

Inventory Shrinkage Standard Operating Procedure

Security

Lock up all inventory overstock. If you don't have a place to *securely* store excess inventory, resist the urge to take advantage of bulk buying deals, particularly on flea/tick and heartworm products. Locked cabinets don't have to be expensive, but make sure you have something with a tamper-proof lock.

Track

Track any and all adjustments that are made to inventory in your practice management software. For example: if you have to adjust your quantity on hand because someone dispensed too much or too little, if you have medications expiring, or if a certain product can otherwise not be accounted for. You can run a report that tells you your reasons for adjustment to inventory and this will help you improve your inventory process to prevent careless mistakes and overstock from costing the practice money.

Inventory Analysis

Conduct an ABC analysis of your inventory. You can either do this looking at your entire inventory, or by major inventory category (ie. food, vaccines, supplies, F/T/HWP). Once this has been completed, set up a cycle count schedule. This process is done as follows:

- Run a report of the inventory items that you sell
- Determine the top 20% of items that you sell the most of (this can be overall, or broken into individual categories of inventory items). These are the practices A items and should be ideally counted WEEKLY.
- Determine the next 30% of top selling items. These are the practices B items and should be ideally counted quarterly.
- The remaining 50% of your inventory are the practices C items and can be counted bi-annually or annually. Many items in your C category may be your emergency drugs that you need on the shelf but do not use frequently. It is important to review all of your C items to see if there are some that you may not need to carry in the hospital and consider transferring to your online pharmacy.

Create a Cycle Counting Schedule

Determine the day(s) of the week you want to count your A items. For example, if you broke your top 20% down by category, you may count your top 20% food items on Monday, top 20% HWP/Flea/Tick

on Tuesday, top 20% OTC on Wednesday, etc. If you can manage to count all products in one day that works too, just remember the idea behind cycle counts is to minimize disruption of your daily workflow. Determine when to count your B and C items as well. Go ahead and schedule time to get this done so it doesn't sneak up and you and get pushed to the back burner because the practice is busy.

Contact an MWI Business Specialist

Business Specialists with MWI are available to help you conduct your inventory analysis and categorize your inventory based on its value to the practice. To contact them for more information, visit: [MWI Animal Health Inventory Analysis](#).

