

# Standard Operating Procedure (SOP) for Inventory Management

Title: Inventory Management SOP

SOP Number: INV-001

Version Number: 1.0

Effective Date: June 1, 2024

Approval Date: May 15, 2024

Reviewed By: Jane Doe, Inventory Manager

Approved By: John Smith, Operations Director

**Objective:** The purpose of this SOP is to outline the processes for managing inventory within XYZ Company to ensure accuracy, efficiency, and accountability.

**Scope:** This SOP covers all activities related to inventory management, including receiving, storing, tracking, and auditing inventory at XYZ Company's warehouse.

## Responsibilities

**Inventory Manager:** Responsible for overseeing all inventory activities, ensuring accuracy, and maintaining records.

**Warehouse Staff:** Responsible for receiving, storing, and handling inventory as per the SOP guidelines.

**Finance Department:** Responsible for inventory valuation and reconciliation.

**IT Department:** Responsible for maintaining the inventory management system.

## Definitions

**SKU (Stock Keeping Unit):** A unique identifier for each product.

**FIFO (First In, First Out):** An inventory management method where the oldest stock is used first.

**Cycle Counting:** A periodic counting of inventory items to ensure accuracy.

## Procedure

### **Receiving Inventory:**

Step 1: Verify shipment against the purchase order.

Step 2: Inspect the goods for damage or discrepancies.

Step 3: Record the receipt in the inventory management system using the SKU.

Step 4: Label the items and move them to the designated storage area.

### **Storing Inventory:**

Step 1: Store items according to their SKU in the assigned locations.

Step 2: Ensure items are stored in a manner that facilitates easy access and minimizes damage.

### **Tracking Inventory:**

Step 1: Update the inventory management system with all stock movements.

Step 2: Conduct regular cycle counts and update records accordingly.

### **Auditing Inventory:**

Step 1: Perform a full physical inventory audit quarterly.

Step 2: Reconcile physical counts with system records.

Step 3: Investigate and resolve discrepancies.

## Safety and Compliance

**Safety Precautions:** Use appropriate lifting techniques and equipment when handling heavy items. Wear personal protective equipment (PPE) as required.

**Regulatory Compliance:** Ensure all inventory processes comply with relevant local, state, and federal regulations.

## Equipment and Materials

### **List of Equipment:**

Barcode scanners

Label printers

Forklifts

**Specifications:** Ensure all equipment is maintained as per manufacturer guidelines and is in good working condition.

## Quality Control

Quality Checks: Conduct random quality checks on received goods to ensure they meet company standards.

Documentation: Maintain records of all quality checks and any corrective actions taken.

## References

Supporting Documents:

Inventory Management Software User Manual

Warehouse Safety Guidelines

Related SOPs:

SOP for Procurement (PROC-001)

SOP for Order Fulfillment (ORD-001)

## Revision History

Version Control:

Version Number: 1.0

Revision Date: May 1, 2024

Description of Change: Initial creation of the SOP.

Revised By: Jane Doe, Inventory Manager