

Inventory Health Dashboard: Steering Inventory Quality at a Glance

An Inventory Health Dashboard is a visual evaluation that presents the quality and health of inventory in real time or at defined intervals. It consolidates KPIs such as stock cover, inventory turnover, obsolescence risk and service level into a central interface for procurement and supply chain. This allows shortages, tied-up capital and dead stock to be detected early and addressed in a targeted manner.

As of October 2026 · amplifa-marketplace.com/en/glossary/inventory-health-dashboard

Key facts at a glance

- 01 An Inventory Health Dashboard centrally visualises inventory, cover and turnover KPIs for procurement, logistics and controlling.
- 02 Typical core KPIs are inventory turnover, days of inventory, service level, obsolescence rate and inventory accuracy.
- 03 In practice it frequently draws on the results of the ABC-XYZ analysis and the Safety Stock Calculation.
- 04 It links operational inventory steering with strategic processes such as Sales and Operations Planning.
- 05 An effective dashboard works with clear traffic-light logic, ownership and regular review cycles.
- 06 Without clean master data and sound product group logic, a dashboard's informative value remains limited.

Definition: Inventory Health Dashboard

An Inventory Health Dashboard is a KPI cockpit that makes the health of inventory visible across material groups, sites and time series. It aggregates data from ERP, warehouse management and demand planning into a unified, visualised view.

Distinction from Classic Inventory Reports

Classic inventory lists show what is in the warehouse at isolated points in time. An Inventory Health Dashboard, by contrast, assesses this inventory: it assigns a status to each item or material group, e.g. critically under-supplied, optimal or overstocked. It thereby shifts the focus from stocktaking to active steering. The assessment usually follows a traffic-light logic with defined thresholds, calibrated individually per material group.

Typical Users and Use Cases

The main users are planners/dispatchers, buyers, supply chain managers and controlling. Planners use the dashboard for daily replenishment decisions, the procurement team for framework call-off steering and supplier discussions, and controlling for tied-up capital and process costs. In Quarterly Business Review (QBR) meetings with strategic suppliers, it serves as a shared factual basis for jointly optimising inventory responsibility and safety stocks in partnership.

Methods and Approach for Building a Dashboard

A robust dashboard is not created by dashboard software alone, but by methodical preparation: classification, data basis and clear rule sets. Only then does visualisation pay off.

ABC-XYZ Analysis as the Structural Foundation

The ABC-XYZ analysis divides items into nine classes by value and consumption stability. A-items with stable demand (AX) receive low safety stocks and close steering, while C-items with erratic demand (CZ) tend to be managed with simple rules such as minimum stock levels. The dashboard should make these classes visible, as the same level of cover deserves a different judgement for an A-item than for a C-item. A regular ABC/XYZ classification cycle, typically quarterly or annually, keeps the classes up to date.

Data Basis and System Integration

The basis is inventory and movement data from the ERP or warehouse management system, demand forecasts from Sales and Operations Planning, as well as open purchase orders and framework call-offs. What matters are uniform master data, consistent units of measure and a single reconciliation date, so that all departments work from the same figures. In practice it becomes clear: a large share of errors does not lie in the calculation but in poor master data, such as duplicate material numbers or incorrect planning parameters.

Defining Thresholds and Traffic-Light Logic

Thresholds should be defined per material class and, where applicable, per supplier, not across the board. A typical approach: target cover for AX items at two to four weeks, for CZ items at six to twelve weeks. Deviations above or below these trigger warnings in the dashboard, which escalate to clearly named owners. Without a defined response to a red traffic light, the dashboard remains a reporting tool rather than a steering tool.

Key KPIs in the Inventory Health Dashboard

The content of the dashboard determines its usefulness. A compact set of five to eight metrics reviewed regularly has proven effective, rather than dozens of figures without any action context.

Inventory Turnover and Days of Inventory

Inventory turnover sets revenue or material consumption in relation to average inventory; days of inventory expresses the same as average stockholding duration. Both figures should normally be reported per material group and site. Industry benchmarks vary widely: series manufacturing typically shows significantly higher turnover rates than plant engineering. What matters is the trend over time and comparison with your own target, not the absolute value.

Service Level and Stockout Risk

The service level measures how often demand can be met on time from stock; in practice many manufacturers aim for values of typically 95 to 99 per cent for A-items. It stands in direct conflict with the inventory objective: a high service level requires more safety stock. The Safety Stock Calculation provides the basis for quantifying this trade-off. In the dashboard, a side-by-side comparison of service level and inventory development per class is recommended.

Obsolescence, Dead Stock and Cover Distribution

The obsolescence rate shows the share of inventory with no or very low consumption, frequently as a share of inventory value. Dead stock, i.e. inventory no longer moving, should be reported separately with an ageing history. The cover distribution shows how many items are above or below target cover. Also useful in addition: the share of purchase orders without order approval as an indicator of bypassed processes and of the quality of demand planning.

Risks and Controls

Dashboards tempt users to turn KPIs into an end in themselves. Anyone steering only towards falling inventory values risks shortages and delivery failures. Controls and governance are therefore part of the concept.

Typical Misinterpretations

Most common mistakes: blanket inventory reduction across all classes, ignoring seasonal and project fluctuations, and looking at inventory values without consumption context. Even a high inventory can be healthy, for instance for strategic long-lead parts or long-lead procurement under a framework call-off. Conversely, low inventory for CZ items can indicate outdated planning parameters.

Governance, Ownership and Approvals

Every KPI needs an owner who responds to deviations. Order approval processes and defined escalation paths prevent anomalies from going unnoticed. A fixed review rhythm is recommended:

weekly operational for planning, monthly for material group owners, and quarterly as a Quarterly Business Review (QBR) with suppliers for strategic items. Changes to thresholds should be documented so that trends remain comparable.

