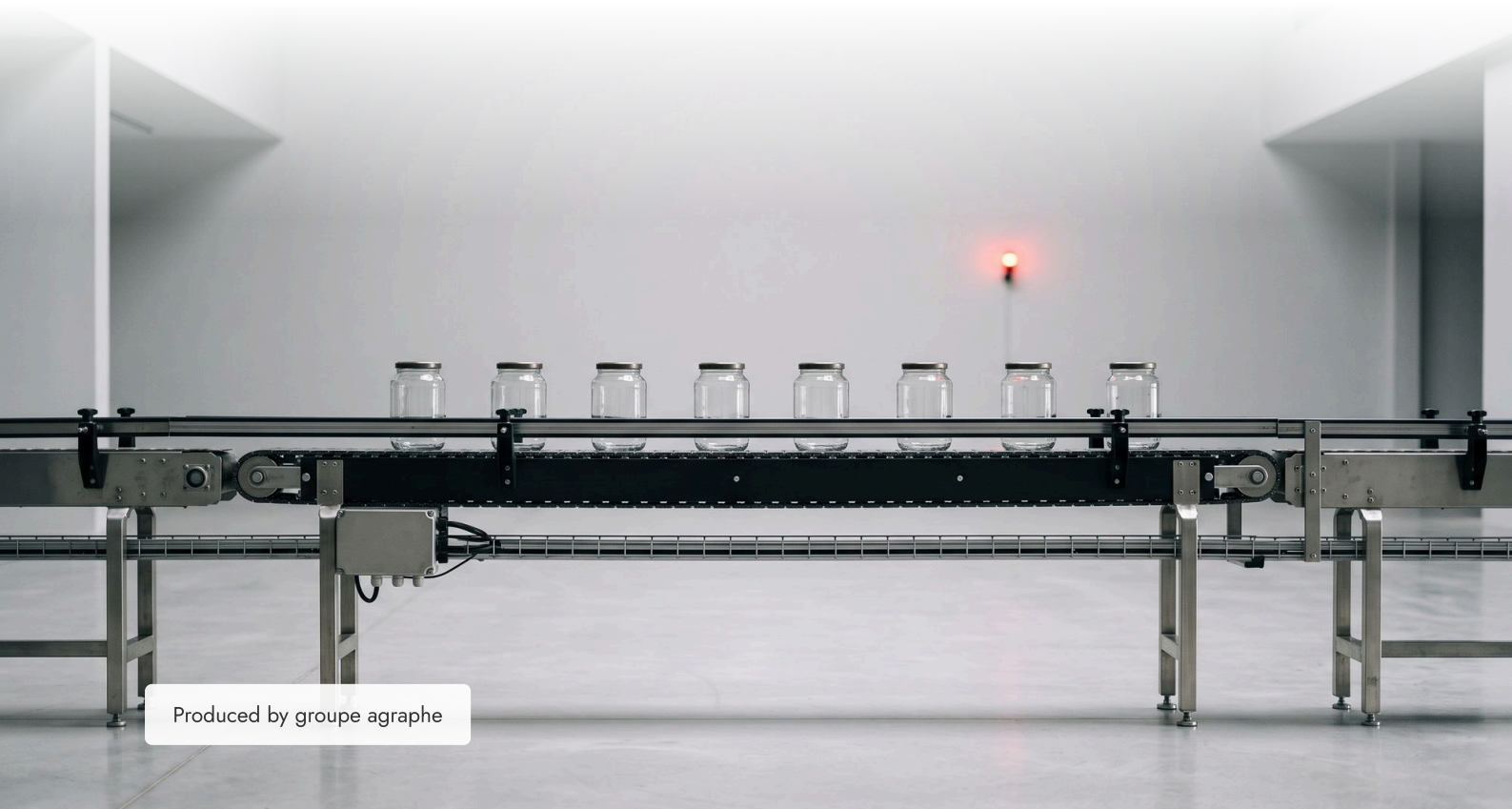
agraphe GROUPE

FREE GUIDE

The real cost of a label stockout

The 7 costs a single stockout triggers, and a simple method to calculate your minimum stock.



Produced by groupe agraphe

BEFORE YOU START

A label stockout is almost never just “waiting three days.”

This guide presents the 7 real costs a stockout triggers, based on a worked example in the food sector, then a simple method to know at what stock level you need to reorder.

THE EXAMPLE USED THROUGHOUT THIS GUIDE

A food-sector SMB, with one production line generating $20,000 in daily sales, runs out of labels for one product. It has to halt that line for 3 days for an emergency reprint.

$20,000	3 days	$12,000
in sales per day	of line downtime	annual label budget for this product

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THE 7 COSTS · 1 OF 2

The three costs you can put a number on right away.

1

Lost margin

25% of the line's sales are lost for good: cancelled orders, shelf space taken over by a competitor. At a 35% margin, on $20,000 in daily sales over 3 days, that's:

$5,250

2

Idle labor

12 employees × 8 hours × $28/hr × 3 days, staff paid to wait for the line to restart:

$8,064

3

Emergency costs

Rush reprint surcharge, express transport, client penalty for a missed delivery, and overtime to catch up:

$6,074

THE 7 COSTS · 2 OF 2

The four costs that don't show up on an invoice.

