



14 Inventory Management Tips: Strategies That Save Time, Money, and Stress

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—Alyssa Wardecker, CVT

by Roxanne Hawn

Not everyone loves inventory management. The work requires people who enjoy the never-ending puzzle of keeping enough of everything—but not too much—on hand. Step one is finding that person on your team.

1. Designate Inventory Manager(s)

Put at least one person in charge of inventory management. Practice managers often fill this role, but another team member can take it on as an additional responsibility.

Sometimes, it works well as a two-person operation. When Jamie Davis, BSc, CVPM, worked as a practice manager, she oversaw big-picture inventory management with help from a veterinary technician counterpart who did the day-to-day inventory ordering and monitoring.

After more than 20 years working in practice management, including more than a decade with AAHA-accredited facilities, Davis now serves as an executive assistant with CATALYST Veterinary Professional Coaches. In her experience, practices that name a point-person see better inventory management success and savings.

2. Protect Inventory Management Time

Inventory management cannot be done well by only squeezing in a few minutes here and there between appointments or other demands. The amount of interruption-free time needed depends on several factors:

- Size of the practice, number of practitioners, or number of locations
- Current state of your inventory, especially after more than a year of punting because of the pandemic
- Recent turnover among practitioners since different doctors often prefer different items
- If it's time for annual and quarterly inventory counts

Taking all that into account and assuming greater efficiency over time, Davis says, “The standard, weekly time for inventory, I think, can be accomplished in as little as three hours.”

Try to choose a day and time during the week where there might be less going on. Catie Hill, LVT, (the May 2021 Trends Employee of the Month) at Animal Hospital of Rowlett in Texas, uses Wednesday because the hospital only does spay/neuter surgeries that day—no mass removals, dentals, or other complicated procedures. “We also have only one doctor seeing appointments that day, so we have a smaller staff,” she says.



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3. Leverage Practice Management Software

“I consider it an absolute best practice to utilize practice management software to set up the want list, set reorder points, receive inventory, and set prices,” says Alyssa Wardecker, CVT, inventory manager for Metro Pet Veterinary Hospitals in Pennsylvania. “Practice management software can be a huge help if it is set up correctly. Spending a little extra time on setting up our inventory in the software has saved me a lot of time and stress. It does the hard work for me.”

4. Order Based on Need, Not Comfort

Over the years, Davis found success in making inventory decisions “off need, not off comfort.”

She understands the sense of control and peace of mind that an abundant inventory provides. Yet, she says, “then you end up having abundant amounts of money sitting on your shelves in the form of inventory and products.”

Thanks to vendors who often deliver supplies within a day or two, Davis says, “We really don’t have to stock things like [it’s] the apocalypse.”

It takes fellow staff time to adjust to seeing shelves, cabinets, refrigerators, and drawers not as full as before, but good communication helps them understand the value of lean inventory and assures them that leanness doesn’t ignore need. For example, if the team sees an uptick in kennel cough cases, then they can alert the inventory manager to increased demand for relevant meds.

Being lean, however, often requires team consensus for limiting the type of stocked items in key product classes such as antibiotics, preventives, and analgesics.



5. Set a Nearly Real-Time Budget

Davis also recommends keeping a fluid, realistic inventory budget rather than what she calls a “fictional number that stays finite.”

The tenth edition of AAHA’s *Financial and Productivity Pulsepoints* shows the average pharmacy expenses as a percentage of total revenue at 13%.

Davis aims even lower—around 10–12%, including other supplies and items documented in cost of goods. She suggests looking at practice revenue week to week and then basing your weekly inventory order budget on that. She says, “It doesn’t have to be this challenging mathematical equation. You basically go into your practice management software and pick your date ranges. Keep those consistent, then see the overall revenue brought in, and 10% of that is your inventory budget.”

These real-time adjustments give you flexibility to match seasonal demand.

Using this budgeting strategy, along with leaner planning, Davis reduced the cost of goods at one practice by more than 5%.

6. Do Quarterly Inventory Counts

Quarterly inventory counts help reconcile in-house reality with inventory reports from your practice management software. If the values fall far apart, then regular hands-on counts can help uncover possible problems:

- Theft or product diversion
- A pattern of missed charges
- A pattern of costly mistakes or waste

Quarterly inventory counts also provide an opportunity to flag items expiring soon and minimize waste. Lindsey Rud, CVT, at Loyal Companions Animal Hospital in Illinois, uses sticky tags like what people use to mark places to sign important paperwork. Rud says, “If there’s a certain milligram size of a medication that’s going to be expiring before another, then we can try and use that one up quicker so as not to lose money.”

7. Place Reorder Tags as Visual Reminders

Hill created laminated reorder tags that fellow teammates can pull off and drop in her special inventory bucket as an extra alert for low counts on certain things. For example, if a standard order of item Z is six boxes, the reorder tag gets rubber-banded to the next-to-the-last box on the shelf. “The tag tells me how much to order based on our sales calculation over the past six months,” she says, adding that her goal is to phase out the tags as her sales and inventory reports improve in accuracy.