Data Quality as an Ongoing Task

Outdated bills of materials, incorrect lead times or missing consumption figures distort every KPI. Regular plausibility checks, such as comparing booked and physical stock beyond the goods receipt inspection plan, are necessary. The delay between goods receipt and posting should also be kept in view, as it systematically distorts the cover calculation.

Current Developments: Automation and Integration

Inventory Health Dashboards are evolving from static reports into integrated steering instruments that automatically prepare data and propose actions.

Automation and AI Support

Modern approaches use forecasting models that detect demand fluctuations earlier from consumption data and external signals. The dashboard then delivers not only warnings but direct action proposals such as reorder quantities or transfers between sites. The degree of automation of these proposals varies: in practice the final decision usually remains with the planner, while routine cases run semi-automatically.

Integration into End-to-End Processes

The greatest leverage comes from integration into purchase-to-pay and complaint management: if a supplier is repeatedly late, the dashboard shows the impact on safety stocks directly. Inventory and supplier KPIs thus flow into Supply Base Optimization. Sustainability aspects are also gaining relevance, for instance when excessive inventory is indirectly linked to unnecessary transport and Scope 3 emissions.

Traffic-Light Thinking Beyond Inventory

The concept of health-based KPIs transfers to adjacent topics: maturity dashboards for suppliers, payment terms KPIs such as early payment discount rate and payment terms, and process KPIs such as the invoice automation rate in accounts payable. Companies that have established an Inventory Health Dashboard frequently develop a portfolio of such cockpits with a uniform visual language.

Typical metrics

Metric	Typical value
Inventory Turnover	industry-dependent, typically 4–12 per year <i>Only meaningful in industry benchmarking and as a trend over time.</i>

Service Level (A-items)	typically 95–99% <i>In conflict with the inventory objective; define per class.</i>
Obsolescence Rate	commonly targeted at < 5% of inventory value <i>Proportion of inventory with no or very low consumption.</i>
Days of Inventory	typically 30–90 days <i>Strongly dependent on industry and material group.</i>
Dead Stock Share	Target ideally < 2% of inventory value <i>Inventory without movement, usually measured over 12 months.</i>

Practical Example

A mid-sized machinery manufacturer with around 30,000 active items had high inventory levels yet repeated shortages in assembly. The company introduced an Inventory Health Dashboard that evaluated inventory, cover and service levels by ABC-XYZ class and supplier. Within typically one year, tangible effects emerged: inventory values fell by a mid-single-digit percentage, while the service level for A-items was stabilised. What mattered was less the software than the discipline of the weekly review.

- Introduction of a quarterly ABC/XYZ classification with adjusted target cover per class
- Weekly 30-minute inventory meeting based on the red traffic lights with clear action owners
- Recalculation of safety stocks using Safety Stock Calculation for all A-items
- Integration of supplier delivery reliability into the dashboard and its discussion in the Quarterly Business Review

Conclusion

An Inventory Health Dashboard makes inventory quality transparent and creates a shared factual basis for procurement, logistics and controlling. However, its value depends less on the visualisation than on the methodical foundation: a sound ABC-XYZ analysis, calibrated thresholds, clear ownership and a fixed review rhythm. Those who establish these prerequisites can reduce tied-up capital without jeopardising the service level. Dashboards without governance, by contrast, degenerate into reports without consequence. For mid-sized companies, a step-by-step start with a few core KPIs and A-items is recommended.

Frequently asked questions

? What is an Inventory Health Dashboard?

An Inventory Health Dashboard is a KPI cockpit that centrally visualises inventory levels, stock cover, turnover and service level. It assesses inventory rather than merely listing it, typically using a

traffic-light logic per material group. Its aim is to detect overstock, shortages and dead stock early and manage them in a targeted manner.

? Which KPIs belong in an Inventory Health Dashboard?

Proven KPIs include inventory turnover, days of inventory, service level, obsolescence rate, dead stock and the cover distribution by item class. Frequently added are the proportion of over-/under-supplied items and inventory accuracy. It is important to evaluate by material group, as blanket figures are not very meaningful.

? How does an Inventory Health Dashboard differ from a standard inventory report?

An inventory report documents what is in the warehouse; the health dashboard assesses whether that inventory is healthy. It puts inventory levels in relation to consumption, forecast and target cover and assigns them to classes. This makes it suitable for active steering, not just documentation.

? How do you launch an Inventory Health Dashboard in a mid-sized company?

A step-by-step start has proven effective: first review the data basis, then run an ABC-XYZ analysis of actively used items, and then define three to five core KPIs for A-items. A short weekly review with named owners establishes the steering process. Extensions to further classes and sites follow once the process is running stably.

? What role does the ABC-XYZ analysis play in inventory dashboards?

It provides the structure without which the KPIs can hardly be interpreted. The same level of cover is critical for a high-value A-item with stable demand, but often normal for a low-cost C-item with erratic demand. The dashboard should therefore make classes visible and calibrate thresholds class-specifically, with regular updates.

? Which systems can be used to implement an Inventory Health Dashboard?

In practice, ERP data and a reporting tool such as a spreadsheet with automated data access are sufficient to start; many companies begin exactly this way. Later, business intelligence platforms or modules from ERP and supply chain suites come into use. What matters is not the tool but consistent data, defined logic and regular use.

Find the right suppliers on Amplifa

Verified industrial suppliers in Germany, Austria and Switzerland. Describe your requirement and receive comparable offers.

amplifa-marketplace.com