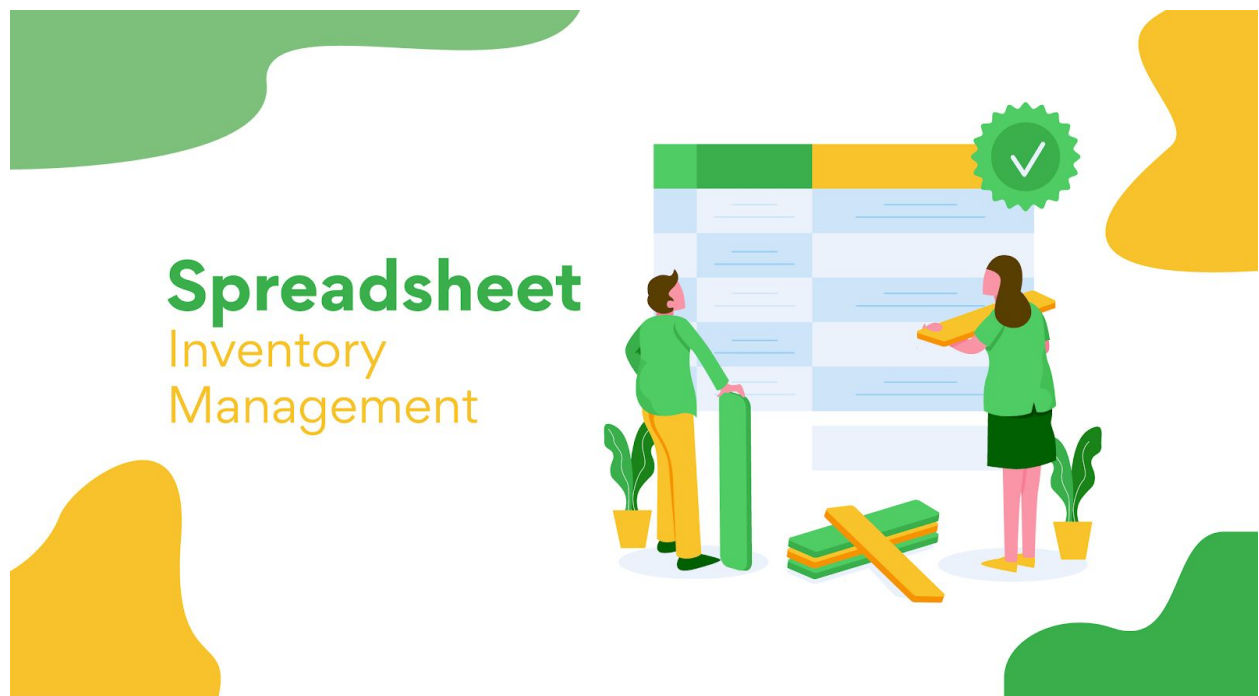


# Inventory Management Spreadsheet - Everything you need to know

<b>Spreadsheet Inventory Management In 2020</b>	<b>1</b>
What Is Spreadsheet Inventory Management	2
Benefits Of Using Spreadsheets For Inventory Management In Your Initial Phases	3
Important Spreadsheet Operations For Inventory Management	4
Troubles Faced With Spreadsheet Inventory Management	5
Switching To Dedicated Inventory Management Software From Spreadsheets	7
Summing Up	7



Spreadsheets for business owners are no different than first cars- they play an essential role in making things happen. But how do we know that it's time to get something better? To know the answer to this question, let us first understand spreadsheet [inventory management](#) and how it impacts the businesses at various levels. Dive in deeper to learn more. But their utility to businesses is decreasing consistently in recent

times as the supply chains continue to evolve and turn more complex than ever before. The ecommerce industry relies heavily on making quick decisions and lowering the bottom line. Read this article to know if they are still relevant in 2020 or not.

## What Is Spreadsheet Inventory Management



[\(Image Source\)](#)

Spreadsheets combine data and arithmetic, making them one of the most powerful software solutions for businesses when they were introduced. They allow users to input alphanumeric data and perform calculations on a given set of values defined by cell range. Users can perform both simple mathematical calculations and complex statistical analyses. It also allows you to perform data visualization with the help of various charts. Interlinking various cells and sheets allows you to create dynamic data analysis systems to analyze and mathematically model the impact of changing various parameters on a combined system.

