

Outsourcing Stocktake Operations

Annual or periodical inventory checks allows to physically verify the number and condition of goods in stock to provide an audit and ensure accuracy of estimated values.

With long and unstable retail working hours many operations, now open on weekends, are experiencing problems performing one of their most critical functions. The lack of time and the willingness of employees to work overnight and return for the next day shift is leading to rescheduling, cancelling or even skipping stock takes.[m2] Moreover frequent changes or additions to the staff doesn't allow a thorough training and preparation for the task.

Unwilling, overworked, tired or untrained personnel perform poorly during the count and checks leaving the management with a large number of errors and high percentage variation. Not to mention the impact of auditors' reports, double checking later on and correcting the mistakes is often more energy and time consuming than the actual stocktake.

Finally the beginning of a new year with significant errors in the inventory will result in hundreds of wasted hours to resolve the various issues presenting throughout the quarters.

Outsourcing operational functions to specialized 3rd party providers is showing steady growth and with good reason. Many aspects of an operation can be undertaken by a specialized outside partner who can bring to the table trained personnel, tested procedures, important experience, know-how optimized through experience, devotion to excellence and professionalism no matter how large or small the particular function.

Relying on a specialized partner for stocktaking is gaining momentum in Europe and starting to trend as best practice.

WH Smith the UK's popular High Street stationer, bookseller and newsagent has outsourced the stock counting function in its High Street stores for nearly ten years.

"WH Smith use third party stocktaking services because it saves time, maintains focus of managers whilst creating independent assessments which are consistent at a professional service level.



Benefits of outsourcing:-

Gains inside intelligence Avoids disruption to stores Improves product file accuracy.
Accurate reports allowing a comparative analysis

Outsourcing creates accurate reports highlighting shrinkage percentages on particular products”
(David Moxon-WH Smith)

Wilkinson UK Ian Cutts, Finance Manager at Wilkinson, said: "We needed a process of counting our stock to item level for replenishment purposes, previous stocktakes had been value only. I was given the project of determining the best way of doing this, initially we had our own staff counting and a number of independent stocktakers. It was decided that an independent audit was required that could deliver the necessary accuracy and a suite of after count reports to measure store performance and plan corrective action"

Outsourcing the operation has multiple benefits for an organization based on their needs.[m3]

Benefits of outsourcing stocktake operation

1. Saves time and effort
 - Planning, coordinating and preparing the staff lists
 - Days of hustle for the HR and Accounts department like overtime payments and weekly hour counts
 - Training new inexperienced staff on the procedures
 - Dealing with the lack of motivation
2. Last minute cancellations are avoided
3. Minimum errors and faster completion
4. Added value
 - the experience from other projects that can help with flawless preparation and organization
 - Best practices for accurate and faster results
5. No disruption of work schedule and regular shifts
6. Allows the management team to focus on the results instead of the counting
7. Independent accurate audit
8. Minimum staff as coordinators are needed from your operation on the spot[m4]



Outsourcing has proven to be the business model of the future allowing partners to perform specialized parts of the operation saving greatly on training, planning, changing operational flow, mistakes and most importantly on time.[m5]

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