

2022 - SINK OR SWIM - SET UP YOUR INVENTORY MANAGER FOR SUCCESS FEBRUARY 2022

Of all the positions in the veterinary hospital, which ones receive little or no training? Most of you will say that every position (nurse/tech, receptionists, associate doctors, and kennel attendant) goes through a training process – from a few days to a few months. What about the people on your team who step into additional roles? Perhaps you call them "managers" or "lead," or maybe you say they are "in charge of." Whatever their title, did they receive any formal training for the role? Is there a chance they took on the role and are now struggling because they were unprepared to perform all the duties?

It is so easy to take a strong, competent job performer and offer them a promotion – assuming they will be awesome in the new role as well. However, you are taking a risk if you are not informing, training, and checking in on the person. For example, consider your inventory person. This person was probably one of your strongest performers, who was detail-oriented and organized in their 'regular' job, so it seemed natural to put them in charge of inventory. Are you setting them up for failure or subpar performance because you didn't spend time training them for this position?

The person in charge of inventory (aka Inventory Manager) has considerable responsibility for business dollars and patient care. Failure in either of these areas can be disastrous – ranging from loss of money to loss of a pet's life. Don't let this person "sink." Ensure the success of the inventory manager, starting with finding the right person for this role to managing physical inventory counts to ensure the financial performance of the inventory profit center. Let's start with the position and how to find the perfect fit.

Before identifying the best person to be in charge of inventory, consider the job duties and responsibilities. In other words, write a job description and clarify details of the position. Include:

- Job summary – A statement about the job (why it is an important task and the goal).
 - Hours allocated - Establish the percentage or range of weekly hours allocated for inventory – essential for everyone (owner, manager, scheduling person, inventory manager) to understand the time commitment. Will 25% of the time be inventory (10 hours/week for a full-time person) or perhaps 10-15 hours/week? Don't expect the person to manage inventory when there is "free time" or "in-between regular duties."
 - Supervisor - Who will this person report to (practice owner or practice administrator)? This avoids the problem of too many "chiefs" telling the inventory manager what to order.
 - Supervisory responsibilities – Is this person responsible for overseeing the work of others on the team (i.e., someone making data entries or unpacking shipments)?
 - Compensation – Inventory is a big responsibility that should come with a pay increase. Also, consider bonuses for hitting budget targets. Be transparent about compensation and any what-ifs (What if the person decides to give up that role? What if they do not hit budget goals?)
- Job responsibilities – Will this position educate employees on new products or protocols? Are they writing inventory procedures for the team to follow? What level of financial oversight do they have? Are they ordering only medical supplies or office supplies too? Are they overseeing controlled substances? Do they set prices? Are they responsible for the online store, etc.

Professional Alert - Inventory management is often more than a one-person job. And it may be better to involve more people from a risk management perspective. If only one person orders, counts, adjusts, etc., it is easy to "procure" inventory for personal reasons - especially controlled drugs, etc. Having an "inventory team" can help reduce the workload and stress on any one person and reduce risk. The person who does primary ordering may not be the one who does quarterly hand-counts of inventory and reports results to management, for example.

It is critical to know what you want the inventory manager to do. Not only is it a good business strategy to have clear job responsibilities, but it is also good to establish accountability and job performance expectations. Once you know what the position entails, finding the right person for the role is much easier. The search may involve placing an ad for outside candidates or discussing the position with a few in-house people who are interested. Use interview questions based on a job description. And yes, this does mean interviewing the in-house candidate(s).

If you aren't looking for someone to take the role of inventory manager, consider the benefits of assigning stretch assignments based on responsibilities in the job description. Stretch assignments are great for high-potential individuals who are good performers and who have an interest in all things inventory. Perhaps someone can take on one of the duties listed in the job description as a way to test the waters and demonstrate the skills needed for the job. Make stretch assignments part of the practice's strategic plan for developing talent. Not only is it nice to have an experienced backup for vacations or a leave of absence, but it is also a way to fill the management pipeline with people who have demonstrated key skills.

At this point, we'd love to say, "congratulations, you have a new inventory manager!" However, the work doesn't end once you choose the right person. Spend some time educating the person on inventory control and management. The education may be on-the-job training by the in-house subject matter expert (aka the person who has been in charge up to this point), self-directed by reading articles and books on the subject, or more formal training by industry experts. The choice depends on the level of experience of this new inventory person and the resources the practice has or is willing to provide. A well-trained manager is a successful one.

Next, it is time to talk about what is on the shelf. Terms such as quantity on hand, reorder point, and reorder quantity may seem easy enough to understand – until seasonality, turns per year, special offers, special orders, and backorders enter the picture. Continuing along this vein of inventory jargon, discuss the ABC Analysis, cycle counts, and shrinkage. Review (or create) checklists or schedules for specific inventory duties (such as cycle counts, end-of-year counts, control log reports, dealing with expired drugs, and online pharmacy updates). An organized manager is a successful one.

Now, let's talk money. Inventory is the second-largest expense after team compensation. Make certain your inventory manager monitors the financial side of the inventory. Discuss those financial terms such as COGs, pricing, markups, margins, KPIs, income to expense ratios, and the chart of accounts. Involve the inventory manager in monitoring metrics. Inventory control and management is so much more than simply finding the best vendor pricing. It is about making inventory a profit center - and if you don't share information on the financial side, profit may be at risk. An informed manager is a successful one.