Inventory Turnover Cheat Sheet

Formula, turns-to-days table and category benchmarks on one page

THE FORMULA

Turnover = COGS / Average inventory

Average inventory = (Beginning inventory + Ending inventory) / 2

Days inventory outstanding (DIO) = 365 / Turnover

Use cost values for inventory, and the same period for COGS and inventory.

WORKED EXAMPLE

COGS $200,000. Beginning inventory $40,000. Ending inventory $60,000.

Average inventory = $50,000. Turnover = 200,000 / 50,000 = 4. DIO = 365 / 4 = 91 days.

TURNS TO DAYS

Turns	Days	What it means
4	91	Stock sits about 3 months
6	61	Stock sits about 2 months
8	46	Stock sits about 6 to 7 weeks
12	30	Stock sells through monthly

CATEGORY BENCHMARKS

Category	Turns	Days
Apparel	5.2	70
Furniture and home	5.5	66
Consumer electronics	7.3	50
Household products	8.7	42

Source: Aswath Damodaran, NYU Stern, January 2026 US industry data. Sales-based, so a COGS-based ratio usually reads lower.

QUICK READ

- Low turnover: overstock, dead SKUs, cash tied up in stock.
- High turnover: good cash flow, but watch for stockouts and lost sales.
- Compare against your own trend and category first, not just a benchmark.
- Calculate per category. A blended number hides slow movers.