

HOW TO

CHOOSE INVENTORY MANAGEMENT SOFTWARE FOR RETAIL SUCCESS



CONTENTS

SECTION 1

| | |
|---|--|
| 3 | Introduction |
| 4 | What is Inventory Management? |
| 4 | What is Inventory Management Software? |
| 4 | Inventory Management vs. Order Management vs. Product Lifecycle Management |
| 5 | Inventory Management Software |
| 5 | Understanding the Benefits of Inventory Management Software |
| 5 | Increased Accuracy |
| 6 | Increased Efficiency |
| 6 | Increased Sales |

SECTION 2

| | |
|----|--|
| 7 | Choosing Inventory Management Software for Your Retail Business |
| 8 | What Are Your Current Pain Points? |
| 9 | Building a Tech Stack that Fits Your Business |
| 10 | Types of Inventory Management Software |
| 10 | Entry-level inventory management software |
| 10 | Robust inventory management software |
| 10 | Enterprise resource planning (ERP) |
| 12 | Unifying Your Sales Channels |
| 12 | Offline Sales Channels |
| 12 | Online Sales Channels |
| 13 | Workflows |
| 15 | Features to Consider in Your Inventory Management Software |
| 15 | Inventory Management |
| 17 | Order Management |
| 19 | Reporting |
| 21 | Procurement/Purchasing |
| 22 | Shipping & Fulfillment |
| 23 | API Access |

SECTION 3

| | |
|----|--|
| 24 | Finding Inventory Management Software Options |
| 24 | Recommendations from Your Network |
| 25 | Ask Your Other Partners |
| 25 | Research Online Review Sites |
| 25 | Google It |
| 26 | Making the Final Decision |
| 26 | Look at the Platform |
| 26 | Get Your Team Involved |
| 27 | Customer Service |
| 28 | 10 Things to Ask When Evaluating an IMS |
| 29 | About Stitch Labs |

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SECTION 1

TOPICS COVERED IN THIS SECTION

Introduction

What is Inventory Management?

What is Inventory Management Software?

Inventory Management vs. Order Management vs. Product Lifecycle Management

Inventory Management Software

Understanding the Benefits of Inventory Management Software

Increased Accuracy

Increased Efficiency

Increased Sales

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Introduction

Inventory management is crucial to retail success, yet [43 percent of small businesses](#) either don't track inventory at all, or they track it manually. Whether you're upgrading from manual inventory tracking via spreadsheets or an entry-level inventory management solution, understanding the offerings and options on the market will save you time, improve your inventory accuracy, increase visibility and control, and allow efficient and profitable growth for your retail business.

However, determining which inventory management software is right for you can take a lot of time and research, leaving you wondering where to start.

In this ebook, we'll explore important aspects of choosing the right inventory management software like understanding the different available options, determining your unique pain points, the kinds of features available and how they can help your retail business—all in order to help you be confident in your decision.

What is Inventory Management?

Before diving into what inventory management software is, it's important to understand inventory management as a concept. While at its core, inventory management is about getting a sense of how much inventory you have at any given point across all of your channels, the effects of inventory management spans across all areas of your business.

For example, ineffective inventory management leads to uninformed purchasing decisions, poor customer experience due to stockouts and late deliveries, assets being tied up in inventory, and inefficient and redundant workflows for your team.

Inventory management, when done correctly, can save millions in avoided overstocks, out of stocks, incorrect fulfillments, expensive shipping, and missed delivery times -- all affecting customer experience and ultimately your bottom line.

Depending on the size, type of product, volume count, number of sales channels, and how quickly a brand is growing, inventory management can take various forms for each company. Many retailers start out with spreadsheets, and for some, this critical operational task is handled by an entire team, in combination with tools and other programs.

What is Inventory Management Software? [↗](#)

While [inventory management can encompass the process of tracking stock from manufacturing through to fulfillment](#), inventory management software is a tool that makes that process more efficient while providing you with higher levels of visibility, accuracy and control.

Inventory Management vs. Order Management vs. Product Lifecycle Management

Inventory management software has become somewhat of a catch-all term and often handles much more than just inventory management. However, there are functional differences between inventory management software, order management software (OMS), and product lifecycle management systems (PLMs).

Essentially, inventory management software consists of the business applications that manage inventory for you — it's a back-end solution to tracking transactions that have already occurred. In a similar vein, order management software is also somewhat of a back-end tool, but typically refers to the management of orders and fulfillments from sale to delivery rather than just inventory. Both software are useful in driving sales, as it provides insight into and streamlines the process of getting product into your customers hands.

The third is product lifecycle management systems (PLMs) which breaks raw goods and manufacturing into the various “steps” merchandise takes — from concept through to production.

All of these — inventory management, order management, and product lifecycle management — operate under the overarching concept of supply chain management, and this entire process is often referred to as operational management.

Understanding each and their roles is important, but keep in mind that today’s retail ecosystem often sees the blurring or merging of these once separate processes. It is more important to focus on the abilities and offerings of the platform than the name.

Inventory Management Software

As mentioned earlier, inventory management software has become somewhat of a catch-all term for all of these distinct functions, and often cross into other areas of operations including OMS and PLMs. While not all inventory management software options have the same features, (some focus on the manufacturing process, others on the warehouse, others take a holistic approach), inventory management software is far more robust than the old-school spreadsheet system.

Depending on the type and level of your inventory management software, it’s also common for inventory management software to integrate with other

tools such as your eCommerce site, accounting, fulfillment, and shipping tools, and point-of-sale (POS) systems for brick-and-mortar retail, as well as use barcodes and/or radio frequency identification (RFID) to track stock.

29% of retailers aren’t satisfied with their channel management software.

Understanding the Benefits of Inventory Management Software

Increased Accuracy

In a study conducted by the University of Chicago, 65 percent of one large retailer’s 370,000 inventory records across 37 stores were inaccurate. Without accurate data, your views into your business are skewed — and you could end up making costly business decisions.

