

Inventory -- without aspirin

Simple monthly check proves better than perpetual, or running, system for pro shop purpose.

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Through the years, we have tried several methods of keeping inventory. By trial and error, we have arrived at a system both simple and informative.

Our inventory sheets are the standard 8½ x 11 size. We keep them in a ring binder separated into categories:

1. Golf Balls; 2. Golf Clubs, a. woods, b. irons, c. utility clubs, wedges and putters; 3. Golf bags; 4. Shoes; 5. Men's wear; 6. Ladies' wear; 7. Accessories—this includes gloves, headcovers, umbrellas, tees, hand bags, jewelry, etc.

The sheets are made up (see Sample Sheet 1) so that useful information can be noted—manufacturer's name, description of item, cost price, retail price and percentage of profit. We find that we can get six "item" columns horizontally and six months vertically on each sheet. By the way, the more detailed the description of each item, the easier it will be planning next year's buying.

When merchandise is received, the information is taken from the manufacturer's invoice and entered in the inventory sheets. Referring again to Sample Sheet 1, the first item is manufactured by Company "X," and is described as an S.S. (short-sleeve) 100% Cotton of a solid color; the cost price is \$5.25, retail price, \$8.95, and percentage of profit, 41%; the date merchandise received, 5/1, and the number of pieces, 26.

On 5/20, fifteen additional pieces were received. On 5/26, twelve more, and on 6/1 we took our regular monthly inventory. Twenty-two pieces were on hand, so that by deducting this figure from the total pieces received, it can be seen that 31 pieces were sold during the month.

On 6/8, twenty more pieces were received, on 6/22, twenty more, and on 7/1 the regular monthly inventory was taken. Eighteen pieces were on hand, so 44 pieces were sold in June.

On 7/5, twenty-two more were received and on 7/25 we decided to start the annual summer clearance sale and this item was re-priced 20% off for the sale. A special inventory was therefore taken on this day which revealed that 14 pieces were left and that 26 pieces were sold between 7/1 and 7/25. By 8/1, only two shirts were left and by 9/1 the item was sold out.

In reviewing these records during the winter, it is easy to see that 101 pieces were sold between 5/1 and 7/25 at full price. Profit per shirt amounted to \$3.75 or \$378.75 for the lot and 14 pieces were closed out at a profit of \$1.90 each shirt or \$26.60. Total gross profit on this shirt for the year was \$405.35.

One advantage of our system is that it is easy to price out each item after the monthly inventory to determine how many dollars are in the shop in each category—see Sample Sheet 2. Having this knowledge, as well as the number of pieces on hand, sales can be directed toward overstocked and heavy dollar areas to reduce inventory and investment. It is also easy to see which items are moving well from month to month.

The exact forms used can vary according to the individual operation. Some shops are operated throughout the year, others for five or six months. By analyzing these inventory sheets at the end of the year, it is easy to see which items produced the best revenue, and which sat on the shelves. From this information, spring orders can be placed as to quantity, price and style with intelligence and good planning rather than by guesswork and a hope for the best.

At one time, we used a perpetual or running inventory system—this can be done by double perforated sales tickets or sales slips and by analyzing sales daily. However, we discarded this method after a couple of months. Although it is suit-

SAMPLE SHEET 1

| MFR. | COMPANY "X" | | | | PARKER | | | | MARCO | | | |
|-------|------------------|-------------|------|---------|-------------------|-------------|------|---------|------------------------------|-------|------|---------|
| DESC. | S.S. 100% COTTON | | | | S.S. LISLE COTTON | | | | STYLE # 1990 S. S. BANLON | | | |
| COLOR | SOLID COLOR | | | | STRIPE | | | | SOLID COLOR | | | |
| | C | R | % | | C | R | % | | C | R | % | |
| | 5.25 | 8.95 | 41 | | 5.00 | 8.50 | 41 | | 5.00 | 9.50 | 47 | |
| 1966 | date | rec'd | sold | o/h | date | rec'd | sold | o/h | date | rec'd | sold | o/h |
| M | 5/1 | 26 | | | 5/5 | 48 | | | 5/6 | 38 | | |
| A | 5/20 | 15 | | | | | | | 5/10 | 10 | | |
| Y | 5/26 | 12 | | | | | | | | | | |
| J | 6/1 | INV | 31 | 22 | 6/1 | INV | 20 | 28 | 6/1 | INV | 8 | 40 |
| U | 6/8 | 20 | | \$11.50 | 6/10 | 24 | | \$140.- | 6/10 | 8 | | \$200.- |
| N | 6/22 | 20 | | | 6/25 | 10 | | | | | | |
| E | | | | | | | | | | | | |
| J | 7/1 | INV | 44 | 18 | 7/1 | INV | 42 | 20 | 7/1 | INV | 33 | 15 |
| U | 7/5 | 22 | | \$94.50 | | | | \$100.- | | | | \$75.- |
| L | 7/25 | SALE 20% | 26 | (14) | 7/25 | SALE 20% | 5 | (15) | | | | |
| Y | | | | | | | | | | | | |
| A | 8/1 | INV | 12 | 2 | 8/1 | INV | 10 | 5 | 8/1 | INV | 15 | -0- |
| U | | | | \$10.50 | | | | \$25.- | | | | |
| G. | | | | | | | | | | | | |
| | 9/1 | INV | | -0- | 9/1 | INV | -0- | | | | | |

SAMPLE SHEET 2

| | 1966 | MAY | JUNE | JULY | AUGUST |
|----|-------------|----------|--------|--------|--------|
| 1 | BALLS | 2056.- | 2266 | 2496 | 1995 |
| 2a | WOODS | 1240.- | 1372 | 1512 | 1305 |
| 2b | IRONS | 2120.- | 2337 | 2571 | 2061 |
| 2c | UTILITY | 980.- | 1090 | 1208 | 966 |
| 3 | GOLF BAGS | 1490.- | 1630 | 1807 | 1401 |
| 4 | SHOES | 1640.- | 1812 | 2004 | 1588 |
| 5 | MENS WEAR | 3410.- | 3740 | 4108 | 3370 |
| 6 | LADIES WEAR | 2220.- | 2430 | 2668 | 2284 |
| 7 | ACCESSORIES | 1550.- | 1711 | 1891 | 1607 |
| | TOTAL | 16,706.- | 18,388 | 20,265 | 16,577 |

able for a large operation like a department store, we found that perpetual inventory is much too time consuming for use in a pro shop, and therefore costly. We feel that this much detail is not really needed.

We even tried a modification of the perpetual system. We set up our inventory sheets as we do at present with a monthly inventory check. However, we did some additional sales analysis. At the end of each day, we would take our cash and charge sales and break them down into categories—golf ball, golf clubs,

etc. In this way, we were able to calculate the dollar volume of sales in each category. Again, we found even this method far too time consuming and we gave it up for our present system.

Frankly, we consider that the time taken to analyze sales in the perpetual inventory or the modified system discussed above is just not worth the time and trouble. A pro shop is essentially a small business. With our type of system, plus a careful scrutiny of daily sales, we feel that the professional should be able to oversee his business adequately. •