



Meadow

SMARTER DISPENSARY INVENTORY MANAGEMENT GUIDEBOOK

Inventory Management Best Practice: Frequent Cycle Counts

In some states like California, it's required to count your inventory once every 30 days, though it's a best practice for retailers everywhere to conduct "Cycle Counts" much more frequently to keep your inventory organized both physically and digitally.

A Cycle Count is when a retail shop physically counts all of the inventory in their possession to compare what your inventory system THINKS you have with what's actually there. In a perfect world, those numbers always match exactly, but in reality that's rarely the case due to inventory shrinkage.

The only way to find discrepancies between your assumed inventory numbers and actual inventory numbers is to do a full count of all physical products.



Dispensaries that conduct Cycle Counts on a regular basis see a dramatic decrease in inventory discrepancies, from all sources. Adding this into your team's workflow is the fastest way to reduce loss and inventory shrinkage.

What is Inventory Shrinkage?

Inventory shrinkage is defined as the loss of inventory due to factors such as employee theft, shoplifting, errors on purchase orders or at the register. Shrinkage is the difference between the inventory in your point of sale system and actual physical inventory.

Inventory management is one of the most important aspects of running a modern dispensary: understanding what's selling, managing the flow of products from the distributor to back stock to the retail floor, performing inventory audits, and tracking inventory movement through Metrc are all critical to remain compliant and keep customers happy.

Because all inventory data is reported to the state every day, shrinkage is especially dangerous in this highly regulated industry. Dispensaries that implement smart systems can quickly identify discrepancies between inventory levels in your POS and actual physical inventory.

If you're not sure what your current inventory shrinkage is or you've gotten used to inaccurate inventory data, it's time to upgrade your workflows. Inventory is the lifeblood of the business; understanding the movement of each individual SKU directly affects your ability to make money.

Reduce the number of missing SKUs = More cash in your pocket.

Common Reasons for Inventory Shrinkage:

- Mistakes being made during product intake
- Mistakes at point of sale (ie. selling a .5g as a 1g option)
- Expired, destroyed, display, sample or returned products that haven't been accounted for
- Customer theft
- Employee theft



How NOT to Count Inventory

If you're still counting your shop's inventory based off of a list of expected products or quantities, you're likely losing money.

The Least Effective Method to Manage Inventory:

Expected Products & Expected Quantities

Some other POS systems encourage you to print out the expected quantities and compare with what you have in your store. Unfortunately with this approach, you're telling your staff what to expect when they're counting, so there's a huge confirmation bias. If you're expecting 20 vape pens, but your staff member counts 21 units, that's a perfect opportunity for them to pocket the extra unit because no one is looking for it. Or, when staff is counting very large numbers and it's late night after the store has closed, and you're supposed to have 118 units, it's easy to call it "good enough" when the numbers seem about right. These little mistakes add up quickly.

A Slightly Better (But Still Flawed Method) to Manage Inventory:

Expected Products, No Expected Quantities

Maybe you're using a POS system that gives you a print out of the expected products but without expected inventory numbers. This is a slightly better system in that it doesn't give employees the number they should be looking for. However, if there is a box of product on your shelves but for some reason it's not on your list, it's easy to overlook that box and not count that product, or have it "go missing." If there are 1-2 units of product that have been misplaced on the wrong shelf, and you're checking expected inventory off of a print out, you're likely only going to count the units in the expected location and not account for the additional misplaced inventory. Every lost product is lost revenue.

Reduce Compliance Risk and Inventory Losses Using Meadow's Smart Cycle Counts Tool

Meadow's Cycle Count tool doesn't tell your employees what inventory products or quantities to expect, but makes it easy to count what's in front of them.

Instead, you can assign different staff a different section of your retail floor or inventory room and have them count everything they find, either scanning products to count them, or entering their numbers into an iPad or laptop. Meadow's system will then add all of your counts together. This fully blind count is the most accurate way to keep track of inventory while reducing shrinkage, and works best when you barcode scan each item, so the system accounts for both the correct product AND Metric package.