Fifteen percent of inventory distortion issues occur when the various software systems can’t talk to each other. However, when a modern inventory management software is seamlessly integrated with other systems a retailer has in place, the risk for human error is reduced and there is a better chance at identifying any discrepancies that do exist.

Increased Efficiency

Inventory management software automates many tasks related to tracking and managing inventory. This frees up time that you or your employees could be spending doing something else — something to grow your business. Additionally, it also helps you and your team make faster, better decisions based on accurate inventory data to ensure that goods are getting to market faster, stores and warehouses are stocked, and you are not missing out on valuable sales opportunities.

Time is money, so any tool that increases efficiency is also going to help you be more profitable.

Increased Sales

Inventory management can have several positive effects on both your growth and profit. The first being the reduction of errors, like out of stocks or mis-shipments which result in lost sales and lost customers. The other is from smarter insights, enabling your business to make more informed decisions, which can ultimately drive sustainable revenue and scalable growth. “Entrepreneur” reports that retailers can see up to a 50 percent increase in profits with careful inventory management.

Stitch Adds Efficiency Across All Operations

% = Average Efficiency Gain with Stitch



“

“It used to take me 4 hours every time I wanted to upload our inventory. Now, it’s a 15-minute process. That’s 3 hours and 45 minutes of my day, thanks to Stitch, that I can spend on other, more important tasks. And when you release new products as often as we do — sometimes up to three times a week — that’s a lot of time saved.”

– [James Hargett of Chubbies Shorts](#)



SECTION 2

TOPICS COVERED IN THIS SECTION

Choosing Inventory Management Software for Your Retail Business

What Are Your Current Pain Points?

Building a Tech Stack that Fits Your Business

Types of Inventory Management Software

Entry-level inventory management software

Robust inventory management software

Enterprise resource planning (ERP)

Unifying Your Sales Channels

Offline Sales Channels

Online Sales Channels

Workflows

Features to Consider in Your Inventory Management Software

Inventory Management

Order Management

Reporting

Procurement/Purchasing

Shipping & Fulfillment

API Access

Choosing Inventory Management Software for Your Retail Business

Once you're on board with adopting inventory management software to help you meet your business goals, the research and decision-making process begins. It's crucial to make a well-informed choice, as migrating your data and connecting systems requires a time investment upfront.

Roughly **two-thirds** of brands using legacy systems report challenges with scalability, flexibility and customer visibility.

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What Are Your Current Pain Points?

Your inventory management software should provide a solution to existing challenges in your business and for your operations team. Understanding what your pain points are, why you have them, and how inventory management software can relieve them will help you make the best decision.

Here are some questions to ask yourself or your operations team:

- Do we have areas of our operations that act as a bottleneck?
- Are our stock counts constantly inaccurate?
- Do we have too much money tied up in stock?
- Can we understand what stock we have, and where it's located?
- Are we spending lots of time on complicated manual processes?
- Do we have limited time to focus on other areas of the business, such as sales?
- Are inaccuracies common in our reporting and financials?
- Are we missing sales due to out-of-stocks?

Retailers lose **\$1.75 trillion** annually because of out-of-stocks, overstocks, and returns

- Do we often order too much or too little inventory?
 - Do we lose money due to shrinkage?
- Shrinkage cost retailers **\$60 billion** in 2015.
- Have we successfully connected sales data across all sales channels, both online and offline?

STITCH LABS CUSTOMER EXAMPLE

For Stitch Labs customer [Purse & Clutch](#), before upgrading from spreadsheets to a true inventory management software, they were guessing how much product to order and which products were selling.

“Stitch has made it possible for us to operate as a true business... Stitch will allow us to sync our sales with our website and make better predictions on inventory we need to purchase. And as we expand to more wholesale groups, we will be able to see which wholesalers to continue ordering from, based on how well they perform.”



– Jen Lewis, founder of Purse & Clutch

- Do we spend a lot of money on inventory storage?
- Is our forecasting consistently inaccurate?
- Are our shipping costs out of control due to inefficiency?
- Is inventory spilling onto the sales floor?
- Do we consistently miss shipping timelines?
- Do your operational systems limit the way you can market your products or slow down your marketing experimentation?
- Are our customers suffering from a poor experience due to delayed or inaccurate shipping information?

89% of consumers will do business with a competitor after having a poor customer experience.

Building a Tech Stack that Fits Your Business

Retailers use a number of tools for different areas of business operations. Oftentimes, the best tools integrate (or talk to) one another, marrying data and providing retailers a holistic overview of your business.

Your inventory management software is no different. When shopping for the right option for you, consider how it fits in with your existing tech stack as part of your “operations command center.” Choosing inventory management software that integrates with your existing tools ensures that you have complete insight, control, and flexibility to operate your business as you see fit.

Some inventory management solutions boast that they can offer an all-in-one solution, spanning various areas of your business. This may very well be the case, but generally, it’s best to let your inventory management software handle your inventory, and other tools handle their respective areas of speciality. While there are clear benefits of leveraging your inventory management system for financial analysis, you’ll be hard-pressed to find inventory management software that does accounting better than an accounting tool or to find an accounting tool that does inventory management better than a made-for-purpose inventory management system. A strategically built tech stack utilizes a number of best-in-class tools that integrate with one another to provide a holistic view and control of your business.

- [27% of small to mid-sized retailers](#) find disparate systems the top inhibitor to growth.
- [77% of retailers](#) rank inventory planning and visibility as the top needed omnichannel capability. 94 percent of retailers face significant barriers to integrating their channels and operations for a truly omnichannel business.

Inventory management software should integrate with all your online and offline sales channels (more on that in a bit), but there are other aspects of your business to consider, too. Take stock of the existing tools you use, and consider how they’ll integrate with the inventory management software of your choice.

