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Relative learn among dissimilar inventory control method: A Case study

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ABSTRACT

Inventory control is the method of maintain the size of the inventory at some desired level keeping in view the best economic interest of an organization. Enterprise Resource Planning (ERP) is an example of a characteristic ES software application. ERP software packages aim to incorporate and bring as many in rank flows in organizations as possible. ERP typically integrates business processes within sequence technologies. ERP is powerfully linked to Business Intelligence (BI), because the assembly and centralized storage of data in order to create more business insight is a key characteristic of BI. Furthermore, most of the coverage that is done within ERP concerns BI. Because ERP covers a wide range of domain, it is chosen to focus on one exact domain: inventory management in this case.Inventory are play most important role for development of industries. In this researchcompare the different inventory control methods. A good routine extent tool is needed to present a structured way to gain impending in inventory management's business processes by monitor relevant metrics. Such a tool would also balance existing Business Intelligence literature.

Keywords:Inventory, Enterprise Resource Planning, Business Intelligence

I INTRODUCTION

A term inventory refers to the stock file of the goods a firm is contribution for sale and the apparatus that make up the product. In other terms, inventory is composed of assets that will be showed in future in the normal course of the business operations. The property which firms stockpile as inventory in anticipation of want is:

Table 1

Type of Inventory	Cause for asset the inventory
Raw materials	To obtain the price benefit available on continuing raw materials
Work in progress	To stability the manufacture run
Readymadeapparatus	While the components are buy rather than made
Scraps	They are discarding of in bulk
Finished goods	double-dealing in stock hole and coming up dispatches

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The raw substance inventory contain item that are purchased by the firm from other and are converted into finished supplies through the manufacturing (production) procedure. They are an important input of the final product. The working process inventory consists of items presently being used in the production process. They are normally semi ended goods that are at various stages of production in a multi stage production process.

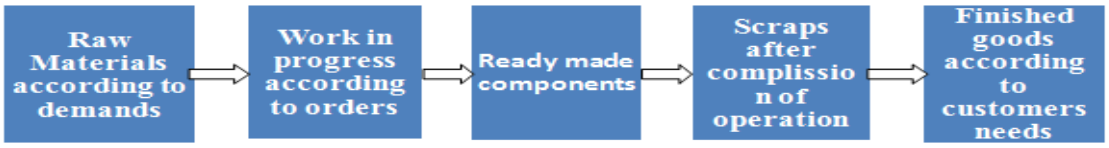

Fig.1 Different types of Inventory

A complete goods represented final or finished products which are obtainable for sale .The inventory of such goods consists of items that have been formed but are yet be sold. Inventory, as a current asset, differs from other current assets because only financial managers are not involved. Rather all the purposeful areas, finance, marketing, manufacture, and purchasing are involved. The views concerning the appropriate level of inventory would differ among the different functional areas.

