

Inventory Management

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For many generations, a simple 3" x 5" index card has served as one of the most important items in the jewelry industry. That is the way most jewelers, jewelry store owners, manufacturers and wholesalers kept track of their products and correlating information in their vast inventory.

Although time has moved forward and technological advancements now offer us many ways to improve our inventory control, the jewelry industry has been slow to embrace change, especially change of a technological nature. The "if it ain't broke don't fix it" mindset is ever prevalent among jewelers, despite the fact that sometimes "fixing" something can actually mean reaching new heights in sales and workflow.

Many years ago, barcode technology was developed and introduced to the retail world. I won't waste time on the technical jargon, but to summarize, barcoding allowed us to enter sku (item) numbers quickly, easily and without human error. It was as simple as aiming a scanner at a series of black and white lines and "magically," the item number was entered into the computer program for you. No chance of typos or human errors...or so it seemed.

One of the questions I am asked most often is, "if I get a scan gun, can I scan the barcodes that come on the items I receive from my wholesaler and have their information go into my computer?" Unfortunately, the answer is 99.9% no. The company you are getting your product from has a database filled with the information about each item they sell you. That barcode represents a particular item, and if you scan it, unless you have that entire company's database on your computer as well, the numbers are meaningless.

The simple and unavoidable truth is this: The first time you decide to automate your inventory, you will have the arduous task of manually entering in all the product information about each item you have. It's tedious, but it has to be done. The good news is, if you remember to back up your data regularly and keep a copy off site, you will only have to endure the process one time.

Once completed, the ROI of automating your system will be immediate. The time-efficiency factor alone will allow you and your employees to focus on more important tasks, and as I will discuss, your items will have a more professional and polished look while on display. Tagging your merchandise is also an important step towards loss prevention. Tagging and bar coding your items not only improves organization and appearance, but creates an image of a retailer who closely monitors their inventory...detering employees and customers alike from theft.

How to get Started

The software program used to control your inventory is almost always your POS (Point of Sale) software as well. When you decide to organize, digitize and get a handle on your inventory, you will have many software choices. You should take your time, request demonstrations and ask questions. This software will control everything, from

your pricing, to your payables & receivables, inventory, labeling...etc. It's an important purchase, and you shouldn't make your decision without doing research.

One of the things I just mentioned was "labeling". The jewelry industry requires special labels (tags). They need to be a polyester material (mylar preferably) and these labels need to be printed with a pure resin ribbon. This process is called thermal transfer and it allows the labels to be smudge free and ultrasonic and steam-resistant. Thermal transfer labels, consequently, are much more attractive, legible and professional than handwritten tags. When customers see a digitally printed barcode and price tag, they are less likely to haggle than when presented with a scribbled, handwritten value.

I have specialized in inventory control here at Kassoy for over 13 years and the company has specialized in jewelry labeling for another 15 years before that. We have learned unequivocally that clean, professional looking, bar coded labels can absolutely boost profitability and branding.

Most POS software programs available can connect to print with the many thermal transfer printers available on the market, but it is always advised to ask your software provider which printer will offer ultimate compatibility. At Kassoy, we are well-versed in the many different models and manufacturers, and we are always happy to work with you or your software developer to find the right match. All software programs have several label template formats pre-programmed into their design. So often, printing labels can be as simple as "plug and play."

Scanners are simple, don't require additional drivers or software and many models can be used hands free while mounted in a stand. They can be programmed to add a return character or tab, and are almost always preprogrammed to read all bar code symbology. Available in both USB and Bluetooth formats, the amount of quality scanners on the market today allows for jewelers to choose one based on the specific needs of *their* store or workflow.

What's next?

Lately the subject of RFID (Radio Frequency Identification) has been rapidly making it's way around the jewelry industry. RFID is the next step in reducing cost and time while managing your inventory.

RFID hardware allows you to take physical inventory without the hassle of scanning each individual printed tag with a traditional laser or ccd scanner. You can be as far as 3 or 4 inches away from the chip and be able to "read" it with a wand or other radio frequency scanner. It makes it easier to scan full cases quickly without having to pick up each item in the case. With RFID packages you can simply wave the wand over the jewelry, regardless of how the tag is orientated, and pick up the signal which gets reported back to your software.

Like barcodes, RFID chips need to link back to a database. Implementing the hardware is not enough to get up and running - *integration is essential*. Some software vendors have already aligned themselves with RFID companies like Northern Apex (GemWhere) and have done all the "heavy lifting" allowing you to simply purchase the hardware and begin keeping more accurate records of the product you sell (and don't sell).

Whether it's implementing a technologically advanced RFID system or throwing away those ratty, old handwritten tags, inventory management should be at the top of your list of priorities when organizing your business plan. Shrinkage, misplaced inventory, poor record keeping and untrained staff can be an enormous drain both financially and physically. Setting up a proper inventory management process keeps things organized and running smoothly - leaving you more time to attend to what's most important – your customers.