- If you have three sections of inventory on your retail floor, you can have 3 different employees counting inventory simultaneously.
- If you find 10 jars of Blue Dream flower in section 1 where they belong, and another 2 jars of Blue Dream hidden in section 3, Meadow will add them together to tell you you have 12 Blue Dream jars on the retail floor.
- This approach is much more efficient and accurate than other systems which only ask you to confirm the products you are expecting to have. With other systems, those two hidden jars of Blue Dream that are out of place may not be properly accounted for, adding discrepancies to your inventory counts.

Work Smarter with More Accuracy & Insight

Cycle Counts is one of Meadow's most powerful features, with built-in accountability and accuracy to help you control your inventory and boost your margins.

Meadow's Cycle Counts tool halves the time you spend managing your inventory by allowing multiple employees to complete an inventory count simultaneously. Cycle counts are an integral component in delegating inventory management, detecting fraud or misuse, and understanding what's moving to help you optimize your product offerings.

This essential tool streamlines compliance and inventory management, helping dispensaries reduce risk of loss and the costs associated with it and accidental violations of the regulations, which only allow for 3% in inventory variance.

6/16 Pre-Roll Retail Floor SUBMITTED Reopen Finalize Delete

Name

Inventory Location

Primary Category (Optional)

Status: submitted
Opened By: Mary Jane
Opened At: 06/16/20, 1:03 pm
Submitted By: Mary Jane
Submitted At: 06/16/20, 1:05 pm

My Actions Summary Missing Products Conflicts

Product:

Item	Quantity	
7 Pre-rolled Smokes - Lowell Herb Co, 1 (Indica)	+1	×
Notes: Should have been transferred to backstock		

Location-Specific Inventory Counts

Many dispensaries choose to count select areas of their location, conducting smaller inventory counts on a rolling basis. This way, you don't necessarily have to count every single item in one night; instead you can tell the Meadow system which location you're counting and when. You can also assign multiple people to different physical spaces within your shop, especially if you have lots of inventory in multiple places. When you have inventory discrepancies, you can then see where they're happening, whether on the retail floor or in your display units, helping to give added accountability to your team.

Select a Location

- Retail Floor**
Default inventory location. >
- Vault Backstock**
the vault in the back >
- Delivery Inventory**
For Delivery Only >
- Display**
Display Samples >



Category-Specific Inventory Counts

You can also constrain an inventory count to just a specific product category.

Select a Product Category

- All Product Categories** >
- Flowers** >
- Vape** >
- Pre-Rolls** >



Compliant Inventory Best Practices

Meadow's premium inventory management system keeps you compliant, increases efficiency and saves you money.

Accurate Metrc UID Labeling

The manufacturer package UID that's printed on the product packaging is generally not the same one that you receive as a retailer in Metrc. Make sure you have a way to accurately identify the correct UID of any unit of product in your store. Meadow makes it easy to print out labels with the accurate Metrc UID, directly from your purchase orders.



FIFO Inventory Management

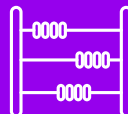
It's important that all dispensaries implement First In, First Out (FIFO) inventory management flows so that the first products you receive from distributors are the first ones you sell. This helps prevent spoilage.

We suggest physically organizing your inventory with proper labeling on the outside of product boxes to better manage your product flow.

In a Metrc world, you don't want to mix your product batches physically, so it's important to set up workflows that make it easy to sell the oldest products you have in stock before opening up new batches.



Optimize inventory
in real-time



Accurate cycle
counting



Data you can trust

Meadow's inventory management tool makes it easy to:

- ✓ Take Control of Inventory
- ✓ Reduce Shrinkage & Save Money
- ✓ Maintain Compliance
- ✓ Understand Product Flow & Optimize Inventory Mix

“

Meadow makes it easy for all of our operations; it helps us stay compliant and manage the flow of products. It's very important to have a stable software like Meadow with inventory data you can trust. Meadow is the smoothest POS I've ever used. It's a solid system that makes my job easier.”

— RAHEEM SANTOS
Inventory Manager
Coast to Coast



[Watch the Coast to Coast Case Study](#)

Want to learn more about how Meadow's top-rated system can save you time and money?

[Book a call now](#)