

# Holiday Tips for Merchandise Planning

## PLAN AHEAD

THESE PROVEN TECHNIQUES CAN IMPROVE FOURTH QUARTER RESULTS AND INCREASE STAFF EFFICIENCY DURING YOUR MOST CRITICAL PERIOD. TAKE THE TIME TO APPLY THESE 10 TIPS:

- 1 Prepare an inventory budget and review it weekly.** Know your cash limitations for merchandise purchases and live within those limits. If you have surprise hot sellers that you need to reorder, this budget review helps determine whether you have cash available to place the orders, or if you need to free up cash by adjusting other orders.
- 2 Adhere to an inventory management calendar.** Identify key marketing dates to reevaluate your demand forecast based on improved information. Every day between now and Christmas is an opportunity to improve forecasts, place reorders, and adjust existing purchase orders. Use this tool as a road map for re-forecast dates. Review your inventory ownership against the new forecasts and improve the timing and quantity of purchase orders.
- 3 Publish a web marketing promotions calendar.** Identify all high-impact web events, when they occur, and the planned featured products for each. The control buyer and web marketer should agree on which products will be featured, when they will be featured, and the expected impact on sales.
- 4 Clean up vendor and product information.** Review and update all of your vendor lead times and product costs. Your reorder cycle depends on accurate lead time information. Incorrect purchase orders based on out-of-date product costs can equal lost days you can't afford. Review your data now, so you don't lose days later.
- 5 Qualify your credit with vendors.** Ensure that your accounting department has credit-qualified with all new vendors. Don't lose time in the buying process waiting for credit approval.
- 6 Establish a weekly inbound purchase order tracking process.** Vendors sometimes misplace purchase orders. Without tracking, you may not be aware until the order doesn't arrive. This can snowball into six weeks of lost time on a domestic order, resulting in many back orders. Import tracking is even more critical, as these purchase orders tend to be larger and the customer implications of late delivery are greater. The visibility you have with tracking also gives you control over expediting partial quantities when needed.
- 7 Forecast demand for drop-ship SKUs.** It's easy to assume your suppliers have inventory on hand. Remember that they share your inventory challenges during the holidays. If they run out, your customers are still disappointed, and you still lose the sales. Help your suppliers stay in stock by providing them with routine forecasts of your expected future demand.
- 8 Provide forecasts of weekly SKU demand to your distribution center.** Share your best estimates of weekly SKU demand to assist your fulfillment center colleagues with bin profiling. Knowing sales volume and timing by SKU is key to their ability to adjust bin size and location at the appropriate times.
- 9 Identify all products that require special handling.** Provide your distribution center with advance notice of products requiring inspection, repackaging, and/or multi-component assembly. Build the handling time into your lead times. If your distribution center requires two weeks for assembly, make sure the component inventory arrives two weeks before you need the inventory. Understand when your distribution center is staffed for special-handling projects.
- 10 Keep purchase order dates accurate in your ERP system.** Provide accurate weekly reporting of incoming back orders, so there are no surprises to the distribution center or customers regarding back orders. Try scheduling 30-minute weekly meetings with operations and control buyers to discuss critical incoming orders.