

INVENTORY MANAGEMENT



All Kinohimitsu Boutique staff should adhere closely to the inventory management guidelines stated in this chapter to ensure that the inventory is properly managed.

Poor inventory management results in a potential loss of sales, which accounts for significant losses in sales revenue for most retail Boutiques. The Boutique Manager should therefore work closely with the team to monitor stock levels and identify fast and slow-moving products. The following should always be taken into consideration:

- Availability of stocks from other Boutiques
- New/re-order processing time
- Order delivery time

This chapter elaborates in detail, the software used in a Kinohimitsu Boutique and their unique functions to ensure accuracy of inventory information.

D-1 Boutique POS System

The POS System comprises of both front-end (Boutiques) and back-end (HQ) systems that functions in the following way:

HQ:

- Upload of barcode details to be adopted by the Boutiques
- Monitoring of Boutique sales
- Analysing consumer's buying behaviour

Boutique:

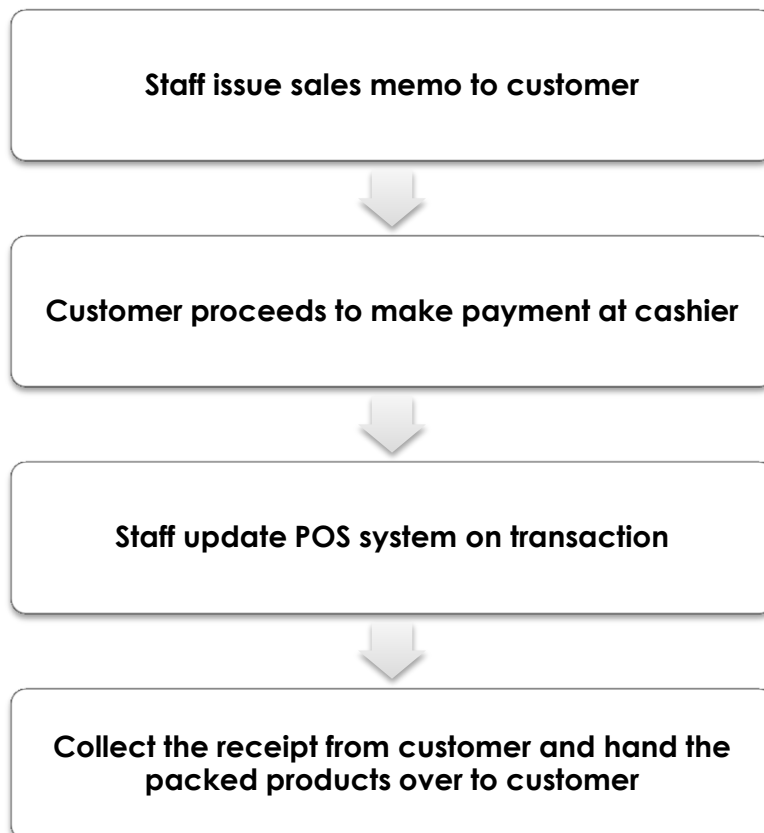
- Processing of sales transaction

- Manually record sales transaction in **Daily Product Sales Report** (Refer to BOM Appendix 2), **Daily Product Sales Summary** (Refer to BOM Appendix 3) and **Monthly Sales Report** (Refer to BOM Appendix 4)
- Tracking of stock movement within the Boutique
- Tracking of stock balance in individual and other Boutiques
- Generation of Sales (X & Z) Readings

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In the event of POS or electricity breakdown, staff should record sales transactions manually in the sales book

The workflow process of processing transactions in the Boutique is as follows:



D-1-1 Tracking of Stock Movement Within the Boutique

Staff are able to retrieve information regarding the sales transactions, stock balance and sales quantity of all items by scanning or manually inputting the product barcode. When there is a stock-in or inter-Boutique transfer of goods, it is the team's responsibility to manually acknowledge the delivery order and send it back to HQ to ensure that inventory count is accurate at all times. At the end of each day, staff are required to complete a **Daily Stock Movement Report** (Refer to BOM Appendix 5).

D-1-2 Tracking of Stock Balance in Other Boutiques

Staff should keep track of stock balances and maintain close communication with other Boutiques when an inter-Boutique transfer is required or when customers request for a product that is not available in current Boutique.

