

Bank eliminates costly write-offs by automating inventory management



Mired in spreadsheets

To serve its thousands of customers, Amarillo National Bank ordered large quantities of supplies, including deposit slips, banking forms, pens, paper and more. It relied on between 50 and 60 outside vendors to supply about 160 items.

The purchasing department at the bank's headquarters would order and store supplies for all 13 of its branch offices. When an individual office needed to replenish items, it would send a requisition to headquarters. The purchasing department would package and ship out the needed supplies.

Unfortunately, the bank's inventory was being managed manually on two complex Excel spreadsheets. The first spreadsheet, which tracked vendors, featured between 50 and 60 tabs (one for each vendor) and 160 rows (one for each item). As items were received in stock, they were noted in the appropriate cell. Managing this spreadsheet took about one and a half to two hours per week. Plus, the process was prone to errors. If an error was inadvertently entered, back-tracking to find and correct the data was both time-consuming and frustrating.

The second spreadsheet included about 40 tabs (13 for branch offices and others for the various departments at headquarters), plus about 160 rows (one for each item). When a branch office or department faxed a requisition form, the purchasing agent would note in the spreadsheet which items were ordered. Each week, the agent spent from one and a half to two hours tabulating the orders for various departments and branches. The resulting sheet was sent to the accounting department, which would generate invoices for each branch office and department.

Because of the complexity of this process, numerous delays and errors would occur as the bank worked each month to reconcile inventory on hand and determine which items should be billed back to branch offices and departments.

The accounting department struggled to keep up with this time-consuming process. As a result, billing was constantly behind. This led to significant inventory write-offs of tens of thousands of dollars per year, since the bank could not account for the location of inventory items and bill for them in a timely manner.

CASE STUDY AT A GLANCE...

▶ **INDUSTRY**

Banking

▶ **ORGANIZATION PROFILE**

Founded in 1892 and now the largest family-owned bank in the nation, Amarillo National Bank encompasses a headquarters and 13 branch offices in Amarillo, Texas.

▶ **SITUATION**

Amarillo National Bank ordered about 150 inventory items for use at its branch offices and departments. The ordering and fulfillment processes were being managed manually on Excel spreadsheets. This led to wasted time, errors, and tens of thousands of dollars in inventory write-offs each year.

▶ **RESULTS**

With Wasp Inventory Control, Amarillo National Bank has slashed its inventory write-offs to just a few hundred dollars a year, saving tens of thousands of dollars. In addition, the bank saves more than \$12,000 in man-hours each year, which can be devoted to higher-value tasks.

▶ **PRODUCTS USED**

- Wasp InventoryControl Pro
- Wasp WPL305 Barcode Printer
- Wasp WLR8900 Barcode Scanner

Assigning costs - automatically

The bank knew it needed to eliminate the cost of inventory write-offs. Plus, accounting and purchasing personnel wanted an easier, faster way to order and account for items.

The bank purchased Wasp Inventory Control Pro, software that helps small businesses and departments within larger organizations know exactly how much inventory they have, where it is located, and what's moving and what's not.

Immediately, the bank was able to throw away its manual spreadsheets. Using the purchase order function within the software, the bank sets minimum ordering levels and easily and automatically generates purchase orders. Now, when items are received into inventory, they are scanned using a barcode scanner and checked against the original purchase order. Input errors are virtually eliminated. Furthermore, the bank knows exactly how much inventory is on hand at any moment.

Wasp Inventory Control also provides accurate costing of inventory, allowing purchasing personnel to quickly assign internal invoices to particular departments or branch offices.

Saving tens of thousands in write-offs

"In just one to two hours, I can do what used to take me about two days a month," said Cody Cadenhead, assistant purchasing agent for Amarillo National Bank. "Both costing and receiving have been dramatically streamlined."

Cadenhead estimates that he saves about 16 hours per month, or approximately \$12,000 per year that can be devoted to higher-value tasks. In addition, accounting personnel save dozens of hours billing the branch offices. The entire inventory management process has become faster and more accurate, he added.

"I send a simple report to the accounting department that includes accurate quantity and costs, so they can bill branches in a timely manner," Cadenhead said. "This has virtually eliminated all inventory issues. Write-offs have dropped from tens of thousands of dollars to just a few hundred dollars per year."

Now that he is saving serious dollars by virtually eliminating write-offs and implementing a more efficient method for ordering and receiving inventory, Cadenhead is poised to find even more cost savings.

He plans to use Inventory Control's built-in reports to better understand which supplies are being used up quickly, and which are gathering dust. This information can further streamline the inventory management process, plus offer potential bargaining power the bank can use to obtain high-volume pricing from vendors. This next phase of efficiency improvements can drive even more savings to the bank's bottom line.

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