



INVENTORY MANAGEMENT

FOR HIGH-GROWTH BUSINESSES

Understand your
inventory to scale
your business



THE IMPORTANCE OF INVENTORY

Inventory, while the very foundation of Consumer Packaged Goods (CPG) businesses, is often misunderstood and underutilized. It is common to see product-based businesses try to manage inventory with complicated Excel spreadsheets that lag behind business needs. In effect, inaccurate inventory counts and skewed margins impact orders, leaving a business's customers, retailers, and distributors disappointed.

The startup food and beverage sector is highly competitive with vast sales and growth opportunities. Over-promising and under-delivering on orders because you're unaware of how much inventory is on hand puts your business at risk of losing an account or, worse yet, an enthusiastic brand evangelist. Both can greatly impact your success and survival.

Having a clear understanding of inventory — what it is, how to manage it, when to manage it, and how to leverage it to scale your business — is a necessary part of business growth. Below is a guide to help those who manage inventory as their primary source of revenue become more in tune with its management.





MEET SARAH:

Sarah's paleo trail mix company is growing quickly, offering 12 SKU varieties on her website, on Amazon, and in regional grocery stores. She uses a co-packer for manufacturing and has received interest from a national retailer to carry her products.

THE CHALLENGE:

Sarah risks setting her business up for failure by over-promising and under-delivering with the national distributor. Why?

- ✦ She has no inventory systems or processes in place.
- ✦ She has no clear understanding of her numbers, how much cash is on-hand, which sales channels are the most profitable, and what she will need to charge to stay profitable in retail.
- ✦ She is unclear on inventory counts, restocking time, and the frequency with which she will need to fill orders.

THE SOLUTION:

BELAY helps founders like Sarah scale their businesses by establishing proper accounting systems and inventory management practices. We provide essential data for confident decision-making, along with proactive inventory optimization and forward-looking planning to support business growth. Read on to learn how.

HOW INVENTORY SUPPORTS GROWTH

Inventory is the single most important asset of your business because it's the primary source of revenue generation. It can also become your biggest liability. The difference between inventory driving success or failure comes down to proper inventory management.

Three core elements drive growth and profitability when managing inventory.

#1

**CLEAR, TIMELY,
ACCURATE
FINANCIALS**

Establishing regular accounting practices is step one toward sustainable business growth.

Clear, accurate, and timely financial data provides confidence in decision-making. It gives business leaders a reliable foundation from which to make big choices. Clear and accurate financials provide insight into past performance and cash flow patterns, as well as the data needed for budgeting and forecasting. This reduces uncertainty and supports strategic planning. The data helps businesses allocate resources efficiently, manage risks effectively, and drive growth with conviction.

#2

**PROPER
INVENTORY
SYSTEMS**

Efficient, scalable inventory management systems are key to growth. Establishing the correct practices and systems streamlines sourcing, tracking, and distribution of materials, ensuring smooth operations and a clear understanding of your cost of goods sold. Our Inventory Workbook helps you manage and optimize processes by mapping out the journey from raw materials to finished goods. When the time comes to implement an Inventory Management System, the data is current, making the transition a smooth one.

#3

**SALES CHANNEL
PROFITABILITY
AND
OPTIMIZATION**

In an inventory-based business, optimizing profitability depends on understanding your margins across different sales channels. By tracking and analyzing the costs and revenues for each channel, businesses can see which ones yield the highest profit margins. This insight helps owners allocate resources effectively, focus on lucrative channels, and adjust pricing strategies. Whether you manufacture in-house or use co-packers, precise inventory management and regular reviews are essential, as they represent significant investments. Knowing your margins ensures that your inventory is not just a cost, but a strategic tool for maximizing profits.

BELAY provides the insight and management to grow your inventory-based business.

HOW TO OPTIMIZE INVENTORY

EXCEL SPREADSHEET

- ✦ Less than 10 SKUs
- ✦ Turnkey Co-packer

There are no hard-and-fast rules when managing inventory. For many product-based businesses just getting started, Excel spreadsheets are an appropriate and cost-effective way to oversee inventory.

QUICKBOOKS ONLINE

- ✦ For smaller businesses under \$5 million in annual revenue
- ✦ Syncs with an IMS, sales sites, and more when needed

For smaller businesses under \$5 million in revenue, QuickBooks Online helps business owners focus on automation and efficiency, which is the ultimate goal while scaling.

INVENTORY MANAGEMENT SYSTEM

- ✦ Cin7 Core or similar
- ✦ Handling more raw materials
- ✦ Multiple warehouses holding inventory
- ✦ Multiple sales channels

As a business grows and there are multiple sales channels selling goods with multiple locations housing inventory, a more robust inventory management system might be necessary. We recommend implementing an inventory management system that integrates with your bookkeeping and accounting systems. This gives business owners a clear view of warehouse stocks and thus the ability to budget to fulfill future orders. BELAY has experience working with a variety of inventory management systems and crafts recommendations based on specific business needs.