- [Accounting](#)
- [Warehouse management](#)
- [Third-party logistics \(3PL\)](#)
- [Electronic data interchange \(EDI\)](#)
- [Shipping and fulfillment](#)
- Payment processing

Days of inventory outstanding has risen [8.3%](#) the past five years, and the number of warehouses is on the rise. That’s a lot more inventory and stock to keep track of.

Types of Inventory Management Software

Inventory management software can be broken down into three types, each of which with its own capabilities in terms of integrating into your tech stack.

Entry-level inventory management software

These are smaller, less-sophisticated tools that are ideal for retailers with simpler workflows and business operations. However, there is generally limited capabilities around advanced and automated reporting, order routing, multi-warehousing, 3PL, and fulfillment.

Entry-level inventory management software solutions are viable for retailers who sell on a single channel, have modest order volumes with low growth plans, and have one or no warehouses.

Robust inventory management software

At a certain point, most companies experiencing rapid growth will outgrow their entry-level inventory management software solution and require a more robust option to manage their increasingly complex, multi-channel inventory challenges.

A key differentiator between entry-level and advanced inventory management softwares is that advanced solutions offer more capabilities and features, as well as the ability to integrate with other tools, such as accounting or warehouse management. These integrations allow brands to use a variety of systems to build a custom, best-in-class suite of solutions.

Along with advanced capabilities, these inventory management software solutions are typically built to accommodate rapid growth and scalability. Brands can manipulate these to meet their changing needs and integrate with other tools without requiring significant budget or resources.

This more advanced option is ideal for retailers who are planning to expand, as well as retailers who have are currently in a state of rapid growth. Multi-channel retailers should also look to these robust inventory solutions.

Enterprise resource planning (ERP) [↗](#)

An enterprise resource planning inventory management software solution is the most complete of its kind, offering complex integrations, reporting, and scalability. In fact, it's intended to touch more than the just the inventory and operations aspects of your business — ERPs are typically an all-in-one solution, and thus they're significantly more expensive as well.

Other potential drawbacks to an ERP: They may be slower to use and lack newer, innovative features and functionality that smaller systems can adopt more easily. Customizations could also require additional financial investments and development time. Additionally, because ERPs are meant to be an all-in-one solution, there may be less compatibility with other tools you use across your business.

One thing smaller to medium-sized retailers need to remember is that ERP solutions have billion-dollar retailers on their customer list — smaller retailers run the risk of being deprioritized or lost in the shuffle.

The table on the right is an example of the types of features you'd find in an entry-level vs. robust inventory management system.

| Standard Needs | Advanced Needs |
|---|------------------------------|
| Automated Inventory Tracking | Multi-Warehousing |
| Multichannel Integration & Order Tracking | Barcoding |
| Low Stock Alerts | Fulfillment by Amazon (FBA) |
| Publush Listing Functionality | Third-Party Logistics (3PLs) |
| Sales Channel Reporting | Product Bundling |
| Sales Forecasting | Drop Shipping |
| Shipment Tracking | Predictive Analysis |
| Historical Order Imports & Reports | Wholesale Management |

Unifying Your Sales Channels

Offline Sales Channels

- Your own brick-and-mortar stores

94% of total retail sales are still generated in brick-and-mortar stores.

- Distributing to other brick-and-mortar stores
- Pop-up shops
- Selling at events, festivals, markets, etc.

For your offline channels, one major consideration is how inventory management software integrates with your point-of-sale (POS) technology.

Online Sales Channels

- Your own online store
- Marketplaces
 - Amazon
 - Ebay
 - Etsy
 - Alibaba
 - Jet.com
 - Walmart.com
 - Lesser-known sites like Buy.com, Newegg.com, etc.
- Comparison-shopping sites
- Wholesale
- Business-to-business eCommerce
- EDI

55% of online shoppers would prefer to buy from a merchant with a physical store presence over an online-only retailer.

