

## Managing Your Inventory

In a perfect business world, you would sell every item in your store for a healthy profit. But the business world is far from perfect, meaning there's a certain percentage of items in your store that have been there for weeks, months, perhaps years without being sold. That inventory is not generating revenue and it's also costing you money because it's occupying space that could be used for saleable goods.

Most hobby retailers have a tremendous amount of knowledge about the items in their store's inventory, but it takes skill to know how to best manage and control your store's inventory. Like in baseball, the winners always have a strong manager.

- **Cash Flow** – Managing your inventory is the key to maximizing your cash flow. Too much inventory can choke your cash flow, but you can also restrict your cash flow by not having enough of a steady selling product on hand. Make sure you have multiple resources available to restock a hot product. Make sure you also have multiple resources available to move slow-selling items, like special discount showcases or via internet sales. And most importantly, know the margins for every product line you offer.

- **Don't be a speculator** – You work in an industry where hype and speculation are a big part of the business, and where hot trends sometimes come out of nowhere. You can't ignore those factors, but you can't let them be the primary factors in your inventory management, either. Make decisions that make the most sense for your business, not the ones that sound like "golden opportunities."

- **Utilize a variety of suppliers** – You purchase most of your store's inventory from one of two sources: Direct from the manufacturer or at a slightly higher price from a distributor. Using a mix of both allows you the most flexibility and increases your potential to maximize profits on the best-selling brands, and enables you to quickly restock a strong selling brand. Make sure every supplier you use lets you know about any special offers or programs they have available to help improve your cash flow.

- **Dump the 'museum' products** – Every store probably has some material that has been on display for an extended period of time without being sold. It may be attractive. It may generate plenty of conversation from shoppers in your store. But if it isn't generating revenue for your store, it's a liability. Even in a collectibles business, few items become more valuable the longer they sit in your store. Try improving the visibility of the items gathering dust in your store by creating special displays. If that doesn't work, start reducing the price and/or attempt to sell the item online.

- **Monitor the shelf life** - With fewer sports card releases each year due to league restrictions, it is expected that most products will have longer shelf lives and retailers will have the opportunity to restock existing products. For retailers who have had a "bring 'em in, move 'em out" mentality in recent years, fewer products will create opportunities and challenges. Be more aware of how product sales trend two weeks, four weeks and six weeks after release. This will help in future inventory management decisions.

- **Crunch the numbers** – One of the best tools for inventory management is a detailed analysis of previous years' sales. You'll never be able to predict the exact demand for a product, but knowing what you've done in the past will help the accuracy of your sales forecasts. Be aware of the periods when sales are traditionally slow. Know the historical trends of how specific brands sell in your store. Know the price points that generate the most sales. Hobby retailers who have adopted computerized Point of Sale inventory programs can track this information quickly and easily. If you do not use such tools, keep as detailed of information as possible. It will be a valuable resource.

With hundreds of new products released each year, it takes more than luck and gut feelings to effectively manage the inventory of a sports collectibles business. Constantly analyze your inventory and your sales trends to make sure you are maximizing your profits.