

Inventory-Sharing Best Practices

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Introduction

Formalized “inventory-sharing” within a network of peer wholesaler-distributors can bring these benefits to the active participants, the manufacturers they represent and the buying/marketing groups or cooperatives of which they are members:

Benefits of formalized inventory-sharing for wholesaler distributors:

- ✓ **Improved product availability for end-customers**, by leveraging inventory available in the network.
- ✓ **Fewer over-purchases of items sold in package quantities**, by buying only the quantity needed from another participant in the network.
- ✓ **Savings on stock replenishments**, by buying other network participants’ surplus inventories offered at “distressed” prices.
- ✓ **Incremental revenue on active inventory and cash for surplus inventory**, by selling to other participants in the network.

Benefits of formalized inventory-sharing for manufacturers:

- ✓ **Increased overall sales**, due to greater product availability throughout the sales channel.
- ✓ **Improved manufacturing efficiency**, due to reduction in expedited or small-quantity manufacturing runs.
- ✓ **Reduction in work for the customer service staff**, as distributors solve their own product availability needs.

Benefits of formalized inventory-sharing for buying/marketing groups and cooperatives:

- ✓ **More successful, more profitable members**, due to the benefits of inventory-sharing between members.
- ✓ **Stronger, more cohesive membership**, due to increased levels of collaboration and cooperation between members.

The inventory-sharing “best practices” described in this document have been compiled by WarehouseTWO from nearly a decade of hosting and supporting inventory-sharing networks. Although most of these “best practices” refer to specific features and functions available in the WarehouseTWO inventory-sharing tool, they represent universal behaviors that can be adopted by participants in most any inventory-sharing network.

Best Practices for Wholesaler-Distributors

To create, build and maintain a successful inventory-sharing network:

1. **Change how your company fulfills end-customer demand for non-stock or out-of-stock items.** Everyone in your company responsible for order fulfillment and customer satisfaction should follow these steps when dealing with an end-customer demand:
Step 1: If the item is in your stock, allocate it to your customer order.
Step 2: If the item is not in your stock, but readily available from your primary supplier (the manufacturer?), buy from that supplier.
Step 3: If the item is not in your stock, and not readily available from your primary supplier, search for the item in your inventory-sharing network.
2. **Be an active buyer in your inventory-sharing network.** Do not expect other participants to buy any of your inventory (active or surplus) if you are not willing to use an inventory-sharing network as a sourcing tool too.
3. **Encourage peer distributors to participate with you in inventory-sharing.** The more distributors participating in your inventory-sharing network, the more inventory available to you. [Click here](#) for suggestions on how to attract peers to participate with you at WarehouseTWO. Our [Referral Rewards Program](#) provides communication tools and incentives for successful recruitments.
4. **Follow WarehouseTWO's recommended "inventory-sharing etiquette" guidelines.** Maintaining a good reputation among your peers will result in greater cooperation and a healthier network. [Click here](#) to review WarehouseTWO's [Inventory-Sharing Etiquette](#) guidelines.

To improve your success rate when looking for an item to fulfill your end-customer's backorder:

5. **When searching for an item by part number, start with a wide, unfiltered search.** Filter your search by "Exact Text" or "Exact Match" only if an unfiltered search yields too many items in the search result.
6. **As an initial search, enter the manufacturer's part number, less hyphens and spaces.** Many participating distributors who post their inventory data do not include these characters in their posted part numbers.
7. **Do not filter your search by inventory-sharing community.** Many participating distributors who post inventory data post their items to the wrong, if similar community. Filter your search by community only if you cannot narrow your search by other methods (such as by searching for an "Exact Match" part number.)
8. **If you did not find what you needed in a SEARCH result, send out a BROADCAST REQUEST inquiry email.** Many participating distributors do not post any inventory data to their WarehouseTWO accounts. Many others post only their excess/surplus inventory items. Much more inventory is available than appears in search results. Find "hidden" inventory with WarehouseTWO's [BROADCAST REQUEST](#) function.

