

# Return Excess Inventory to Suppliers

The usage of certain items, particularly MRO items, can change over time without the buyer being aware of the change. The change can be the result of different equipment being used, different employee preferences, and changes in methods. For instance a certain type of printer may have been replaced and the inventory of the ink cartridges don't fit the new printer. Take other examples; employees who preferred a particular type of ball point pen or particular type of note pad may no longer be with the company. Changes in packaging methods may no longer require a certain carton or certain type of sealing tape. Stored batteries may not fit new material handling equipment.

Consequently, inventory of these items may be much higher than required for many years to come or the items may never be required again. Meanwhile, the stock deteriorates or becomes obsolete. Furthermore it takes up needed space. Keeping inventory is costly.

Excess inventory may be disposed of by selling it to those who are in the market or by scrapping it. The difficulty with the former method is finding a customer. This can be difficult and time consuming. While selling it may involve taking some loss, scrapping the goods involves a total loss. But there is another possibility, returning the goods to a supplier and getting credit.

Existing suppliers used by the buyer may be willing to accept return of some of the unneeded inventory. They will require the goods to be in good resalable condition. Even so, they will probably not give full credit for the amount paid, but whatever they offer reduces the company's cost.

Large quantities of company forms can be held in inventory even though the forms are obsolete. This sometimes results because a replacement form has been designed and ordered without notifying the inventory control or purchasing function before the old form has been reordered and printed. There is little one can do about this situation except scrap the forms. The problem can be prevented by making sure that inventory control and purchasing are notified before the new procedure or new form is to be used.

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