



develop a framework for **inventory reporting KPIs**.

When thinking about KPIs for your retail business, a helpful framework is to organize the reports by business unit. The ultimate goal is that each team (or associate) runs the key reports that serve to help them make the best possible decisions for the health of the business. Using these reports to track inventory, you can look for both opportunities and issues such as:

- Dead stock and cash tied up in merchandise that is not moving
- Excess inventory, overhead (carrying costs) that are too high
- Low inventory for high performing stock
- Out of balance inventory or too much inventory in one channel vs another

Here are **3 inventory reporting KPIs** to use as a framework for inventory assessment:

SELL-THROUGH

Sell-through helps assess if your investment is performing well. Depending upon the time period, a low sell-through percentage, say less than 10% per month might indicate your price is too high or you overbought and need to take an action to move the merchandise; a higher percentage of 90% can highlight a hot trend, a price that's too low, or that you were too conservative in your buying.

Sell-through = units sold / stock on hand x 100



FRESHNESS

Monitoring and analyzing the age of your merchandise allows you to assess the liveliness and health of your inventory. Reports that look at product through a holistic lens give an accurate snapshot of how "fresh" your merchandise is. Often, inventory can feel "precious" to retailers and it's important to ask *When did you receive it? How much did you receive? How long has it been in store? How much is left? What are strategic next steps?*



SALES PERFORMANCE

People and inventory are retailer's biggest assets and biggest liabilities. Thus, it's important to understand how effective you are in promoting and selling the inventory you've invested in. These KPI's should assess:

- Traffic & conversions
- Promotional effectiveness
- Individual sales performance and staffing