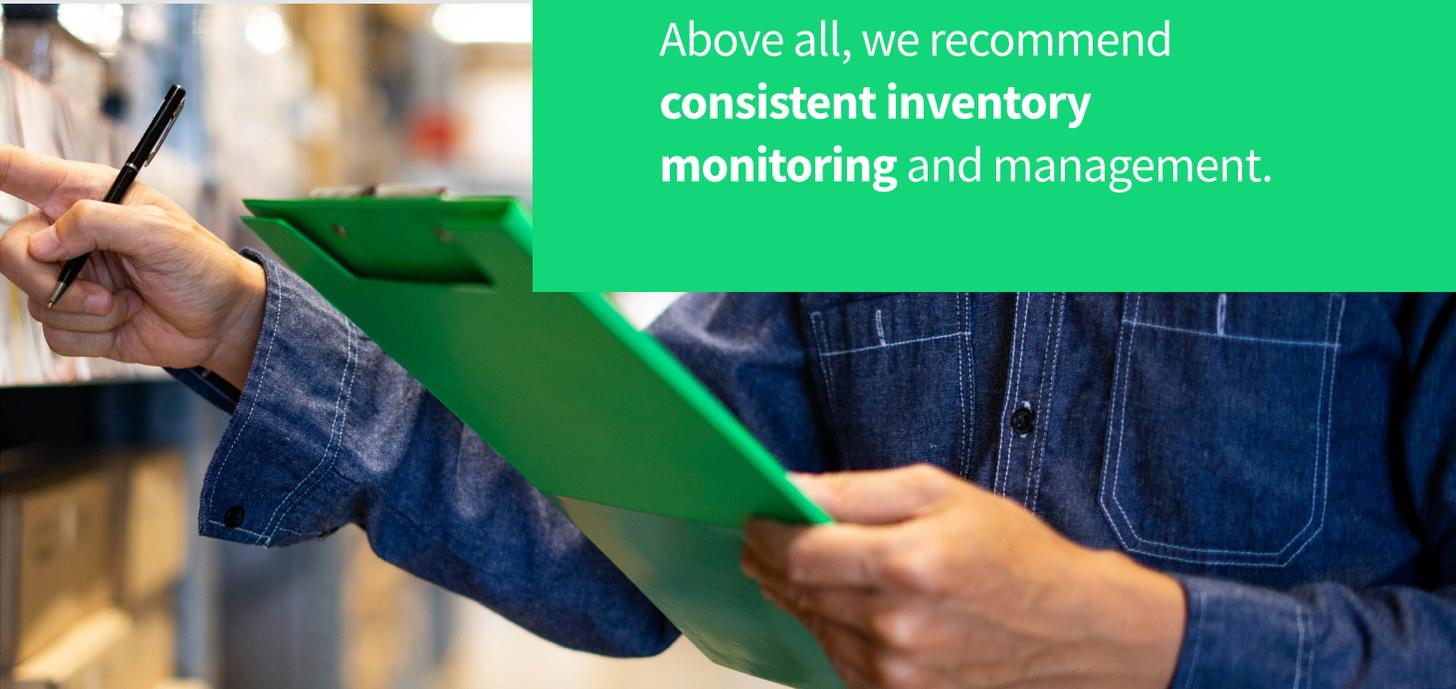
When businesses are starting out, inventory management processes are more important than inventory management systems.

WHEN TO MANAGE INVENTORY

▶ On a daily or weekly basis, be aware of present quantities and prospective sales in the pipeline to make sure you have enough product to fulfill orders.

▶ Perform monthly inventory counts and reconcile what is on hand. Once completed, update your financials to reflect necessary inventory adjustments.

▶ Assess your product costs and supplier relationships quarterly to ensure a good price point and healthy margins. We have had clients transfer co-packing needs to new vendors and find alternative raw material sources to increase margins and grow the bottom line.



Above all, we recommend **consistent inventory monitoring** and management.

HOW TO LEVERAGE INVENTORY

Once inventory is under control and well-managed, it is an invaluable tool. BELAY uses accurate inventory counts and smart inventory management systems to assist business owners in planning for seasonal fluctuations as well as continued growth. We analyze data from sales figures and offer expert guidance that empowers business owners to evaluate new partnerships, products, and revenue streams.

Inventory-Based Businesses Get Ahead By Having an Accounting Team That:



Segments financials and reports profitability by sales channel



Reconciles sales forecasts to inventory quantity requirements



Evaluates cash flow to plan for inventory purchasing and day-to-day operations



Calculates commissions to brokers and sales partners



Accounts for manufacturer chargebacks (MCBs), trade discounts, and other fees associated with retailer or distributor relationships



Reports on industry-specific Key Performance Indicators (KPIs), including velocity and percent of sales by customers

BELAY helps you get ahead of the game by systemizing and simplifying complex inventory management. We set up systems and processes that keep you poised for growth, available to fulfill large orders, and equipped to continue capturing new and returning customers. Staying ahead of those still guessing means growth.



BACK TO SARAH. WHAT'S NEXT?

Now that she knows the steps involved to understand, manage, and grow an inventory-based business, she can take pride in her insight and use her new retail opportunity as a growth lever.

BUSINESS INTELLIGENCE GIVES HER THE COMPETITIVE EDGE

While her competition still plays the guessing game, Sarah out-maneuvers them, making confident decisions based on accurate data — capturing growth opportunities as they arise.

HOW?

BELAY helps her optimize the infrastructure of her business. She went from guessing to truly understanding her business through real-time data.

- ✦ She knows where her assets exist, her cash flow is mapped out, and she has the resources to invest in growth at key times without disrupting cash flow.
- ✦ She knows where her inventory sits and how much is on hand. Her financials already reflect any necessary inventory adjustments. She can place orders proactively, knowing the time and cost involved, keeping her retail partners stocked.
- ✦ She understands her true product costs and regularly assesses her supplier relationships. This data ensures she maintains a good price point, and keeps healthy margins across all sales channels.

CONTINUE THE CONVERSATION:

Inventory management provides a competitive edge by allowing businesses like Sarah's to make informed decisions based on accurate data, eliminating guesswork and reducing stress. This strategic advantage enables you to seize growth opportunities promptly and take pride in truly understanding the health of your business.

To explore how you can enhance your inventory management and gain a similar edge, consider scheduling a time to chat with BELAY.

Identify the next steps to optimize your inventory and drive success.

[SCHEDULE A CALL](#)



ELITE SUPPORT FOR LEADERS WHO **REFUSE BUSYWORK**