The Goldilocks Dilemma: How the CPIM Enables Smarter Inventory Management

Inventory management is a little like the classic Goldilocks fable. Too much inventory burns cash, clutters warehouses, and complicates operations. But too little inventory is equally harmful, freezing a business in its tracks, killing sales, and damaging reputations.

For supply chain professionals, the challenge is navigating the delicate balance between too much and too little. But while Goldilocks eventually settled on "just right," professionals today chronically alternate between "too hot" and "too cold"— a state of affairs that harms individual careers while imposing huge costs on an organization.

It's no wonder, then, that inventory management represents a significant source of stress for many supply chain professionals. However, within that stress also lies opportunity for employees with the appropriate inventory management skillset. Pursuing the Certification in Planning and Inventory Management (CPIM) is a simple way to stand out and deliver immediate and quantifiable value within one's organization.

The value of improved inventory management

How large is this potential value? While 2020 has upended traditional expectations when it comes to inventory management, historical data tells us that poor inventory planning costs U.S. retailers a staggering $300 billion in revenue due to the markdowns needed to sell excess product. It further reported that just 60% of all U.S. non-grocery sales are made at full price—evidence that organizations across industries slash prices to unload unwanted inventory and the associated costs of carrying it.

At the same time, however, too little inventory imposes similarly large costs. In the automotive industry, fines can be as high as $4,000 per minute for supply chain partners whose delivery failure causes production downtime. And while just-in-time inventory—a management strategy that aligns material orders from suppliers directly with production schedules—is optimal in theory, in the real world it's nearly impossible to perfectly balance supply and demand. That's true even in the best of times and especially so in the event of supply shocks and other unanticipated events.

Of course, inventory management is by definition an uncertain business, but strategies exist to harness that uncertainty and transform it into a competitive advantage. That's where the CPIM program comes in to provide supply chain professionals with the knowledge and tools they need to increase inventory accuracy and improve forecasting abilities.

Strategies to improve inventory management

By undergoing the CPIM program, students gain a logical framework from which to approach inventory management. Students will learn, for example, "just-in-time" inventory management techniques, as well as tools and strategies for securing inventory without the quotes to improve inventory accuracy—in other words, for improving an organization's inventory oversight, especially in times of uncertainty. This type of visibility provides a real-time picture of inventory levels that helps avoid materials shortages or the purchasing of duplicate items that kill lean inventory processes.

Similarly, CPIM provides supply chain professionals with insight into the basic factors that drive demand for inventory, allowing them to improve the assumptions that underlie their inventory management strategy. Factors such as unexpected surges, the impact of product promotions, and product lifecycles are all easily anticipated and impact the inventory kept on hand. Therefore, understanding the elements to analyze when assessing inventory levels can mitigate at least some of the uncertainty inherent within supply chains.

The CPIM not only equips supply chain professionals with the tools they need for effective inventory management but to also operate in a world that's far more complicated than the story of Goldilocks. Supply chain professionals exist in a fast-paced, exciting environment defined by global impact but also global challenges. Faced with such opportunity, they need every tool at their disposal, and that's exactly what the Certification in Planning and Inventory Management provides.

By obtaining the CPIM, supply chain professionals join over 100,000 previous CPIM recipients and rapidly become a valuable and irreplaceable member of their organization. All it takes is a willingness to get started. https://apicstc.org/CPIM_Certification

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