Coming towards inventory management, this is an excellent solution since the number of SKUs exceeds the capacity of what a paper-calculator duo can handle. Industries are also required to maintain enough stock concerning the bill of materials (BOM) for the items under production and the accepted orders. Keeping the production facility running also requires the organization to keep a tab on the pipeline inventory and sales forecasts for production planning. Spreadsheets allow businesses to create dynamic fields where the change in values of items available in-store and in transit are reflected on a central dashboard. Other teams can view the changes made by a particular team and keep each other updated.

## Benefits Of Using Spreadsheets For Inventory Management In Your Initial Phases

A lot of businesses start using spreadsheet software like MS Excel or Google Spreadsheets from Gsuite in their early phases. Usually, they go for pre-built inventory management templates and mold their processes around it. The advantages of using them in your initial days are:

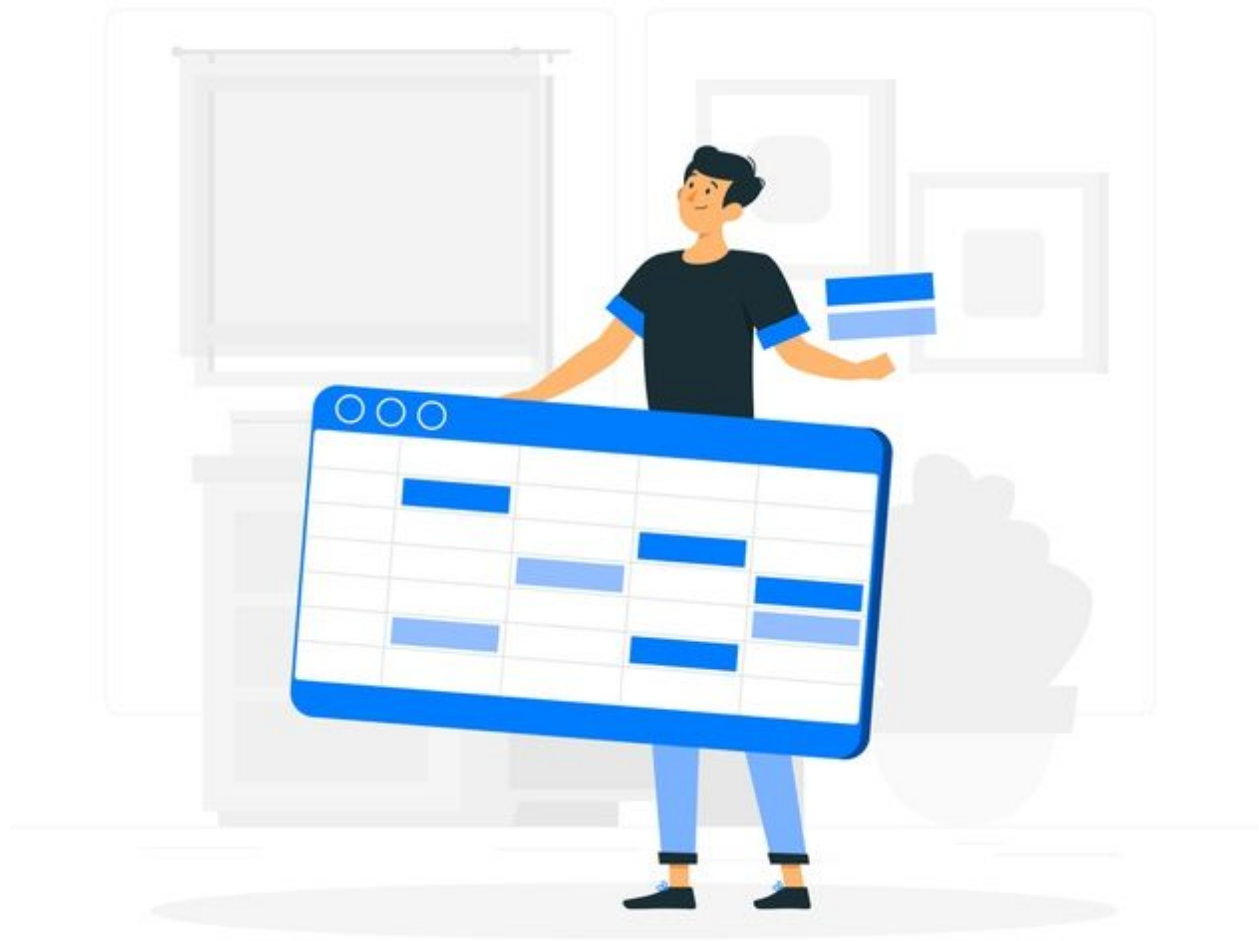
- You don't need to spend much time learning how to use Spreadsheets.
- You don't need to pay a handsome amount for using them. They either come for free (in case of open source software) or come with your Windows copy.
- Templates are easy to use and help you intuitively store data.
- It allows you to measure a vast number of KPIs like inventory turnover ratio, Days Sales of Inventory, lead time, rate of return, and stock carrying costs.

