



Why Retailers Should Let In-House Staff Handle Inventory Events



Zebra **SmartCount**[™]



Introduction

It's no secret that retail inventories are larger and more complex than ever before. At no point in time is that fact more obvious than during inventory events, especially when third-party inventory labor providers are engaged. This "traditional" approach to inventory events is quickly losing favor amongst retailers, who are finding it too costly, inefficient, disruptive and imprecise to keep up with ever-increasing stock complexity. Thus, it is little surprise that

one of the hottest topics in retail discussion circles is, "How can I better control inventory events to maximize efficiency?"

A well proven methodology has emerged as a leading solution. **Self-directed inventory solutions** are quickly gaining popularity amongst retailers. These solutions cut out costly external labor, instead supplying retailers' internal workforces with mobile scanning devices. Self-directed inventory solutions offer a workflow that enables retailers to execute inventory events with greater ease, efficiency and accuracy.

This paper will outline the key advantages of self-directed inventory solutions versus their labor-intensive counterparts.

Benefit #1



In-house knowledge increases accuracy and minimizes disruption

When retailers engage third party vendors, the workers' disruptions to store operations can be considerable. It is not unheard of for third party workers to completely disassemble product displays, piece by piece, as part of the counting process – leaving store staff to clean it up. Despite this perceived thoroughness, their scanning accuracy is far from guaranteed. Retail inventories are more complex than ever, and it is unrealistic to expect third-party labor to navigate each store's product assortment with the knowledge of a store associate. Similar-looking items, unintuitive backroom organization and unfamiliarity with display protocols are just three of many pitfalls that can cripple accuracy when using third party vendors.

4-8% sales increase with greater inventory accuracy



from ECR Retail Loss Group study

In-house retail associates have experience that gives them intimate knowledge of their stores' inventory practices, locations and nuances. In addition, retail associates are more adept at recognizing anomalies like pricing errors, mis-categorized product and incorrectly ticketed merchandise. This knowledge helps ensure efficiency and accuracy.

With a self-directed inventory solution, associates only need training to operate the necessary mobile scanning devices. The right solution will be as simple as scanning a barcode – no disruptions to store setup or workflow required.



Benefit #2



Internal labor reduces costs

Third party vendors often bill retailers for labor by the head, per hour, and including travel – a cost that adds up fast, especially for big-box retailers with massive inventories. Due to the complex nature of inventory events, few third-party vendors include time windows in their contracts. This puts the retailer on the line for paying overtime, which significantly adds to its already-hefty investment.

Retailers can cut out a sizable portion of inventory event costs by equipping internal labor with self-directed inventory devices. With the devices, store associates can perform the counts during their regularly scheduled shifts with minimal disruption to the customer experience.

Plus, with their vested interest in the company, internal associates have the incentive to execute the event with greater efficiency than any third party can achieve.

By using their own internal labor to conduct inventory events, retailers can expect savings between 25% and 50% versus third-party vendors.

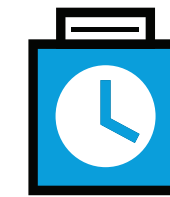
Capture savings up to **25% to 50%** when compared to 3rd party inventory solutions

from Zebra customer data





Benefit #3



Scheduling flexibility increases efficiency

Third party vendors have rigid schedules, mainly due to time commitments and limited labor. Most inventory events must be scheduled up to a year in advance just to ensure availability. Any unforeseen disruptions (i.e. a natural disaster, a member of the project team falls ill, etc.) could push back the inventory event weeks or months. On the retailer's side, it should be noted that third-party workers need constant supervision from store and department managers. Every day an inventory event gets delayed costs the retailer money.

Letting store employees handle inventory counts with self-directed inventory devices unlocks agility unmatched by third party vendors. Internal counts can be performed during store operating hours, eliminating the labor constraints of nighttime scanning. If an associate or supervisor is suddenly unavailable, a replacement can easily be found using standard store processes for covering shifts. Even if a major disruption occurs, like a natural disaster, keeping the project internal still allows for pivoting. If the retailer already has the scanning devices in house, the project can simply be postponed; if the devices have not yet been shipped, the provider can hold onto them until the situation clears.

Benefit #4



Keeping work in-house empowers associates

Research indicates that engagement is key to maximizing retail employees' retainment and satisfaction – both critical KPIs at a time when retail labor is scarce. Utilizing internal labor for inventory events is a terrific way for retailers to make their employees feel valued. In rolling out the self-directed inventory devices and program, retailers can emphasize the importance of inventory counts and the fact that they are entrusting this critical task to their associates. Employees feel valued and empowered when they are assigned such important work.

More importantly, keeping inventory events in-house builds employees' understanding of the total inventory process, particularly in terms of how their accuracy impacts store shrink and replenishment. To an even greater degree, store managers gain more confidence through their involvement in the event and insight into audit processes provided for the self-scan inventory process. The best solutions also offer access to detailed reports and analytics on the data employees collect with every scan. These added capabilities unlock key

85% of retailers agree that tech-empowered associates provide better customer experiences

from 2021 Zebra Shopper Study

insights around inventory and labor performances, which the retailer can use to boost efficiencies. The robust analytical detail inspires greater confidence in inventory accuracy – which, at the end of the day, is the most important component of what may be only a once-a-year event on the store's largest asset.

The employees and managers appreciate their new responsibilities and knowledge, while their employers enjoy cost savings and new visibility to operational efficiency. Everyone wins.





For more information on self directed inventory solutions, visit www.zebra.com/SmartCount

Zebra SmartCount™

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