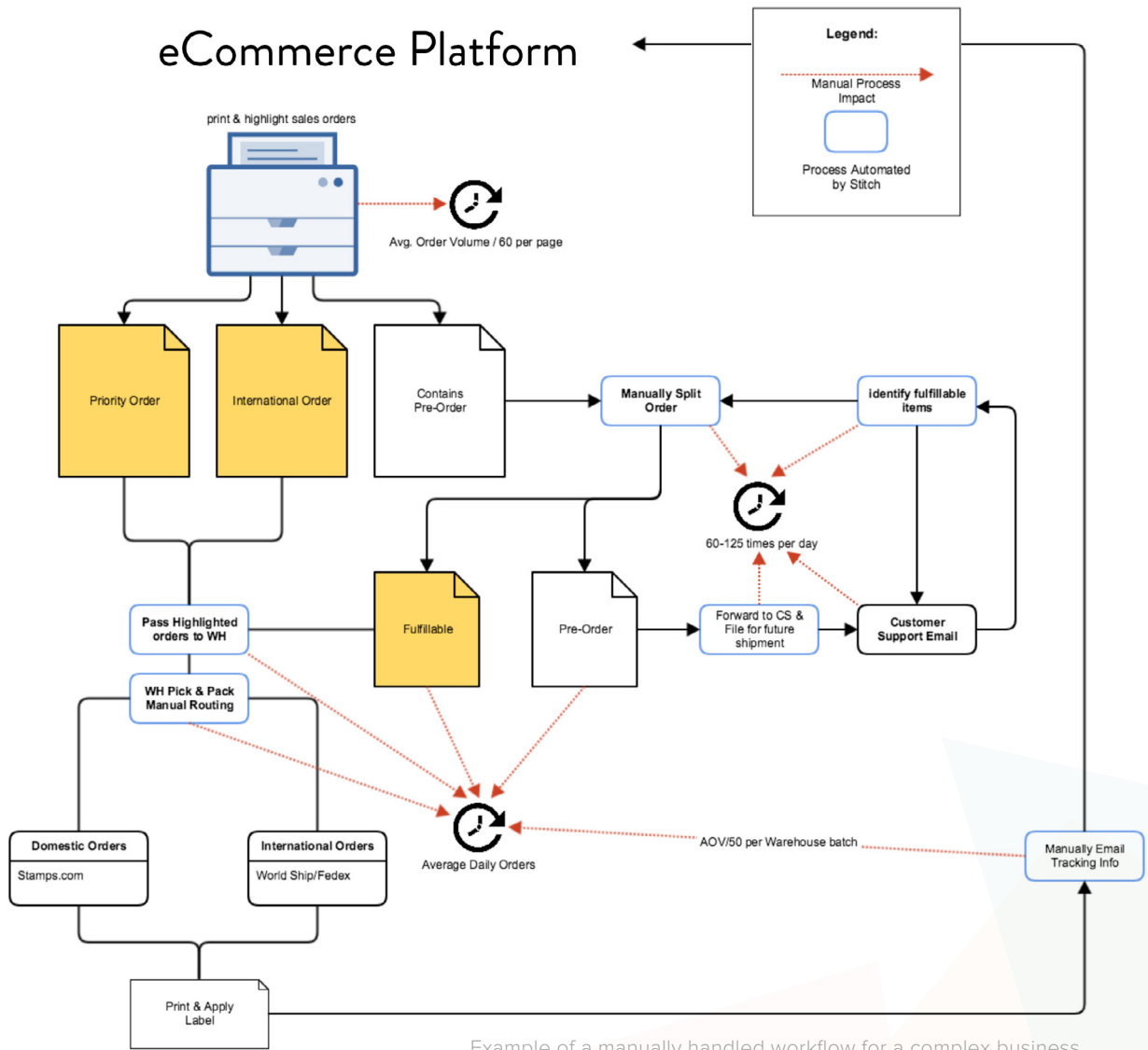
Workflows

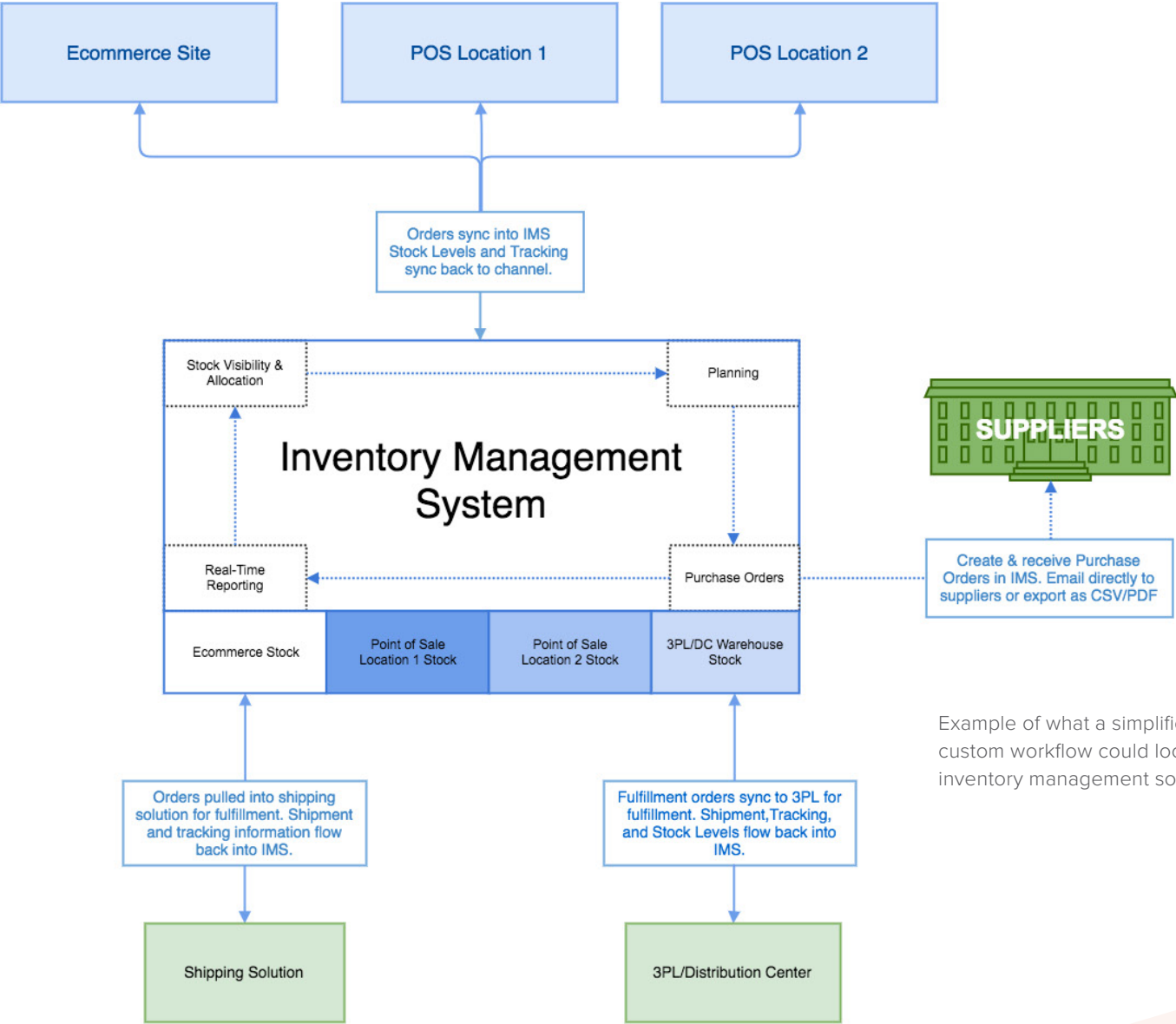
When inventory management software syncs with other tools, it also creates more synergy among workflows. These automated workflows increase efficiency and keep the entire team on track.

