SOS POLITICAL SCIENCE AND PUBLIC ADMINISTRATION
MBA HRD 201
SUBJECT NAME: FUNCTIONAL MANAGEMENT

TOPIC NAME: INVENTORY CONTROL

MEANING:

- Inventory control or stock control can be broadly defined as "the activity of checking a shop's stock."However, a more focused definition takes into account the more science-based, methodical practice of not only verifying a business' inventory but also focusing on the many related facets of inventory management (such as forecasting future demand) "within an organization to meet the demand placed upon that business economically."Other facets of inventory control include supply chain management, production control, financial flexibility, and customer satisfaction.

- An extension of inventory control is the inventory control system. This may come in the form of a technological system and its programmed software used for managing various aspects of inventory problems , or it may refer to a methodology (which may include the use of technological barriers) for handling loss prevention in a business.

Definition of Inventory Control...

In General Sense,

"Inventory control is a method where all stocks of goods are properly and promptly issued, accounted, and preserved in the best interest of an entity that handles its inventory."

In terms of Business,

"Inventory control is a method designed by the top level of management of a company. It requires a strategic decision to be taken for its effective implementation. Its proper implementation is the responsibility of the store manager."

In an Academic perspective,

"Inventory control is a method to identify those stocks of goods, which can be used for the production of finished goods. It shall be supported by a schedule which gives details regarding; opening stock, receipt of raw-materials, issue of materials, closing stock, and scrap generated."

INVENTORY CONTROL SYSTEM:

An inventory control system is used to keep inventories in a desired state while continuing to adequately supply customers, and its success depends on maintaining clear records on a periodic or perpetual basis.

Inventory management software often plays an important role in the modern inventory control system, providing timely and accurate analytical, optimization, and forecasting techniques for complex inventory management problems. Typical features of this type of software include:

- inventory tracking and forecasting tools that use selectable algorithms and review cycles to identify anomalies and other areas of concern
- inventory optimization
- purchase and replenishment tools that include automated and manual replenishment components, inventory calculations, and lot size optimization
- lead time variability management
- safety stock calculation and forecasting
- inventory cost management
- shelf-life and slow-mover logic
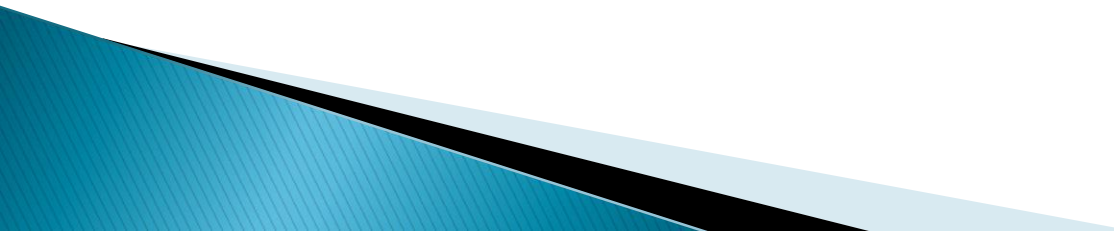- multiple location support
- Mobile/Moving Inventory Support

- