Stock that doesn't sit

A best-practice guide from ImaginAItion Academies. Inventory is cash in a different shape. The stock that never moves is the cash you cannot spend.

Stock review · Shelf A 24 slots

Illustration

Turning	Dead	Empty
17	6	1
Sells and gets replaced	No sale in six months	A sale you could not make

Item	On hand	Last sale	Cash on shelf	State
Furnace filter 16x25	42	Today	$336	Turning
Supply line 3/8"	18	Yesterday	$162	Turning
Faucet, brushed brass	9	7 months ago	$1,215	Dead
Thermostat, older model	14	9 months ago	$980	Dead
Igniter, universal	0	2 days ago	$0	Empty

What a year on the shelf costs

Capital
Cash tied up, or interest paid on it.

Space
Rent, racking, heat and light for what is not selling.

Risk
Damage, theft, expiry, a newer model.

Handling
Counting it, moving it, insuring it.

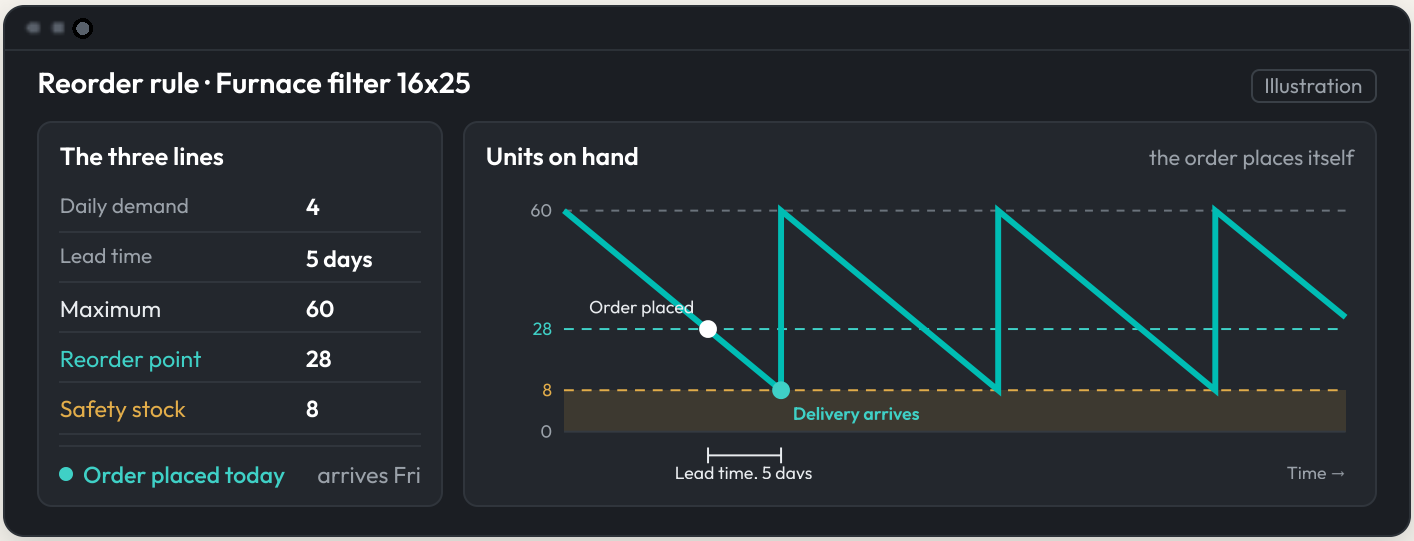
Two ways to be wrong

Too much		Too little
Cash sits on the shelf	↔	**The sale goes to someone else**
Shows up slowly, as markdowns	↔	**Shows up at once, as a lost customer**
Easy to count	↔	**Rarely counted at all**

Price both mistakes for each item. The right stock level is where they balance.

Reorder on a rule, not a feeling

Every item gets three lines: a maximum, a reorder point and a safety stock. Demand and lead time set them. The order then places itself.



Reorder point
Daily demand × lead time in days, plus safety stock.

Safety stock
Enough to cover your worst normal week and a late delivery.

Maximum
Reorder point plus one economical order.

Six numbers for the stock review

Turns
Cost of goods sold ÷ average inventory. How many times a year the shelf empties.

Days on hand
365 ÷ turns. By item, not just in total.

Carrying cost
Capital, space, risk and handling as a share of inventory value.

Stockout rate
Orders you could not fill ÷ orders received.

Dead stock share
Value with no sale in six months ÷ total inventory value.

Forecast accuracy
What you expected to sell against what sold, by item.

Clear the dead stock once, then keep it clear

List it
Every item with no sale in six months, by value.

Decide it
Discount, bundle, return to the supplier or write off. Put a date on each.

Stop the refill
Turn off reordering on anything that made the list.

About this guide: it teaches the method. An inventory module is on the ImaginAItion roadmap and is not a product claim here.

Start with an AI Assessment
We take your item list and show what turns, what sits and what it is costing.

studios.imaginaitioninc.com/ai-assessment