4

The commercial opportunity cost

While your line is down, your client tests a competitor, because they don't have a choice. Even if the relationship picks back up afterward, the risk doesn't disappear: you're not just losing that one order, you're exposing the whole account.

5

The crisis-management cost

Time from managers and production leads, diverted into emergency calls, reshuffling lines, and negotiating with the client, instead of tasks that actually move the business forward.

6

Non-compliance risk

Under pressure, a makeshift emergency label can miss food labelling requirements: mishandled allergens, missing bilingual text. One non-compliant label can cost far more than a rush reprint.

7

The reputational cost

Trust erodes. A client who lived through a stockout with you remembers it at the next contract renewal, and word travels fast in a sector where buyers all know each other.

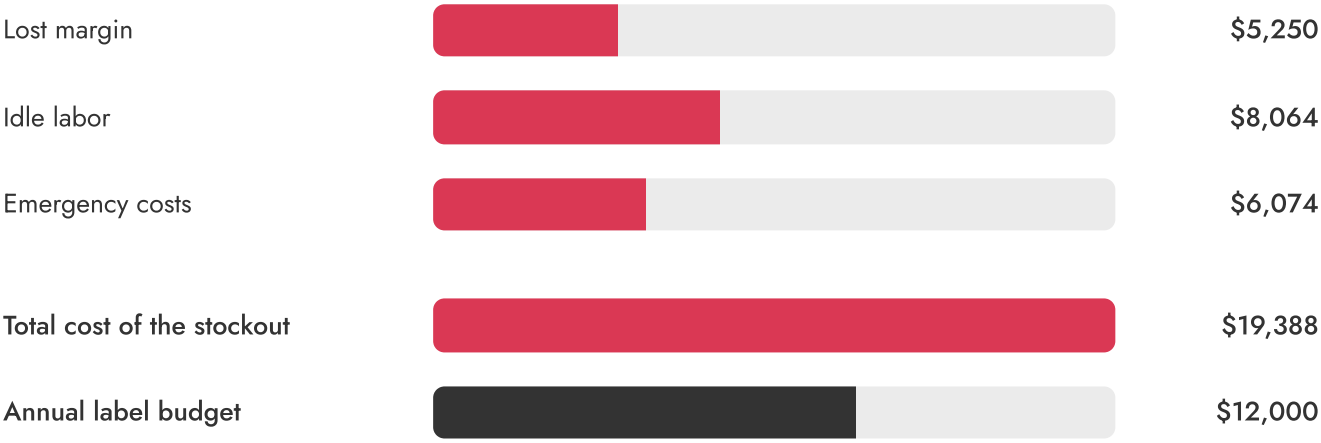
These four costs have no dollar amount in the example, because they vary too much from one business to another. They still add to the first three.

WHAT IT COSTS IN TOTAL

Three days of downtime, and already more than the year's label budget.

$19,388

THE FIRST THREE COSTS, OVER 3 DAYS



One 3-day stockout cost **1.6 times the entire year's label budget**, for that one product.

HOW TO CALCULATE YOUR MINIMUM STOCK

You don't need complicated software.

A simple formula is enough to know at what stock level you need to reorder.

Minimum stock = (average daily usage × lead time in days) + safety stock

Safety stock is a margin, for example 20% of the usage during the lead time, to absorb the unexpected: a supplier delay, a demand spike, an ordering mistake.

ILLUSTRATIVE EXAMPLE (ROUND, INVENTED NUMBERS)

USAGE	PRINTER LEAD TIME
500 rolls per day	10 days

BASE NEED	SAFETY STOCK (20%)
500 × 10 = 5,000	20% × 5,000 = 1,000

MINIMUM STOCK 5,000 + 1,000 = 6,000 rolls

In this example, once inventory drops to 6,000 rolls, it's time to reorder, not after. Swap in your own volumes and your printer's real lead time to get your own threshold.

YOUR CALCULATION SHEET

Work out your threshold in 4 steps.

Print this page, grab a pencil and fill in the white boxes. The grey example shows what a number looks like.

Product or label reference _____

A Your usage

labels or rolls per day

Example: 500

Where to find it: your production or receiving reports from the past few weeks.

×

B The delivery lead time

days between ordering and receiving

Example: 10

Where to find it: the real lead time of your last orders, not the promised one.

=

C Your base need

A × B

Example: 5,000

What you need to last through the lead time.

D Your safety stock

a margin for the unexpected, for example 20% of C

Exemple : 20% × 5,000 = 1,000

It absorbs a supplier delay, a demand spike or an ordering mistake.

Your minimum stock C + D _____ reorder as soon as inventory drops to this level

BEFORE YOU CALCULATE, THREE QUESTIONS

- [ ] Is there a clear reorder threshold, known and tracked in your company?
- [ ] Does one specific person monitor it, up to date, every week?
- [ ] Do you know your printer's real lead time?

ET MAINTENANT

Don't let chance decide your minimum stock.

Two quick ways to find out where you stand.

The free self-assessment

10 questions, 2 minutes, a score out of 20 to know exactly where you stand. Available on our website.

The Zero Stockout Program

A free diagnostic, a supply plan, then ongoing follow-up, so you never run out of labels again.

Get my price in 24 h

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