---

By 2021, the sales of warehouse automation technology will touch [\\$22.4 B](#).

---

## Important Spreadsheet Operations For Inventory Management



[\(Image Source\)](#)

This section will go through some of the important commands you will require to use when managing inventory on Spreadsheets:

**FILTER:** It allows you to separate cell range based on their attributes while hiding other rows in the sheet.

**AVERAGE:** It allows you to measure the central tendency of a cell range.

**SUM:** This is the most used command as it enables you to find the total of different values in the same row and in different locations of the sheet/workbook through hyperlinking.

**SORT:** This command enables you to visually mark the data through colors and sizes. You can use this command to identify the products or figures based on their importance for your business.

**RANK:** Rank command restructures your sheet data to obey rules automatically.

**VLOOKUP And HLOOKUP:** They are used to identify and filter data in different sheets based on some common elements in the row/columns.

## Troubles Faced With Spreadsheet Inventory Management

Spreadsheet inventory management had revolutionized the way businesses handled operations and gave them a functional edge over paper-calculator management. They found it extremely convenient, but after their business (and spreadsheets) grew past a certain volume, things became confusing. For instance, the data was sharable only inside the company premises over LAN. Emailing it and updating the data added to the clerical formalities and widened the chances of making mistakes. Cloud-based spreadsheet software eased the situation, but allowing multiple personnel access without cross verification creates even more problems. People also tried to use mobile apps that use spreadsheets as a base, but it didn't yield many results.



[\(Image Source\)](#)

Thus, businesses start facing troubles in keeping up with the operational complexity. Beyond a certain volume, spreadsheets start adding troubles instead of reducing them. The manual data entry, verification, rectification, and database management costs soon outgrow any tangible results they generate. It also exposes organizations to statutory risks as failing to provide accurate data for audits lands them in legal troubles.

# Switching To Dedicated Inventory Management Software From Spreadsheets

After your business grows to a certain level, it is far easier to start using a dedicated inventory management software. It automates the process of data capturing and database management. You can generate extensive reports while the operational processes like order picking and warehouse management are also aided by it. However, the biggest benefit of using dedicated SaaS inventory management solutions is that you can integrate them with numerous other software solutions like accounting, payment, ticketing, CRM, marketplaces, surveys, and even with customized solutions. You can also integrate it with the logistics company and facilitate data transfer between your online store and all concerning solutions. This gives unparalleled ease of business and allows you to focus on the core functions without compromising the profitability.

---

According to [Deloitte](#), 75% of the industry leaders use optimization software.

---

At any point in time, if you feel that the spreadsheets are consuming more time and effort when compared to other clerical functions of the business, you should switch to dedicated inventory solutions. They don't cost an arm and a leg but do help you scale up your businesses without succumbing to the evils of over expansion.

## Summing Up

Spreadsheets are a great fit for many purposes, and businesses can still use them in 2020 as long as they don't cross a certain turnover, and the number of SKUs is manageable. They are the first step to documenting and automating the workflows for almost every organization, and a lot of ecommerce stores, including dropshippers, use spreadsheets in their initial days. However, upgrading to a dedicated inventory management software always pays off as it unleashes a whole new set of functionalities while overcoming the shortcomings of spreadsheet inventory management.

->Useful Resources:

Resource 1: Your Essential Guide to Effective Inventory Management + 18 Techniques You Need to Know ([Link](#))

Resource 2: Are spreadsheets holding your inventory system back? ([Link](#))

Resource 3: How to Manage Your Inventory in Excel ([Link](#))

Resource 4: Why Excel Is Bad For Inventory Tracking ([Link](#))

Resource 5: 4 Reasons Why Excel for Inventory Management Doesn't Work ([Link](#))

->Related Articles:

Article 1: All about Inventory Turnover Ratio and Formula to calculate ([Link](#))

Article 2: Dropshipping Ultimate Guide ([Link](#))

Article 3: 5 Reasons Why Small Business Needs Automated Operations (Inventory, Order, and Shipping) Management Software ([Link](#))

Article 4: Order Lead Time in Warehouse Management ([Link](#))

Article 5: Understanding Rate of Returns: An Important KPI in eCommerce Business ([Link](#))