As your business becomes more complex, the ability to customize workflows becomes more important. You can set workflows for international and domestic orders, differentiating the necessary steps for fulfillment for each type of order. This also becomes essential for order splitting, pre-orders, and fulfillment routing — the more sales channels, warehouses, 3PLs, and other systems you have in place, the more value these workflows provide. This helps to reduce errors and backlogs.

As you can see in the diagram on the right, manually creating and maintaining workflows can be a cumbersome and confusing process. Having an IMS that can handle these intricate operations will streamline your inventory management and fulfillment processes.

You'll want to find an IMS that allows you to customize workflows to meet the intricacies of your business operations.





Example of what a simplified, custom workflow could look like with inventory management software

Features to Consider in Your Inventory Management Software

Inventory Management

- Inventory/Stock Control
- Multi-Warehousing
- Automations
- Product Categories

Order Management

- Order Syncing
- Order Import
- Product Bundling
- Order Tagging

Reporting

- Forecasting And Planning
- Sales Velocity Reporting
- Cost Of Goods Sold

Inventory Management

An inventory management software solution's most important functionality is in the inventory management itself. There are varying degrees of inventory management, depending on the options you're considering.

Procurement/Purchasing

- Automated Purchase Orders
- Receiving Purchase Orders

Shipping and Fulfillment

- Fulfillment Routing
- Order Splitting

API Access

Inventory/Stock Control [↗](#)

Inventory control, a component of inventory management, tracks what you already have available in-store and in your warehouse(s). This can include merchandise that's in transit from suppliers.

Inventory control should be the main component of your inventory management software. Your required inventory control features may vary.

Stock logs: Stock logs are reports that show the stock you have on hand (within your current inventory system) at any given time. It shows every change you've ever made to stock and average unit cost — as well as resulting changes to inventory assets and cost of goods sold (COGS).

Historical stock: If the inventory management software you choose allows you to upload historical inventory data, this feature will become especially helpful. And after you've adopted inventory management software, historical stock features allows you to view inventory financial information for a given time period.

Third-party stock control: Syncs stock levels from fulfillment by Amazon (FBA) or an integrated 3PL to a corresponding warehouse — so if you currently use or plan to use FBA or 3PL, you'll be best suited with inventory management software that can accommodate those needs.

Retailers who carry lots of SKUs and use many sales channels should look for inventory management software that has more robust inventory control features. If you plan to keep your handmade goods on Etsy, for example, third-party stock control becomes obsolete.

Multi-Warehousing [↗](#)

If you currently or plan to have more than one warehouse, multi-warehousing will be an essential inventory management feature. This provides insight into stock across all warehouses and syncs the data in a single place.

Multi-warehousing features may also allow you to set default warehouses for fulfillment for orders that meet your chosen criteria. For example, if you have a warehouse in California and one in Florida, you can set all West Coast orders to be automatically fulfilled by the California location, while East Coast orders come from North Carolina.

This is important because it will allow to both get your products to your customers faster to provide the best customer experience while also allowing you to control the cost of shipping, which can easily eat into your profit margins.

Some inventory management software will also allow you to set secondary warehouses, in the case that your primary warehouse is out-of-stock. This can prevent backorders and help maintain efficiency in fulfillment.

Another functionality to consider is the ability to transfer stock between warehouses. This will also prevent delays in fulfillment and help you free space in warehouses for new stock.

Automations

It's no secret that automations save retailers valuable time and money. Inventory management software can also [automate inventory-related tasks](#), such as:

- Reorder points
- Automatic replenishment
- Low stock alerts
- Reporting
- Order processing/fulfillment
- Stock transfers

See also: [Guide to Effectively Managing Inventory](#)

Product Categories

The more SKUs and product categories you have, the more this feature becomes important for your business. Some retailers may have one or a small handful of products, which lessens the importance of this feature. However, if you're planning to grow and introduce new products in the future, product categorization is a feature you'll want to have.

Product categories help retailers analyze and forecast sales more accurately. Some inventory management software will allow you to search products by product category, which is especially helpful if you have many SKUs.

Order Management [↗](#)

You can find tools that handle order management specifically. Order management software emphasizes order entry and processing — from initial customer inquiry to organizing fulfillment (pick/pack/ship), invoicing, and tracking delivery.

While traditionally built for front-line sales and support (think old-school catalog companies), modern order management software can process multi-channel eCommerce orders, and sometimes includes shipping software.

For a goods-based business, order management and inventory management are fundamentally linked. To manage orders well, retailers need to know what they have and where they have it. To manage inventory well, brands need accurate and up-to-date sales data.

Most order management solutions will boast inventory tracking capability, just as inventory management solutions boast order management features. If your business model emphasizes one need over the other, it's worth seeking out a focused partner.

If you need to manually key in lots of orders or want to keep fulfillment in-house via an all-in-one solution, order management software may be just the ticket. If, on the other hand, you need comprehensive inventory management more than you need manual order entry and/or integrated shipping, a focused inventory solution with order management features will likely deliver more value.

Order Syncing

When selling on multiple channels, it's imperative to sync order data across your entire business. Otherwise, you run the risk of selling product you don't actually have — which in turn causes disruptions to fulfillment and poor customer experiences.

The way inventory management software options handle order syncing varies. If you're only on two channels, your order syncing needs are less complex. But the more channels you add, the more capacity for order syncing you'll need. And if you're moving a lot of product, you'll also want to find a solution that can handle order syncing in real-time.

Order Import [↗](#)

When adopting new inventory management software, it's ideal to be able to import historical order data from your previous inventory management method. Many times, you'll be able to upload this information via a CSV file.

However, not all inventory management software can accommodate for this data import. If that's the case, you'll need to determine how essential it is to have this data in one place. If you've been in business for a short amount of time, this isn't too much of a loss. But if you have years of order data, you'll want to look for a solution that can accommodate an order import.

Product Bundling [↗](#)

Bundling allows you to group products together and sell items as a package with adjusted price points. This tactic can help increase overall revenue while allowing you to introduce new products, move out excess inventory, and give customers perceived added value.

