

What is Included in Veterinary Hospital Inventory?

Inventory is an item that is used, destroyed, dispensed or sold in the process of servicing clients and staff members during the course of business in a veterinary hospital. Depending on the strategy for an individual hospital, this includes drugs, supplies, diets, office supplies, janitorial supplies and potentially certain kitchen or food items (e.g. coffee).

Common Inventory Terminology

SKU - Stock Keeping Unit	Referring to a specific item in a specific unit of measure
Stock Rotation	Process of moving stock received first or with shortest dating to the first-use position to use or sell first – usually done at restocking point
ABC	An analysis method applied to a group of products in order to prioritize inventory management controls. ABC rankings are calculated using cumulative period costs and/or annual volumes and ranked numerically for prioritization purposes.
Staples	Refers to SKUs in an inventory that are used steadily throughout the year. Staples are often considered non-branded commodities.
UPC/Bar Code	Universal Product Code in the form of a bar code found either on the outer box or on the actual item
RFID	Radio frequency identification. Often referred to in topics involving scanning of bar codes
Cycle Count	A process that verifies and benchmarks inventory qualities by counting portions of the inventory on a regularly scheduled basis without requiring counting the entire inventory concurrently.
Turns/Turnover	Inventory turns are a measure of how rapidly things are used or are sold. Inventory turns are calculated by dividing the average annual cost of goods sold by the average inventory.
QOH - QTY	Quantity (of an individual item) on hand
Safety Stock	Benchmark to represent the QOH needed to account for lead time as represented by the 5R's – the time that it takes to recognize, react, reorder, receive and restock inventory.
ROP - MIN - Minimum	Reorder points or minimums aid in maintaining safety stock as a benchmark QOH
MAX - Maximum	Maximum QOH set for a stocked item
EOQ/Order Quantity	Calculation method to determine the most cost-effective quantity to order. Most frequently $MAX-QOH=EOQ$
PO	Abbreviation for Purchase Order
Variance	Inventory that is greater than or less than records indicate
Shrink	Inventory that disappears through poor record keeping, free handouts, loss or theft