



## Display Faster and Increase Your Cash Flow

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By improving the speed of display from your warehouse to your floor, you can dramatically increase your cash flow. You will be able to cut down on the time needed to hold inventory to make a sale. The time inventory sits in the warehouse while not being on the floor, is dead time. So, the quicker you get merchandise transferred, the greater your turns will be. Concentrating on this will maximize the return on that investment.

Suppose you are an average store and turn your inventory three times per year. The average time that you hold onto your inventory is 121 days (365/3). If it normally takes you 10 days on average to get your inventory to the showroom, it takes 111 days to turn that inventory value.

Now, if you can implement a merchandise display system to decrease the time in the warehouse to five days this is the effect:

Your overall carrying days will drop to 116 days (111 floor days and five warehouse days). Knowing that GMROI is computed by either Turns x (GM%/1-GM%) or GM\$/INV\$ your return on inventory would increase by .14 at an average margin of 45%.

121 inventory carrying days = 3 turns per year

116 inventory carrying days = 3.14 turns per year

GMROI at 3 turns = 2.45

GMROI at 3.14 turns = 2.57

The difference is .12 cents in GM dollars for every inventory dollar invested. So if you have \$1 million in inventory, a 12 cent increase over the period of one year would be worth:

**\$120,000!**

Display fast and get results. If you would like assistance in implementing this system, contact [davidm@profitsystems.net](mailto:davidm@profitsystems.net).