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integrated ebusiness



# Choosing the Right Stock Code Format for Your Business



Knowledge  
Series

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# Choosing the Right Stock Code Format for Your Business

When it comes to [managing your inventory](#), stock codes (also known as SKUs (Stock Keeping Units)) are essential for tracking products and streamlining operations. But how do you decide what your stock codes should look like? Should you use the manufacturer's codes, or create your own? Should each part of the code mean something? And how long should it be?

Let's break down the process of deciding on the best stock code format for your business.

## What Are Stock Codes?

A stock code is a unique identifier assigned to each product in your inventory. It helps you keep track of products, manage orders, and avoid confusion between similar items. Without a structured system for stock codes, things can quickly become chaotic.

## Manufacturer Codes vs. Custom Codes

One of the first decisions you'll need to make is whether to use the manufacturer's stock codes or create your own.

**Manufacturer Codes:** These are provided by the supplier or manufacturer. They can save time since they're already established, but they may not suit your internal systems. Manufacturer codes can be long and inconsistent across different suppliers, leading to confusion.

**Custom Codes:** Creating your own stock codes gives you more control and consistency. You can format the codes in a way that makes sense for your team, whether by category, size, colour, or another factor.

Should Each Part of the Code Have Meaning?

A good practice when creating stock codes is to assign meaning to each part of the code. This way, anyone in your business can glance at a code and know exactly what it refers to. For example, a well-structured

stock code might include:

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Category or Product Type: A section of the code that defines what type of product it is, like “ELEC” for electronics or “APP” for apparel.

- **Brand:** An identifier for the brand, such as “NIKE” for Nike products.
- **Product Specifications:** Include size, colour, or other key details, such as “BLU” for blue, or “M” for medium size.
- **Serial Number:** A unique number at the end to differentiate between similar items.

So, a code might look like this: ELEC-NIKE-BLU-M-001.

While creating meaningful codes adds clarity, you’ll also need to balance it with practicality. Too many details can make the code long and cumbersome.

### How Long Should a Stock Code Be?

There’s no hard rule on how long stock codes should be, but it’s worth considering these factors:

- **Readability:** Long codes can be confusing and prone to input errors. Aim to keep codes short and easy to read without sacrificing the meaning.
- **System Constraints:** Some systems might have limits on how many characters can be used in a stock code. Before settling on a format, check your inventory system’s requirements.
- **Scalability:** Think about the future, can your code format accommodate growth? Will your codes still make sense when you expand your product line or start offering more variations?

In general, a stock code between 6 to 12 characters is common, but it varies based on the complexity of your inventory.

## Industry Standards and Best Practices

The best approach to stock codes often depends on your industry. Some industries have established standards, while others leave more room for personal choice. Here's a quick overview:

- **Retail and Fashion:** It's common to see codes broken down by product type, size, and colour, especially in businesses that manage a lot of variations.
- **Electronics:** Some businesses use manufacturer codes, while others opt for internal codes to reflect product categories and technical specifications.
- **Automotive:** Part numbers are often detailed, and specific industry standards might apply. Many businesses will use the manufacturer's part number as their stock code.
- **B2B/Wholesale:** Codes are often customised to reflect product categories, clients, or specific order requirements.

No matter your industry, consistency is key. If your codes follow a logical, consistent pattern, it'll be easier for your team to manage inventory and for systems to track items accurately.

## Personal Choice or Industry-Dependent?

While some industries do have specific requirements (like the automotive industry or pharmaceuticals), in most cases, how you structure your stock codes is up to you. What's important is that your system works for your business and your team.

If you're in an industry where there are no strict guidelines, here are some things to consider:

- **How will you and your team search for products?** Codes should be intuitive and easy to remember.
- **Will you be integrating with other systems?** If your stock codes need to align with suppliers or [eCommerce platforms](#), make sure your system is compatible.
- **Do you have a small or large catalog?** Large inventories may benefit from a more structured, meaningful code system, while small businesses might keep it simple.

## Final Thoughts

Choosing the right stock code format is an important step for managing your inventory efficiently. Whether you decide to use manufacturer codes or create your own, the key is to ensure your system is clear, consistent, and scalable. Take some time to think about what works best for your business, and don't be afraid to refine your system as your needs grow.



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