

**client:** Mosaic Data Science  
**project:** Excess Inventory  
**objective:** Blog post for company website

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copy excerpt

### What to do about excess/obsolete inventory

If you find yourself with an excess of inventory, you know that eventually, you'll have to do something about it. What you do depends on a number of factors. Money has been spent for it, and any excess not sold, deployed or utilized, must be stored in your facility. That costs more money as well as taking up valuable space in addition to money already spent for acquisition. The longer it sits, the more it costs.

Your company may have excess inventory for a number of reasons. It may have bought additional inventory anticipating a greater demand for an item or part, or received a bigger discount for buying larger lots. Demand may have suddenly decreased for a once-popular item, or a part may have been rendered obsolete in a next-generation redesign. Other market place variables can diminish demand or need. Whatever the reason, excess inventory takes up space and ties up capital. Generally, it will eventually be written down.

Unneeded inventory can be classified three ways:

- Excess: inventory held in anticipation of a future need
- Obsolete: no demand for this inventory has existed for some time, and usually none is scheduled
- Dead: a part no longer needed due to re-design, or a good with decreased demand

Excess inventory can cause large financial losses. The cost of the excess takes away from sold goods, and is generally not a company's core competency. It also requires management, warehouse space, insurance, and labor to maintain, as well as a resulting low ROA (Return on Assets.) Resources normally used for profitable inventory or ventures are wasted. Excess inventory can also scare off potential investors.

Data science can help your company discover the best way to liquidate or dispose of the excess, and work with you to establish best practices to prevent excess inventory from occurring again.

Whatever inventory you have that's not making money for you is **costing** you money. We can work with you to create the best solution for excess that will eliminate what you have and create best practices to avoid excess inventory in the future.

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