- There are a few types of product bundling strategies:
- Add-ons (adding a case to a laptop purchase)
- Multi-packs (packaging multiples of the same item)
- Accelerators (combining slow sellers with best sellers to clear out inventory)

Some inventory management software will allow you to bundle products and variants. Once those bundles have been created, the software will treat it as it would any other product you're tracking, updating stock counts, orders, and other relevant data.

If you frequently bundle products or want to add this to your sales strategy, you'll definitely want to find software that has this functionality.

Order Tagging [↗](#)

Order tagging is another feature that allows you to get more granular in your inventory management practices. Essentially, order tagging allows you to add descriptors or categorizations for products that are not built into the inventory management software. You'll be able to streamline search, receive more robust and insightful reporting, and collaborate with team members.

One example in which order tagging is valuable is if you sell wholesale. You can use tags to communicate detailed order statuses on wholesale orders (Approved) and purchase orders (Awaiting Authorization, Awaiting Confirmation, and Pending Delivery).

Reporting [↗](#)

The more sales channels and SKUs you introduce, the more important reporting and planning becomes. In other cases, these features aren't as valuable. For example, if you're a solopreneur who sells your paintings on Etsy, reporting is easier to accomplish manually. But if you sell third-party goods on Amazon and Ebay, reporting gets more complicated and the risk of human error increases.

Retail brands that have multiple or larger teams also benefit uniquely from reporting functionalities in that it helps break silos so that information is shared freely and quickly. From inventory planning and purchasing to finance and fulfillment, inventory management software with more robust and advanced reporting and planning capabilities will unify cross-department data to align teams around a single trusted data source.

Reporting and planning reduces inventory risk through informed decisions and actionable insights from accurate inventory, sales, and purchase data.

Forecasting and Planning [↗](#)

Forecasting and planning helps retailers understand demand for specific types of products and proactively order/reorder the correct amount of stock. The more data used to forecast, the more accurate your forecast will be. When shopping for inventory management software, consider how each tool executes

the forecasting and planning features. At Stitch Labs, for example, the order and inventory data that go into the reports is updated daily.

When you forecast accurately, you can reduce the amount of cash you have tied up in inventory and make data-driven purchasing and allocation decisions. It also helps avoid stockouts, as you're able to plan across all channels — as long as your inventory management software has this capability.

[It's reported that an inaccurate forecast in demand once cost Nike \\$100 million.](#)

Sales Velocity Reporting [↗](#)

A sales velocity report will tell you how quickly your inventory is selling, measured across multiple time intervals. You can then use these measures to identify items whose sales are picking up, holding steady, or slowing down. This tells you how your inventory is performing as well as when and whether to repurchase.

The more robust the reporting, the deeper the insights. For example, you might be able to break down the sales velocity report by customer groups. Doing this will help you see sales cycles and how they differ among your existing customers. This information is not only helpful to your operations team, but it can also inform your sales and marketing efforts, too. The data can inform marketing campaigns, as well as cadence for ads and email promotions.

Cost of Goods Sold [↗](#)

The cost of goods sold (COGS) refers to the direct costs of the production of the goods sold in your company. This includes the cost of materials and labor used to produce the merchandise.

There are a few methods of calculating COGS:

First in, first out (FIFO): The FIFO method is based on the assumption that the first items you obtained are also the first ones you sell. Because the expenses needed to obtain the goods may vary over time, FIFO accounts for the most current costs, since the last items purchased are theoretically still in stock. This is especially useful for retailers who sell products that expire quickly, such as perishable items or trendy fashions. (This also means you need a super-organized warehouse.)

Last in, first out (LIFO): The LIFO method is essentially the reverse of the FIFO method of calculating COGS — it assumes that the most-recently obtained products are also the first ones to sell. This one gets a bit dicey, as many companies may use it to reduce their reported/taxable income. If your top inventory management software choices use the LIFO method to calculate COGS, you may want to do some further digging as to why and how this may affect your business (and if it's legal where you are).

Weighted average cost: To calculate the weighted average cost, divide COGS available for sale by the number of units available for sale. This accounts for the sum of the inventory you started with and net purchases during a given time period. (This is the method Stitch Labs uses.) The COGS is an average calculation, a figure somewhere in between the actual COGS of the oldest and newest products you sold during a given time period.

“

“The analytics and reporting in Stitch shows us what products are moving quickly and where we are making or losing money. Stitch has transformed the way we do business by allowed us to see live data instead of pulling reports from multiple sources and hoping all the data matched up.”

– Ian Senft, Product Manager at Powder City

Procurement/Purchasing [↗](#)

Purchase orders are necessary for retailers who work with suppliers; they serve as the contract between you (the buyer) and the seller. Many retailers [create and manage purchase orders](#) manually, which is time-consuming and tedious. Inventory management software can often make purchase order generation easier and can even automate it.

Automated Purchase Orders

Automate purchase order generation is especially helpful for retailers who order a lot of supplies. Some software will enable you to set notifications for when products are nearing their calculated reorder date, and from that notification, you can approve an auto-generated purchase order draft with default order quantities and supplier information. If you have multiple team members involved in this process, auto-generated purchase orders are easy to share for quick review, approval, and submission.

Some inventory management software have more advanced purchase order management capabilities useful for businesses that do a lot of ordering, order for multiple locations, or manage a large amount of pre-orders or backorders. If this applies to your business, look for the ability to track awaiting inventory, as well as when stock lands and when it is received.

Advanced purchasing management should also be able to track costs effectively, including landed costs, as well as order multiple items and variants across multiple locations all from a single purchase order. If you work with a 3PL, make sure the inventory management software integrates properly with them so that the 3PL can correctly receive inventory and can push that data into the system.

During your review, make sure to find out how the inventory management software calculates reorder dates (Stitch Labs considers sales velocity, available stock, and supplier lead time) and if that will work with your business.