The POS system enables staff to conduct a search on the stock balance of a particular stock in other outlets within the country of operation. This can be done in the following steps as illustrated below:

1. Key in the product code or name and conduct a search through the POS system for the product.
2. If a Boutique stocks the product, contact the staff of that outlet to check if the item is available.
3. Staff are to make arrangements for **inter-outlet transfer** (Refer to Chapter D-2-2 for steps to be taken when arranging for an inter-outlet transfer) with the HQ when an item is requested to be **reserved at the particular outlet** by the customer.

D-1-3 Generation of Sales Readings

Staff are required to generate two sales report from the POS system mainly, the **X and Z readings**. These readings are typically generated during shift handover, or at the end of the day's operations.

The X Reading displays all sales transactions that have taken place since the last reset. At the end of the day, a Z reading will be performed to finalise the day's sales transactions and to reset all transactions in preparation for the following day.

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In the event that a shift handover is conducted in the middle of the business day, X and Z Readings must be performed for accountability purposes

D-2 Ordering and Receiving Stocks

D-2-1 Stock Requisition

It is the responsibility of the Boutique Manager, or Health & Beauty Supervisor to replenish stocks especially when the inventory runs low for regular items or highly popular/sellable items.

A popular/sellable item refers to **an item that is sold out in less than a week**. In such cases, Boutique Manager should arrange for stock requisition using the **Stock Order Form** (Refer to BOM Appendix 6).

The following shows the frequency of ordering of stocks:

Order frequency:	Weekly
Ordering lead	3 days

time:	
Ordering mode:	Stock Order Form

Boutique Managers will need to take into account the duration required for orders to be delivered to the Boutique.

D-2-2 Inter-Boutique Transfers

Inter-Boutique transfer refers to the transfer of inventory from one Boutique to another, within the network of Kinohimitsu Boutiques.

There may be times when inter-Boutique transfer is required, especially when the Boutique faces stock shortage. Inter-Boutique transfer minimises the need for additional ordering of merchandise, which in turn reduces cost and time (e.g. special delivery vs internal transfer).

Inter-Boutique transfers involve 2 scenarios:

- Receiving of stock from another Boutique (Stock-in)
- Transfer of stock to another Boutique (Transfer-out)

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Staff are required to seek the approval of the Boutique Manager before making any request or acceding to any request for inter-Boutique transfer

Stock-in

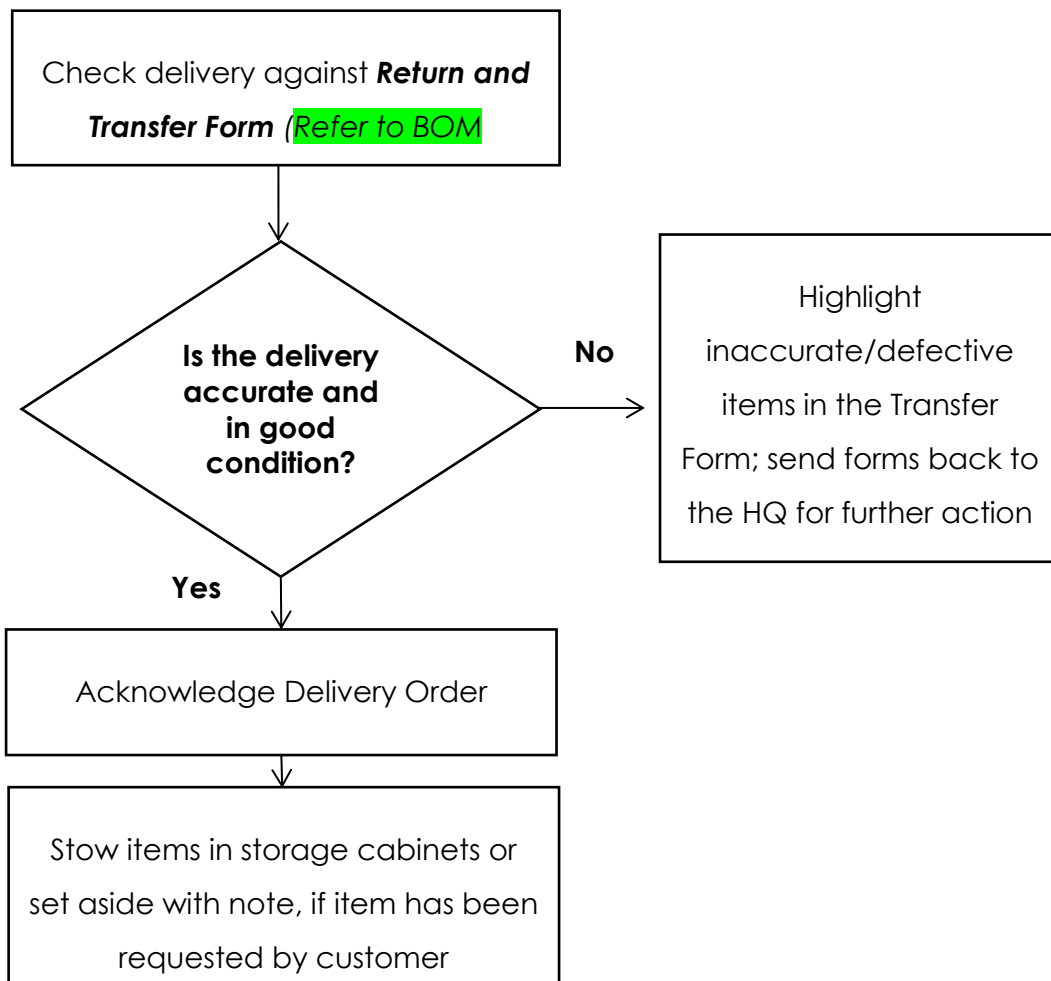
When a Boutique is facing an urgent shortage of stock, staff would need to:

- Access the POS system to check for stock availability in other Boutiques (check for Boutique with the highest quantity of the required product).

- If the item(s) is available, contact the Boutique to arrange for inter-Boutique transfer. The following information must be provided when arranging for inter-Boutique transfer:
 - Product code
 - Quantity required
 - Boutique requiring product
- If the item is not available, contact the HQ to arrange for replenishment and provide the information as stated above

Should the delivery arrive during peak operational hours, staff may stow the items into storage cabinets for checking during non-peak hours. All delivered items must be checked and acknowledged by the next working day from the date of delivery.

When receiving items from other Boutiques, staff would need to perform the following:

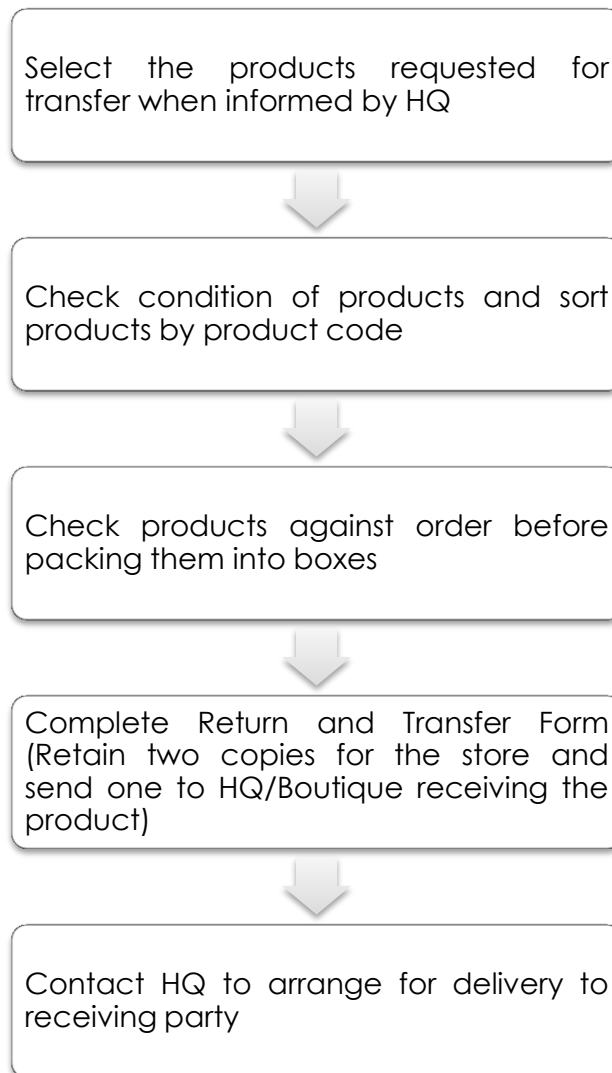


Transfer-out

A transfer-out refers to the transfer of items out of the Boutique. This may occur when:

- Product are requested from other Boutiques
- Items are expired or defective and cannot be sold, such items must be sent back to the HQ
- Products are identified for mass clearance sales promotion and are required to be sent back to the HQ for consolidation

When arranging for a transfer-out, staff would need to perform the following:



D-3 Inventory Storage

Kinohimitsu's inventory consists mainly of bottled health drinks. Staff would need to take into consideration the following when planning for storage of inventory:

- Space efficiency
- Expiry Date of Products

- Ease of retrieving items

Proper storage of products will minimise the incidence of loss or damage.

