# 20 Ways to Reduce Inventories

## Special Report

### Expert Tip & Strategies for Reducing Inventory

AUTOMATED MATERIAL HANDLING

AutomatedMH.com

# 20 Ways to Reduce Inventories

**Most companies estimate inventory carrying costs at between 20% and 35% per year.**

Inventory takes on a lot of different identities within a manufacturing company, depending on who's doing the looking. An accountant sees inventory as an asset, a controller sees it as a liability, a production supervisor considers it a safety net, while a materials manager finds it a tightrope. One common aspect to inventory, though, is that everybody agrees that holding it can be costly. The following are 20 ways to reduce inventory, suggested by

1. Improve forecast accuracy.
2. Re-examine service levels.
3. Address capacity issues.
4. Reduce order sizes.
5. Reduce manufacturing lot sizes.
6. Reduce supplier lead times.
7. Reduce manufacturing lead times.
8. Improve supply reliability.
9. Reconfigure the supply chain.
10. Reduce the number of items.
11. Eliminate questionable practices.
12. Dispose of obsolete inventory, most companies estimate inventory carrying costs at 20% to 35% per year.
13. Convert obsolete inventory into current inventory, then sell it. It may require changing components to bring the product up to current specifications.
14. Return the product to the manufacturer for credit, especially if you are a significant customer. Restocking costs can be less than carrying costs.
15. Sell obsolete inventory to present users. Run a list of all users of the product and offer to customers at discount.
16. Open an employee store.
17. Open an outlet store.
18. Use an online outlet.
19. Sell parts as spares.
20. Export the product.