Receiving Purchase Orders

You could also be the seller in some cases — if you sell wholesale, for example. If this is true for your business, your inventory management software should not only be able to generate purchase orders but also [receive them](#). This is essential to maintaining stock levels across multiple channels.

Sometimes, retailers will want inventory management software to also accommodate some aspects of manufacturing, such as product lifecycle management or raw goods management. Generally, most won't do this well (refer back to your tech stack ecosystem), due to so many moving pieces and disjointed processes.

Shipping & Fulfillment

While eCommerce customers enjoy the convenience of shopping from anywhere at any time, they don't have the instant gratification of in-store purchases. To offset this trade off, online retailers must provide customers with timely shipping and delivery.

Not only do your shipping and fulfillment processes have to be fast, accurate, and efficient, but there also must be constant communication with the customer from the point of purchase through delivery. While this is no small task, there are various [shipping and fulfillment](#) options available to retailers of all sizes.

While it's common for companies to have two systems in place to handle fulfillment and inventory, it's important to have constant visibility into both. Doing so will help you form a single source for real-time updates on purchase orders, stock quantities, sales orders, and shipping — and enable you to create, track, cancel, or modify orders quickly and easily.

Aside from finding inventory management software that integrates with your existing shipping and fulfillment tools (3PL, warehouse management, etc.), there are specific features to look for:

- Ability to set aside or reserve stock
- Automated ship notifications
- Partial fulfillment
- Greater visibility into your 3PLs
- Option to transfer stock to other warehouses or store locations. For example, if a product line is selling fast at Store A, but no one buys it at Store B, you can transfer those products to Store A so you can continue to drive sales.
 - Some advanced inventory management systems also have an automated stock transfer feature that allows for routing logic to send orders / fulfillments to regional, national, or international warehouses based on complex criteria like delivery time, shipping costs, item locations, etc.
- Automated backorders and/or pre-orders management. Managing lots of backorders and pre-orders becomes unwieldy in spreadsheets, and there are inventory management software options that will automate this for you.

Fulfillment Routing

When an IMS has [advanced order routing](#) features, you can route orders from integrated sales channels to specific warehouses based on country, state/province, or region. This helps the operations team fulfill orders, getting products in customers hands more quickly.

If you have multiple warehouses or suppliers, and your customer base is geographically diverse, this is a feature to look for.

Order Splitting

The ability to split, route, and partially fulfill orders helps alleviate the risk of marking an order as fulfilled if not all of the products were shipped to a customer. This is an especially useful feature for product bundles, but there are benefits that span across your business operations.

In Stitch Labs for example, if you split an order in ShipStation, shipping one of the split orders will create a partial packing slip and shipment. When the split orders have all been shipped, the original order is updated as fully packed and shipped. This increases accuracy and provides a better customer experience.

API Access

If you want to get really technical, consider an inventory management software that also offers access to its API. This opens the door to an insurmountable number of opportunities to get creative and increase the value of your inventory management software.

[Men's apparel brand Chubbies used the Stitch Labs open API to launch and manage a customer loyalty program. They decreased backorders by 93 percent year-over-year.](#)

SECTION 3

TOPICS COVERED IN THIS SECTION

Finding Inventory Management Software Options

Recommendations from Your Network

Ask Your Other Partners

Research Online Review Sites

Google It

Making the Final Decision

Look at the Platform

Get Your Team Involved

Customer Service

10 Things to Ask When Evaluating an IMS

About Stitch Labs

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Finding Inventory Management Software Options

Now that you understand your needs, you are ready to identify specific tools that that will work best for you. In this final section, we'll discuss the ways to find, vet, and accurately assess inventory management software fit with your particular business needs.

Recommendations from Your Network

Your existing connections may be the greatest source for initial recommendations. Ask them which inventory management systems they've used. Dig deeper and find out what they like/don't like about each one, and ask them how it's helped them in their role and in their business.

Seek recommendations from other retailers, retail experts, or even your own employees who have used inventory management software at previous employers.

Ask Your Other Partners

Look at the list of tools you have in your tech stack. Your 3PL, web agency, or eCommerce platform, for example, may have suggestions based on their experiences. Beware that there may be some bias here, as some tools and systems have preferred partners that they recommend by default.

Research Online Review Sites

There are a few specific online review sites that specialize in collecting user reviews for software, including inventory management:

- Capterra
- eCommerce integration libraries (such as Shopify, WooCommerce, Magento, etc.)
- GetApp

Google It

You can also find other reviews with a simple Google search: “[inventory management software] reviews”

Look for recurring themes — both good and bad — as those will help you understand what the general consensus likes and doesn’t like about the software.

Making the Final Decision

Look at the Platform

Is it cloud-based?

Many inventory management software options are cloud-based, which means it is accessible from anywhere you can get a network connection. Other benefits of cloud-based software include: reduced costs of hardware, maintenance, hosting, upgrade, etc.

Some even have a mobile app as well, which is especially handy if you have lots of employees managing multiple warehouses and/or store locations. Some retailers may not need a cloud-based solution, which could be the case if you're a small team and not planning to expand.

How many users can access the data?

If you're a solopreneur, the ability to add users isn't crucial. But if you're running a larger operation, you'll need to be able to add users with varying levels of access.

Get Your Team Involved

Having the team's buy-in will help you maximize your investment in inventory management software. However, if you get them involved too early in the process, you may find yourself in a "too many cooks in the kitchen" situation. Involve one or a couple of individuals from various teams after you've narrowed it down to your top choices.

Consider the primary users in the following roles:

- Ordering
- Merchandising
- Buyer(s)
- Operations
- Warehouse / fulfillment
- Accounting
- Customer service

If you haven't already, carefully examine the company's website. Is their contact information easy to find? If not, that's cause for concern. Look at their social media profiles, too. The key here is to examine how their audience interacts with them. Seeing lots of customer complaints in the comments — without any response — should be a red flag for any retailer.

“

“Several people can log in and check the status of an order or inventory, and it doesn't get bogged down with waiting on one person, which is usually me. It's just so helpful that we can all see the same thing without having to ask another person all the time.”

