

Five inventory management tips for hospitality SMEs

As a business owner in the hospitality industry, you have a lot on your plate. Staff management, financial planning, compliance with industry standards, menu development, special promotions, customer service - the list sometimes seems endless. The last thing you need is being overwhelmed by something that can get your head in a serious spin: inventory management.



Trevor Gosling, CEO, Lulalend

According to Trevor Gosling, CEO of Lulalend, poor inventory management can undermine your profits, customer experience and long term financial stability. “Letting customers down with poor stock can result in a damaged reputation that can have significant negative effects on your business in the long term. Thankfully, business owners can rely on some core inventory management principles to ensure this aspect of your business supports – instead of undermines – your success.”

1. Check the stock when it's delivered

Inspect the products, checking that the correct quantity has been delivered and that the items are not damaged. As far as food items are concerned, be sure to check that the best-before dates are not imminent. Don't waste your hard-earned money on stock that won't yield any profit. A careful look at new stock will help you pick up shortcomings in the items received and improve the overall efficiency in the day to day running of your business.

2. Track and analyse your inventory

Are you overspending on your stock? With proper care, you can evaluate how much you need to spend so that you have enough to meet your needs while avoiding excess produce that will only go to waste. It's a good idea to keep track of the most popular menu items, as this will give you a good indication of what you need to purchase more of and what you can cut down on. Estimate how much inventory you will need based on prior sales or seasonal demand and change these based on shifting customer preferences and new sales trends.

3. Store stock in a secure place

Produce like meat, vegetables and fruit should be purchased on a regular basis so that your meals are always fresh. Non-perishable items like tinned food can be purchased in bulk since this has a longer shelf life. Make sure you store all items in the correct conditions so that they won't spoil. This will not only save you money, but it's kinder to the environment since discarded food ends up in landfills where it rots and releases harmful greenhouse gases. According to CSIR principal scientist for pollution and waste, Dr Linda Godfrey, a third of all food produced in South Africa is wasted. At an alarming cost of roughly R60bn a year that's equal to 2.1% of our Gross Domestic Product (GDP).

4. Use software to manage your stock

Get a little help from technology to lighten the load and improve productivity. There are many applications designed to help you effectively manage stock. Some great online tools include the Goods Order Inventory System (GOIS Pro) – a web and mobile application designed specifically to address the inventory management needs of SMEs. This app can be used both online and offline, making it easier to help your business automate inventory processes. If you're looking for a free version

of software, then opt for Stockpile. This online inventory system for small businesses gives you valuable information about inventory turnover with great reporting functionality.

5. Find trustworthy people to manage stock

Even if you're using software, you still need people that will help control your inventory. Generally, it's best to hire two staff members to perform this function. Two sets of eyes make it less likely that anything will be missed during the inventory count. Alternatively, if you can't afford to hire staff to count stock, ask existing staff to do it as part of their duties, or manage this area yourself if you have the time. Whether you hire staff or conduct the stock check yourself, make sure that this is done on a regular basis.

If you know that investing in staff or purchasing inventory software will help your business, don't let a lack of capital stop you. Don't put off investing in the things you need to help you improve your inventory management and grow your business because you don't have the cash flow on hand.

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