

In any business it is critical that there is enough stock to meet demands, although not too much stock to the extent that it becomes obsolete, it is incurring costly storage costs or it is being lost/wasted. Below are some common metrics that are used to review stock:

Amount of stock

The amount of stock can be expressed as:

- **Cost:** What it costs to purchase the stock from the Supplier, the cost of stock held.
- **Retail:** What the stock is worth when it is valued up using it's retail price / what the stock will be sold to customers for.
- **Units:** The physical amount of individual stock items a company has.

Weeks cover

Weeks cover shows how long stock will last for before running out. Having too little stock could cause a stock shortage/lost sales. Whereas too much stock could mean more obsolescence, wastage, storage costs. Knowing the number of weeks helps assess how much stock should be held and how often it should be replenished. Two common “weeks cover” metrics are used:

- **Average weeks cover** (uses past sales as a guide) = $\text{stock} / \text{average weekly sales at cost}$
- **Forward weeks cover** (uses future sales as a guide) = $\text{stock} / \text{future weekly sales at cost}$

Types of stock

Stock can be reviewed through many different lens, some key ones are:

- **Location:** Where is the stock? Is it in store? in warehouse? in transit?
- **Age:** Is the stock a new line? mature/core line? delisted line?
- **Others – by Supplier, by department, by core/seasonal/promotional stock.**