including temporary locations like events, construction sites, or other field operations.

_Cars, Trucks, Vans, Containers, Etc..._

It's not uncommon for larger operations to have many vehicles, and given enough time and personnel turnover, some companies even 'forget' how many vehicles they have, or where they are. So consider tracking these items in Clearly Inventory as well.
Where are you Going to Count?

Some operations have only one or two locations, while others have thousands. But even the smallest operation may benefit from this checklist of 'locations' where items may exist that need to be counted.

Physical Areas

It's not necessary that you count everything in your entire facility at once, so you may wish to break down your counting activity by physical area. Make sure everyone knows which areas will be counted in advance.

Items that are "In Transit"

We recommend that customers create "descriptive locations" to help account for ALL of the items that are in their system. You may want to count items on order, in transit to outside operations, job sites, customers, or outstanding returns, or anything that is being shipped to or from your facility.

Company Agents, Sales Reps, Maintenance Vehicles, etc...

Lots of organizations have inventory that's kept in a mobile location like a service truck, or sales rep's car, etc.. Will you be counting these items? If so, you'll need to notify the responsible parties of what to count, and how, and when, to count it.

Items Held by Third Parties

Don't forget to count items that are out for 3rd party operations or services, items on loan, or assets held by vendors such as tooling.

Job Sites, Events, Customer Sites, or Other External Locations

Don't forget remote locations that may not be easy or convenient to count and may require coordination with people 'on site'.
When are you Going to Count?

It's very difficult to perform counts during operating hours, and hope to get an accurate count, so try to plan your count during 'off hours' if possible. Also, make sure that everyone involved with the count knows when the count will occur, especially those people who are not 'on site'.

Come up with an estimate of how long it will take to count your stock. Knowing a ballpark figure of how many hours it will take will help you determine how many people will be needed in order to finish the count in the actual amount of time you have available. To get a good estimate, perform a practice count of a fraction of your stock, and then multiply that time by the remaining areas to be counted. This will give you the total "person hours" required to count all your stock. Divide this number by the amount of time available, and you'll have the number of people necessary to meet the deadline. Finally add one person to this number to account for the 'drag in efficiency' of having to manage as well as count.