



## Entrepreneur's Journal: Don't let inventory kill your business

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With the credit squeeze and recession, the business environment has been volatile for business owners. As a result, it's been extremely difficult to manage inventory. Obviously, this is a dangerous thing -- given the costs of inventory (such as storage, financing, insurance, and so on).

The good news is that there are ways to deal with the volatility. So let's take a look.

**Supplier Negotiations:** Go back to your suppliers and see if you can negotiate better terms; that is, a longer time to make payments, or even see if you can work on consignment.

**Leverage Technology:** No longer is inventory management technology just for large companies like **Wal-Mart** (NYSE: **WMT**) and **Dell** (NASDAQ: **DELL**). In fact, there are a variety of top-notch small business solutions.

Look at **Phitch**. To make things easy, you can import data from your QuickBooks account. From there, you'll get recommends and reports on how much to order and how much to keep. You can also compare the qualifications of suppliers, looking at things like pricing and volume discounts. And, if you're running low on supplies, there are alerts.

However, a key to Phitch is that it uses a sophisticated formula to derive the real economic profit of your decisions.

**Outsourcing:** Building a warehouse is usually a waste of time and money. After all, in a volatile economic environment, it's probably better to have a flexible arrangement.

How? Well, try outsourcing. And, one of the top operators is **Shipwire.com**.

The company has a global network of Class A facilities (3 million square feet). Thus, you ship quantities of supplies to these facilities and Shipwire handles the storage, management, fulfillment, and return services. In fact, the company handles real-time shipping optimization, which can be a cost saver.

Moreover, the system integrates with many online shopping carts and payment systems like PayPal (you can check out a recent **piece** I did on the topic). In other words, Shipwire handles many details behind the scenes.

"With services like Shipwire," said Damon Schechter, who is the CEO of Shipwire.com, "a small business can get Fortune 500-like supply chains. The costs are also affordable."

For example, minimum for 16-cubic-feet is \$30 per month.

*Tom Taulli is the author of various books, including **The Complete M&A Handbook** and the founder of **BizEquity**, a free online **business valuation** tool for small businesses. You can reach him at his personal **blog**.*

**Tags:** Damon Schechter, Inventory Management, Phitch, Shipwire