– [Beth Snyder, 1Canoe2](#)



Customer Service

Single-channel retailers that self-fulfill smaller order volumes may not need as much support, whereas multichannel retailers with complex operations will likely need ongoing support. And if you're planning to grow, a responsive customer support team will be essential in helping you understand how and where to expand (as it relates to inventory).

Some of the more advanced inventory management softwares offer a wide range of advanced services to compliment their customer support. Be sure to review these, as you never know what might come up in the future. Having account managers, consulting services, and extended training can all be beneficial to your businesses health.

Many retailers find having a dedicated account manager truly invaluable, as they act as a true expert of your business, providing expert guidance and insight during critical periods. Other services to review include on-going training, team training, and critical onboarding implementation processes.

Time and cost for implementation is another area to consider when choosing inventory management software. Implementation times can range from immediate for basic softwares, to months or even a year for ERP's. Especially for rapidly growing businesses, it's important to consider the time commitment it takes to on-board new software, as this could affect productivity and efficiencies of operations during this time.

Here's a checklist that you can use to assess your top options:

- Do they offer email support?
- Do they offer phone support?
- What are the available support hours?
- What are the typical response and resolution times?
- Do they have a well-developed Help Center or library of FAQs?
- Do they have testimonials from recognizable companies?
- Do they have staff with expertise and experience?
- Do they have account managers or success managers?
- What is the implementation process — how long does it take, and how detailed is it?
- Will the company offer a current customer reference?
- How clearly does the company lay out the features of their inventory management software?
- What are the order volume limits?
- Will it sync limits with sales channels?

10 Things to Ask When Evaluating an IMS

Once you've narrowed your choices down to a few inventory management systems and you're in the final stages of decision making, take a few minutes to ask these 10 questions to a customer success or sales representative to get a better sense of whether this inventory management software is right for you and your business.

1. What is your daily volume limit? SKU limits? User limits?
2. Do you have anyone reaching that limit now? Who is your biggest customer?
3. Do you have automated replenishment or processes that ensure that I do not run out of stock?
4. Do you integrate directly to 3PLs or WMS systems?
5. What reports do you have and are they customizable?
6. Can you automatically route fulfillments to multiple warehouses?
7. Do you have stock logs, auditing, or user change tracking?
8. How long is your implementation time, and what training and launch support do you offer throughout the process?
9. Do you offer phone, chat, and email support across all of your customer tiers?
10. Do you have a customer similar to me whom I could speak with for reference?

About Stitch Labs

Stitch is a robust inventory management software solution for high growth brands that simplifies multichannel retail and wholesale business processes. It automatically syncs inventory, orders, and sales across channels, providing retailers a holistic understanding of their operations.

Unlike, entry-level inventory management software offerings, Stitch Labs provides the scalability, service, and flexible fulfillment capabilities that brands need to continue to grow well into the future. At a fraction of the cost and implementation time of an ERP, Stitch Labs provides a purpose-built, best-in-class solution versus an underwhelming all-in-one ERP.

Stitch integrates with top sales channels such as Shopify, Shopify Plus, Amazon, eBay, Magento, Bigcommerce, and Square, as well as add-ons including Quickbooks, Xero, and ShipStation.

With Stitch, retailers save time, make better decisions, and grow their businesses.

We just launched a new version of Stitch! Stitch X is one of the most advanced and robust integrated inventory management software on the market built for high-growth, multi-channel brands in need of a solution for complexity, scalability, and efficiency.

[Click here to learn more.](#)

| | ENTRY-LEVEL IMSs | ROBUST INTEGRATED IMSs | ERP |
|--------------------------------------|---|------------------------|-------------------------------------|
| AVAILABLE SALES CHANNELS | | | |
| eCommerce Integrations | X | X | X |
| POS Integrations | X | X | X |
| Marketplaces Integrations | X | X | X |
| EDI Integrations | | X | X |
| B2B/eComm Wholesale Integrations | | X | X |
| KEY FEATURES | | | |
| Multi-channel Stock Control | | X | X |
| Multi-channel Price Control | | X | X |
| Inventory Tracking | X | X | X |
| Order Tracking | X | X | X |
| Order Editing | | X | X |
| Stock Logs | | X | |
| Low Stock Alerts | X | X | |
| Automated Replenishment | | X | X |
| Dropshipping | X | X | X |
| Direct 3PL Integrations* | | X | \$\$ |
| Automated Backorder Management | | X | X |
| Pre-order Capabilities | | X | |
| Bundling and/or Kitting | | X | X |
| Reporting | Basic | Advanced | Advanced |
| Custom Reporting | | | \$\$ |
| Multi-warehousing | | X | X |
| Automated Order Splitting & Routing | | X | X |
| Forecasting | | X | X |
| Advanced Planning | | | X |
| Accounting Software Integrations | X | X | X |
| Built-In Accounting Software | | | X |
| Contact Management | | X | |
| CRM Integrations | | | \$\$ |
| Product Tagging & Hierarchy | | X | X |
| API Access | | X | \$\$ |
| Multi-Brand | | | X |
| SERVICES | | | |
| Average Implementation Time | 2 weeks | 4 weeks | 6+ months |
| In-depth Training | | X | X |
| Dedicated Success Managers | | X | X |
| Consulting Services | | X | |
| Phone Support | | X | \$\$ |
| Chat Support | | X | |
| Email Support | X | X | X |
| Development & Integration Services | | X | |
| On-site Team Training | | X | \$\$ |
| PRICE | | | |
| Average Monthly Costs | \$49 - \$299 | \$499 - \$15,000 | \$75K - \$200K |
| Average Implementation Fees | \$1,000 - \$5,000 | \$2,500 - \$20,000 | \$50K - \$100K |
| Additional Fees & Usage Restrictions | Additional charge per user, per channel, per SKU, per order | - | Additional charge for customization |

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