



# **Inventory - The Thing That Can Steal Your Money**

By Dr. Linda Hancock

## **ABOUT THE AUTHOR**

Dr. Hancock has written a regular weekly column entitled "All Psyched Up" for newspapers in two Canadian provinces for more than a dozen years. Over the years, her readers and clients have said that they have benefited from her common-sense solutions, wisdom, and sense of humour. Dr. Linda Hancock, the author of "Life is An Adventure...every step of the way" and "Open for Business Success" is a Registered Psychologist who has a private practice in Medicine Hat. She can be reached at 403-529-6877 or through email [office@drlindahancock.com](mailto:office@drlindahancock.com)

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Often people in the "helping professions" do not have inventory to the same degree as retail stores. But, if you are a professional who also produces and sells information products, it won't take long for you to realize that their cashflow is limited by the amount that they have in unsold goods.

Let's think for a minute about what happens if you write a book and then decide to place a large order so that you will have a good volume discount. You might decide to have 2,000 or 3,000 books printed and, because of this quantity, will receive a price of \$3.00 a book. That sounds like a wonderful deal and you just know that you will be able to make a lot of money with the mark-up that you will make.

Now reality sets in. First of all, you likely will need to pay shipping which can amount to several hundred dollars, depending on where the books are printed. You might also be facing Customs or Duty charges if the books were printed in a different country. Also, 3,000 books takes up a large amount of physical space so you might have to consider renting storage. The cost of the books has increased and you might be looking at say \$5.00 a book.

Let's do the math. You have 3,000 books at \$5.00 per book cost out of your pocket. That's \$15,000.00!

Don't worry, you think. I will be able to sell these for \$20.00 each and make a small fortune! But, my publisher informed me that most authors only sell 600 books. Wow! That's shocking - and disheartening.

You see, if you did sell 600 books at \$20.00 you would have \$12,000 which is \$3,000 less than you paid. Sure you would still have 2600 books but where are you going to sell those?

Writing a book does not guarantee sales even if it is best selling quality. You need to be able to move the book and that requires having a good marketing strategy.

And it's the same with CDs or any other informational product. It is a good idea to put your thoughts and knowledge into items that you can sell at retail but you can't expect them to just jump off the shelves on their own.

Be very cautious when it comes to inventory as you might end up having your hard-earned money sitting in a warehouse that you need to pay rental costs for using. Something to think about!