**~ Eight Misconceptions about Managing Your Inventory Debunked ~**

1. **Getting my replenishment settings right is the most important way to manage inventory**

[**Maintaining strong inventory record accuracy (IRA)**](https://acenet.aceservices.com/awor/inventory-management/achieving-inventory-accuracy) is the most critical factor toward staying in stock, addressing dead inventory, and driving incremental profitability.

1. **When sales have slowed, inventory needs cutting**

Efforts to reduce inventory can be lethal. Doing so can create out of stocks, empty shelves, poor store image perception, and frustrated customers who will ultimately shop the competition. This can spiral into greater problems and financial implications. Instead, if inventories must be reduced, prioritize looking at unproductive products [**taking a more strategic approach to healthier inventory levels**.](https://acenet.aceservices.com/awor/inventory-management/smart-inventory-decisions-during-challenging-times)

1. **Dead stock needs to be marked down and moved out**

Leverage markdowns as a last resort. Instead, first check to see if the [**obsolete product**](https://acenet.aceservices.com/awor/inventory-management/obsolete-inventory-closeout-management-(com)-setup) is physically in the store, priced competitively, redundant product in the set, or merchandised effectively. Key word: investigate. More times than not you can move product without having to sell it at a discount.

1. **Working my Mango count sheets will drive sustainable improvements to IRA**

If used to update and correct counts with no regard toward understanding what caused the issues, then this is a band-aid approach and typically won’t provide much long-term IRA gain. Conversely, [**work Count Sheets to understand the root of operational gaps**](https://acenet.aceservices.com/awor/inventory-management/mango-count-sheet-setup) and retrain staff as necessary for sustainable improvements.

1. **Increasing my inventory depth will hurt profits and drive down my inventory turns**

[**Stores with deeper levels of inventory outperform stores that don’t**](https://acenet.aceservices.com/news-archive/journey-to-the-depths-of-your-inventory). In fact, there is a strong correlation between inventory per square foot and sales per square foot. When focused on raising inventory strategically through programs like [**Economic Order Quantities**](https://acenet.aceservices.com/awor/inventory-management/economic-order-quantity-setup), [**Minimum Order Points**](https://acenet.aceservices.com/awor/inventory-management/minimum-order-points-setup), and [**Preseason Planner**](https://acenet.aceservices.com/awor/inventory-management/getting-started-with-preseason-planner), inventory turns typically remain the same as inventory increases.

1. **Spending more than an hour (or more) working the ‘RSO’ will result in better quality suggested orders**

Typically, if it takes greater than 60 minutes to ‘fight’ your suggested order each week, there are larger issues - inventory settings have not been optimized, SKU integrity issues exist, or other business gaps are present. The goal is to be able to [**review the RSO on an exception basis**](https://acenet.aceservices.com/awor/inventory-management/computer-suggested-orders-(rso)) and shift focus on other important store activities.

1. **Carry more weeks of supply on fast moving products and less on slower velocity SKUs**

Based on how Eagle for Windows calculates [**order points**](https://acenet.aceservices.com/awor-search?terms=order+points), this can result in overstocking on faster-moving goods and insufficient amounts of slower ones. Revisit your weeks of supply settings to ensure they are maintained at or near [**Ace best practice levels**.](https://acenet.aceservices.com/awor-search?terms=order+points)

1. **With the onset of global supply chain issues, reaching a 95% in-stock position is next to impossible**

Undoubtably, the industry supply problems make obtaining a higher [**In-Stock position**](https://acenet.aceservices.com/awor/inventory-management/in-stock-setup) more challenging, but it’s still possible. The key is to focus on what you are able to control within the four walls of your operations and consistently execute the basics (i.e. [**Count Sheets**](https://acenet.aceservices.com/awor/inventory-management/mango-count-sheet-setup), [**shooting the outs**](https://acenet.aceservices.com/awor/inventory-management/shooting-the-outs-setup), [**Item Change Management**](https://acenet.aceservices.com/awor/inventory-management/item-change-management-(cancelled-replacement-temporary-closeout-and-reinstated-items)-setup)).

See the [Ace Way of Retailing Inventory Management section](https://acenet.aceservices.com/awor/inventory-management) for further insights and practices to optimize inventory health. **Pathway:** ACENET >> About Ace >> Ace Way of Retailing >> Inventory Management

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