Wardecker implemented a similar tagging system recently and finds it helpful for items that, she says, “are harder to track through our practice management software, such as our in-hospital supplies and white goods.”

8. Do Walk-Throughs

In addition to using practice management software alerts and tracking, Rud spot-checks other items before placing inventory orders. She says, “I just walk around and check things that are not in the computer system, like syringes and gauze and things. It takes me maybe 15 minutes. I have a certain way that I walk around the hospital to check all those items, and then check the computer system.”

Hill also uses walk-throughs to monitor usage of things that come in big bottles, like 500-count medicines. “I take a peek in the bottle to see what I think, and every once in a while, I’ll double-check my numbers,” she says. “I’ll go and pull the sales report to see what we’ve sold more frequently for like seasonal items, so I usually just look at all the different drawers and gauge based on eyeball.”



Take time to keep practitioners and teammates abreast of backorder situations.

9. Label Open Containers

Rud also places tiny, blank yellow labels onto bottles, which gives the team a place to write “open” when that item enters practice use. “That way,” she says, “we’re not having four or five or six bottles open at a time. We’re keeping good track of everything that’s going on.”

Hill’s team writes “open” with a sharpie on bottles for the same reason. It also cuts down on possible pharmacy mistakes when sending clients home with a whole bottle of something that isn’t 100% full.

10. Pre-Count Commonly

Used Items

Rather than hand-count every prescription, Hill's team creates prepackaged bottles for the most common medications in the most common quantities. She says, "So, like with our antibiotics, typically we send home 7 counts or 14 counts. When time permits, we create these little pill vials that are already prepackaged, then I have little trays in the pharmacy cabinet, like little pencil trays, that hold the vials. That has limited the number of mistakes as far as counting goes because one person just sits and does it for 20 minutes."

For these grab-and-go prescriptions, the team uses a piece of masking tape as a place to write the:

- Med name
- Med strength
- Pill count
- Expiration date

They then simply replace the tape with a standard prescription label when dispensing.

11. Implement Vaccine Safeguards

Hill helps prevent mixups with two-part vaccines by positioning the vaccine trays in the refrigerator with the vials holding the powder in the front of the ones holding diluent. "If they just pick up one vial, they see it's powder, and obviously you can't draw a powder into a syringe, so they go back and grab the second part," Hill says. "We also take the label off the vial and wrap it around the syringe, so that's another double-check system."

12. Be Creative with Out-of-Stock Items

With backorders more common during the pandemic, inventory managers have been learning creative skills this past year for handling low counts and shortages on meds, foods, and more:

- Ask vendors to alert you to looming backorder issues.
- Call meds into nearby human pharmacies, if possible.
- Order online immediately for next-day pickup or delivery directly to clients' homes.
- Temporarily use a comparable med, if possible.
- Establish relationships with compounding pharmacies.
- Ask nearby veterinary colleagues if they have the item in stock, with the promise to replace it when your next order arrives.

Take time to keep practitioners and teammates abreast of backorder situations. Wardecker posts a printed backorder sheet in the pharmacy area, but others jot notes onto whiteboards in the treatment area. "This allows our staff to see what's on backorder, when it was ordered, and when it is expected to be released," Wardecker says. "This helps resolve some of

the frustration related to the many backorders.”

Even when they're back in stock, some meds get allocated—meaning manufacturers limit how much they send each month. Practices saw this happen recently with a heart medication. “It was really coming close to the point where we needed to compound it,” says Rud, “but it came back just before we ran out of stock. Even specialty hospitals weren't getting it.”



13. Educate in Fun Ways

Davis recommends playing The Price Is Right-style games to help the practice team understand the actual costs of various inventory items, such as that three dollar catheter adapter that team members might assume costs maybe five cents.

Whether during team meetings or incorporated into quarterly inventory counts, raising cost awareness also increases compliance with rules for handling certain medications carefully.

“Mistakes are going to be made,” Davis says. “There was a particular medication that was over \$200 a bottle, and it had to be refrigerated. I think one time it got left out on the counter, and people were like ‘Oh! There goes 200 bucks.’ And that doesn’t even take into account the revenue that could have been generated. That’s just the cost of the vial to us.”

14. Streamline Costs and Ordering

Look for tools that provide price comparisons and streamline your weekly inventory orders. Davis, Rud, and Wardecker all use a system to order from all their vendors through a single portal, which saves them a lot of time and money.

More than Function

Inventory management supports veterinary team function and establishes the base for client and community trust. People rely on practices to have the items their pets need. This requires careful balance of the value of lean inventory and of being a go-to resource for clients.

Beyond saving practices money, lean inventory, price shopping, and even private label options also save clients’ money, freeing up their budget for additional care. Davis says, “And that makes [the team] feel great when we

can save the clients' money, too. Instead of having to spend \$100 on one medication, they can maybe spend \$50, and then the remaining \$50 could go toward a procedure their pet needs instead.”



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