D-3-1 Space Efficiency

To ensure that products are easily retrievable, it is important that inventory is placed in close proximity to the products on display. Items should also be categorised according to its category and type.

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Staff should display older products first and arrange inventory according to the expiry date of the products

D-4 Monthly Stocktake

Stocktake is a detailed count of inventory available in the Boutique. To prevent any loss of inventory, it is essential for KINOHIMITSU staff to conduct a **thorough** stocktake monthly. The monthly stocktake typically takes place over the course of **3 hours**.

Boutique Managers are expected to work closely with the HQ in planning the stocktake schedule each month. Proper planning helps to ensure that the stocktake will be executed efficiently with 100% reliable figures.

D-4-1 Scheduling Considerations

Stocktakes are to be scheduled during low-peak season throughout the year. The exact dates will be scheduled by the local HQ and finalised **at least 2 weeks** before the stocktake is scheduled to take place.

Once finalised, the dates should not be changed, unless mandated by the HQ. Any changes would require adjustments to the following:

- **Time required in seeking landlord's approval**

Approval must be sought from the landlord, especially when stocktakes are scheduled to take place before or after the department store's official operational hours

- **Staff Deployment**

The number of staff deployed should be based on the size of the Boutique. At least 2 full-time staff are required. Special arrangements must be made to ensure that the right number of staff are allocated to conduct the stocktake

D-4-2 Allocation of Tasks

The Boutique Manager should assign staff with clear roles before the stocktake takes place. A briefing should be conducted for each of the roles undertaken by the staff to ensure that stocktake is efficient and effective.

Teams may be allocated duties based on:

- Product category/type
- Area of the Boutique

Stocktake can be executed either through a **manual stock count** or through the use of **inventory scanners**. Should a manual stock count be employed, it is advisable to have **1 staff assigned to count the inventory, whilst the other staff records the quantities**. If inventory scanners are used, staff are expected to run some tests to ensure the system is working fine before conducting the stocktake to prevent over-scanning of items.

D-4-3 Conducting the Stocktake

Below are some guidelines on the actual execution of the stocktake:

Preparation

- Ensure that all scheduled deliveries have been sent to Boutique and updated by the HQ in the POS System (last upload and download must be made)
- No stock movements (e.g. sales transactions) are to be made in the system during stocktake
- Any product reservation(s) are checked, counted and put aside for the stocktake
- All defective items must be scanned, documented before being removed from existing sales stock
- HQ staff and Boutique Manager to conduct a briefing to assign roles to each staff and to explain the mechanics involved for the stocktake
- The inventory scanner should always be reset to zero before the stocktake
- Ensure that all items are affixed with barcode labels

Stocktake Using Inventory Scanner

- Inventory scanner: All stocks in the Boutique must be physically scanned with the inventory scanner. Check that the scanned data are captured properly, e.g. item number, quantity
- Items without proper price tags must be manually recorded

Stocktake Through Manual Recording

- Pre-number the **Monthly Stock Check List** (Refer to BOM Appendix 8)

- Record the counts on the stocktake sheets
- Ensure that the counter (staff who is counting) calls out the product code/description and quantity
- Ensure that the checker (staff who is recording) verifies the count done by the counter and records the figure on the stocktake sheet
- Checker should use a pen to update the count quantity. In case of errors, cancel the original number and initial beside the number. Do not erase or use correction fluid

Manual stocktake is best used for monthly ad-hoc stocktake for inventory ordering purposes.

Completion

- Ensure that all products in which stocktake has been made and taken place are clearly labelled
- HQ will check that the stocktake data in inventory scanner tallies with the inventory list
- Boutique Manager is to submit **Monthly Stock Balance** (Refer to BOM Appendix 9) to the HQ

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It is important to ensure consistency in inventory control procedures during the month, so as to achieve accurate results