

Standard Operating Procedure (SOP)

Inventory Management and Stock Rotation

This SOP details **inventory management and stock rotation** processes to optimize stock levels, prevent product spoilage, and ensure timely availability of items. It includes procedures for inventory tracking, regular stock audits, proper labeling and storage, FIFO (First In, First Out) rotation methods, and management of expired or obsolete stock. The goal is to maintain accurate inventory records, reduce waste, and improve overall supply chain efficiency.

1. Purpose

To provide standardized procedures for managing, tracking, and rotating inventory, ensuring accuracy, preventing stock losses, and supporting operational efficiency.

2. Scope

This SOP applies to all personnel responsible for inventory handling, storage, and monitoring in the facility.

3. Responsibilities

- **Inventory Manager:** Ensures SOP adherence, supervises inventory staff, and approves stock adjustments.
- **Inventory Staff:** Executes daily inventory tasks including tracking, audits, labeling, and rotation.
- **Receiving & Shipping Personnel:** Records incoming/outgoing inventory and communicates discrepancies.

4. Procedures

4.1 Inventory Tracking

- Record all inbound and outbound inventory transactions in the centralized inventory system immediately.
- Assign unique identification codes (SKU/barcode) to each product upon receipt.
- Maintain up-to-date electronic and/or physical inventory records at all times.

4.2 Regular Stock Audits

- Conduct cycle counts or full stock audits at a defined frequency (e.g., weekly, monthly, quarterly).
- Compare physical stock against inventory records; investigate and resolve discrepancies within 24 hours.
- Document all findings and submit audit reports to the Inventory Manager.

4.3 Labeling and Storage

- Label all items and storage locations clearly with product name, SKU, date received, and expiration date (if applicable).
- Store items according to manufacturer instructions, safety regulations, and temperature/humidity requirements.
- Organize stock so that older inventory is easily accessible for rotation (see FIFO).

4.4 Stock Rotation (FIFO)

- Follow "First In, First Out" principle for all applicable stock.
- When stocking shelves or fulfilling orders, move older inventory to the front and ensure it is used/sold before newer stock.
- Mark and segregate newly received items behind older inventory.

4.5 Expired, Damaged, or Obsolete Stock

- Check for expired or obsolete items during each audit and upon stock rotation activities.
- Remove and clearly label such items as "Quarantine", "Expired", or "Damaged" and record the action in the inventory system.
- Dispose of expired/damaged stock according to company and regulatory policies (environmental, safety, etc.).

5. Documentation

- Maintain records of all receipts, audits, stock movements, and disposals for a minimum of 2 years or as per policy.
- All forms and logs should be completed in ink/electronically and reviewed monthly by the Inventory Manager.

6. Review and Improvement

- This SOP shall be reviewed annually or following significant process changes.
- Continuous improvements should be recorded and SOPs tested for efficiency gains and error reduction.

7. References

- Company's Inventory Management Policy
- Manufacturer storage and handling guidelines
- Local regulatory requirements

8. Revision History

Date	Version	Description of Change	Author
2024-06-14	1.0	Initial Release	Inventory Team Lead