

7 key benefits of manufacturing inventory management software



With manufacturing gearing up for Industry 4.0, the rapid development of automated equipment and processes mean the pace of manufacturing has outgrown traditional techniques and procedures.

Keeping track of everything going on in a modern manufacturing shop is incredibly difficult. Using excel sheets and paper-based systems is highly inefficient and will undoubtedly lead to a wide range of issues down the line. This is where manufacturing inventory management software comes in.

In this article, we'll look at some benefits of a software-based inventory management system and why you're manufacturing business might be missing out.

Firstly, what is inventory management software?

Inventory management software is an integrated management system that helps companies manage and plan their manufacturing and production activities. This is done by making use of various methods to automate and control inventory. The software removes the human element from inventory management, and as such, dramatically improves efficiency and all but eliminates errors.

Why inventory management software?

In the age of automation, it is critical to maintain a competitive edge. One way to do this is to automate inventory control. There are various options available that can manage the following:

- **Order Management** – Sales, purchasing and invoicing can all be controlled by the system. This functionality is even more powerful when integrated with accounting software.
- **Ordering** – With an automated system it is possible to automatically order manufacturing inventory well in advance of firm or anticipated orders.
- **Barcode Scanning** – Inventory can be tracked around the workshop by manually scanning barcodes.
- **Up to date product data** – Any changes to products can be easily updated to the entire system ensuring that there is no time and money wastage.

Advantages of manufacturing inventory management

1. Save money

At the core of any company there is one simple goal; and that is to make money. Due to the highly competitive nature of manufacturing, it is difficult to deviate far from your competitors' price point, and as such, one of the ways to remain profitable is to increase productivity, reduce wastage and improve efficiency.

It is very difficult to maintain an organic inventory that reacts immediately to changes. Therefore, attempts at doing this manually often result in various wasteful practices such as purchasing excess material for a project. Holding excess inventory results in carrying costs, and if the material cannot be used on other projects it is an outright loss.

Another way in which manufacturing inventory management software saves money is by empowering employees to make better use of their time, therefore less time is wasted on low value labour.

2. Save time

In today's manufacturing environment, time is an increasingly rare commodity. Deadlines are perpetually on the limit of feasibility due to the highly competitive nature of the industry. There are many factors that influence the timeframe of a manufacturing project. For example, if you have a large order, then the procurement of materials becomes critical and even the smallest delay can have a domino effect that jeopardizes the entire project.

Manufacturing inventory management software can keep track of exactly how much material is needed for every product, and can ensure that there is sufficient stock available based on projected sales. Furthermore, many of the more labor-intensive processes such as manually counting and controlling stock can be eliminated. Your staff can therefore be trained on more complex tasks that can result in higher levels of productivity and job satisfaction.

3. Data

Software systems can keep track of data and display trends that won't be apparent if systems are monitored manually. Data science is a fast-growing field that can benefit any industry where large amounts of data can be generated. Some of the more obvious insights are as follows:

- **Sales Tracking** – The ebb and flow of sales can be tracked in real time. By doing this, the best-selling products can be determined, and strategic decisions can be made on which products to cut from the line, and which can benefit from increased attention.
- **Wastage Tracking** – Wastage can be easily tracked. If a certain product is showing high percentages of waste, management can step in to optimize the process.

- **Tool life** – The life of your tools can be monitored so that replacements can be ordered before a failure occurs, this means that there will be minimal production down time.

4. Traceability

The entire life cycle of the product can be monitored in real time all the way from raw materials through to manufacturing, and finally completed products. This is important for proper quality control and certification.

Another advantage of this high level of traceability is to reduce theft within your workshop. If a part or product leaves its designated area, an alert can be raised immediately.

5. Integration with other departments

Manufacturing inventory management can be a part of a more complex ERP (Enterprise Resource Planning) systems. This creates an environment where the different business units of a company such as manufacturing, accounting and management can all communicate with each other in real time, and decisions can be made based on accurate up to date information. If these systems are actively used by employees and managers, it can truly be a powerful tool.

6. Customer satisfaction

Inventory management software has the added advantage of improving customer relations. This is due to various factors, some of which are listed below:

- **On time delivery** – Nothing can sour a relationship faster than a late delivery. If a salesperson sells a product based on outdated inventory data, this can result in cascaded delays.
- **Quality products** – If a product does not meet quality standards it can be flagged on the system and it can be barred from being accidentally shipped out to the customer.
- **Progress Tracking** – The act of automatically tracking progress means that it's a simple exercise to share the progress of their product. This level of transparency instills confidence in your products and processes, and will improve the chances of having repeat clients.

7. Production rates

Lean manufacturing principles go hand in hand with inventory management software. Lean manufacturing is basically the process of optimizing manufacturing in such a way as to increase productivity. More efficient control of the flow of parts around the workshop is a very effective way of trimming off wastage from individual processes.

Inventory management software results in an organized warehouse. An example of how this is typically implemented is by placing all the components and materials used by the best-selling products within easy reach, to further improve on efficiency. This may not seem like a big change but over the lifespan of a production run, a few minutes per product can translate to a significant overall improvement in production rates.

Final Thoughts

It should be clear that integrating your workshop with manufacturing inventory management software can have far-reaching benefits for your company. In the age of automation, there is an unstoppable drive to integrate everything with software systems, so don't wait for your competitors to gain the edge before you. The good news is that it's not as far out of reach and as costly as you might think, thanks to the availability of cloud-based systems.