1.1Inventory Techniques

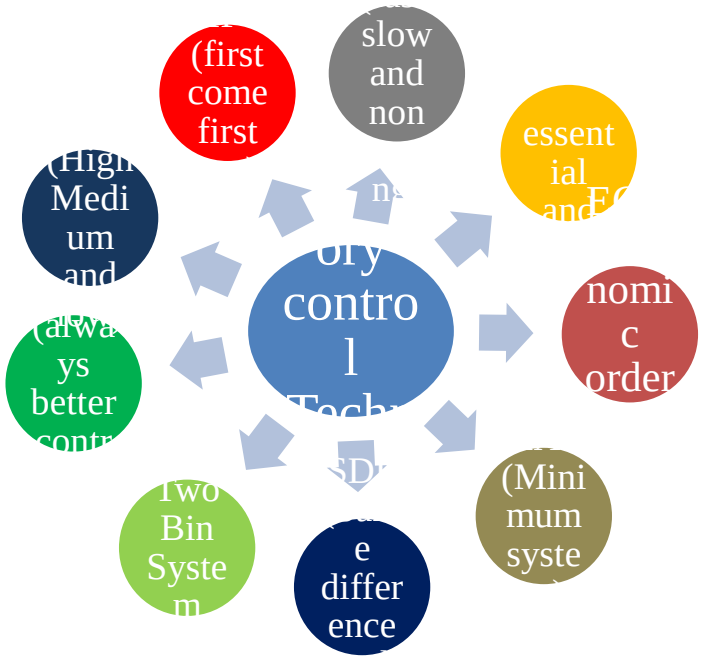

Fig.2 Different Inventory Techniques

Major Activities of Inventory Control

- Preparationfor inventory control
- Procurement of inventory
- Getting and examination of inventory
- Store and issue the inventory
- Soundtrack the delivery and issue of inventories
- Physically verification
- Chase up meaning
- Material consistency and replacement

Inventory Techniques Analysis

- List of every inventory item with number
- Find out the annual volume of usage and rupee value of usage
- Multiply every rupee value and items of annual volume usage
- Calculate every item % of total inventory on items of the usage
- Categorize "A" to 10% of all its with high
- "B" 30% of all items with high %.
- "C" rest of all 60% of all the items**.**

Table 2

Inventory item	Annual usage (in rupee)	% of total inventory usage	Classification
1	2000	0.88	C
2	4000	1.76	C
3	6000	2.64	C
4	10000	4.44	B
5	18000	7.92	A
6	5000	2.22	C
7	13000	5.72	B
8	1000	0.44	C
9	12000	5.28	B
10	3000	1.33	C

Table 3 Condition for Inventory Controls

Items A	Items B	Items C
Item Number 5	Item Number 4, 7, 9.	Item Number 1, 2, 3, 6, 8, 10.
• Very strict control • Handled by senior • Maximum effort for reduce lead time • Accurate forecast	• Moderate control • Low safety • Order once in 3 month • Quarterly review • Estimate on past data	• Lose control • High safety stock • Rough estimate • Review annually or half yearly • Minimum effort

Objective of Learn

- Defensebeside fluctuations in require
- Superior use of men, machine and materials
- Defense against fluctuation in output
- Manage of supplyquantity
- Manage of supplyallotment

Inventory Turnover Method

How many times a company inventory is sold or replaced (Finished Product)

General Calculation

$$= \frac{\text{Sale}}{\text{Inventory}}$$

It may also be calculate

$$= \frac{\text{Cost of goods sold}}{\text{Average Inventory}}$$

II RESULT

1. **Reduction in record costs**; one of the major aims with any EOQ implementation is to improve store turns and the amount of stock being held. Personal occurrence has seen reduction of more than 70% stock in some industries. Along with the decrease in the stock come many other associated benefits.
2. **Reduction in space required**; by remove large amounts of stock as of the system and moving processes closer together we will often see a significant reduction in the quantity of ground space being used. Results from 54's of project run within company in Manufacturing Optional Service saw regular reductions of 30% for simple 3 day implementation projects.

3. **Reduction in handling equipment and other costs**; if you don't have to move large batches there is less need for complex machinery to move them and all of the connected labor and training.
4. **Lead time reductions**; one of the most noticeably impacted areas is that of the time it takes for products to flow from side to side the process. Instead of weeks or months most JIT implementations result in lead times of hours or a few days.
5. **Reduced planning complexity**; the use of simple pull systems such as FIFO, even with your suppliers, can considerably reduce the need for any form of complex planning. With many implementations the only planning is the final delivery process.
6. **Improved Quality**; the elimination of large batch developed and diminution in handling often results in significant quality improvements; often in the region of 25% or more.
7. **Productivity increases**; to achieve ABC method there are many hurdle that have to be overcome with regards to how the procedure will flow. These will frequently result in output improvements of 25% upwards.

III CONCLUSION

Carefully classification of your inventory and continuing analysis of those classifications can play important role in maintaining cost at the efficient. Levels you can established as your goals. Inventory control is a constant requirement of doing business successfully. Most of the time EOQ is better than other but some time FIFO and ABC play effective role in inventory control.

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