To improve your success rate when trying to sell your available inventory to other members of your inventory-sharing network:

9. **Post your items using the manufacturer's exact part number.** Include all hyphens and spaces, as required per the manufacturer's documented part numbering protocol. Other distributors do not know your internal part numbering system. If the manufacturer's part number is not in your computer system's database, use WarehouseTWO's [Related Items](#) functionality to cross-reference the manufacturer's part number to your internal part number. *Improve the chances of your items being found in searches by other distributors.*
10. **Offer a sales price for every item you post to your account.** If you do not show an offer price and other WarehouseTWO member shows an offer price (**any** offer price) for the same item, you are greatly reducing the likelihood that you will be contacted by the distributor who found your item. *Increase your chances of turning a posting into a sales order, by including a price.*
11. **Post as many inventory data records, to as many inventory-sharing communities, as your membership level allows.** The more items you post, the more chances you have of selling something.
12. **Post your active inventory too, not just your surplus inventory.** Successful inventory-sharing depends on there being a "department store" variety of items available in your inventory-sharing network. Posting only your surplus items will discourage other participating distributors from returning to your network to look for an item they need and is a formula for disappointment.
13. **Automate your inventory data postings as a nightly scheduled task.** Doing this ensures that your data will always be available to other members of your network. Your data will be accurate. At WarehouseTWO, your items will be automatically sorted toward the top of the search result list. [Click here](#) for a list of third party resources who can help you set this up, if your company uses any of the popular ERP systems shown on this document.
14. **Hold someone at your company accountable for always having inventory data posted to your inventory-sharing network.** Avoid the problem of letting your manually posted inventory data expire, then having nothing posted to your account for weeks, if not months.
15. **Enter a group email address, not an individual email address, in the "Contact Email Address" field in your location record(s).** This is the email address that receives [BROADCAST REQUEST](#) inquiries from other WarehouseTWO participants. Each of these emails is a potential order. Having these emails go to a group email address improves the chances of at least one member of your staff being available to respond to the inquiry.
16. **Expose your selected (surplus?) items to a world audience.** Use WarehouseTWO's [WEB MARKET](#) feature to potentially expose your items to "Google" searches.
17. **Allow emails sent from other WarehouseTWO members to get through your company's "spam" filter or firewall.** Potential buyers may try to contact you by sending an email from our system. Allow your "spam" filter or fire wall to accept all emails sent from the domain "@warehousetwo.com" or IP address 104.40.18.92.

Best Practices for Manufacturers

To maximize the benefits of hosting an inventory-sharing network:

18. **Got a distributor requesting expedited delivery of an item or a small quantity of an out-of-stock item? Redirect him/her to your inventory-sharing network.** For example, ask the distributor, “Have you checked for this item at WarehouseTWO?” As a follow-up question, ask, “Have you sent a [BROADCAST REQUEST](#) inquiry email to the members of our inventory-sharing?” *Lower your costs and reduce your staff workload by eliminating expedited or small-quantity manufacturing runs.*
19. **Buy back an item from one of your distributors, to fulfill an open direct-customer order.** Your customer service staffs should have access to WarehouseTWO for this activity. *Lower your costs and reduce your staff workload by eliminating expedited or small-quantity manufacturing runs.*
20. **Post your finished goods Inventory to your inventory-sharing network.** Offer a 24/7 method for your distributors to do their own factory stock checks, on-line. *Reduce the number of phone calls coming into your customer service department.*
21. **Require your distributors to post their surplus inventory to your inventory-sharing network for at least six months prior to considering taking any of it back as part of an annual inventory exchange program.** Give your distributors an alternative solution to their surplus inventory challenges. *Reduce the amount of surplus inventory you may be obliged to take back.*
22. **Include participation in inventory-sharing as part of your distributor performance metrics program.** Distributors will do what you measure them on. *Communicating the value you put on inventory-sharing will motivate your distributors to participate, resulting in more benefits for you.*
23. **Encourage participation in your inventory-sharing network with a campaign of monthly emails to your distributor principals.** [Click here](#) to receive our monthly email templates. (You can unsubscribe at any time.) *Repeated reminders drive greater participation by your distributors, resulting in more benefits for you.*
24. **Include “inventory-sharing” as a standing topic in your distributor advisory council meetings.** If your leading distributors embrace inventory-sharing, the rest are more likely to follow.
25. **Include a demonstration/training workshop on inventory-sharing during your annual distributor meetings.** Group training fosters greater collaboration and cooperation among your distributors.

Best Practices for Buying/Marketing Groups and Cooperatives

To maximize the benefits of hosting an inventory-sharing network:

26. **Encourage participation in your inventory-sharing network with a campaign of monthly emails to your member principals.** [Click here](#) to receive our monthly email templates. (You can unsubscribe at any time.) *Repeated reminders drive greater participation by your members, resulting in better results.*
27. **Include “inventory-sharing” as a standing topic in your member board meetings.** If your leadership team embraces inventory-sharing, the rest of your members are more likely to follow.
28. **Include a demonstration/training workshop on inventory-sharing during your annual distributor meetings.** Group training fosters greater collaboration and cooperation among your distributors.