

Stock/Inventory – an introduction

Stock is the goods that are purchased or made for the purpose of being sold on to customers.

Stock is important as it is ultimately sold to customers to generate profit, so having the right products and the right quantity of them is key.

Stock management is important as it:

- is used to satisfy customer demands
- makes “shelves” look aesthetically inviting
- ties up cash until a product is sold
- incurs handling, storage, insurance costs
- is susceptible to “Stock Loss” – theft, damage, date expiry etc.

Different forms of stock

Raw Materials

basic material from which
stock is made

Work in progress

product has entered the
production stage but is not
yet a finished product

Finished goods

the final finished product
that is sold to customers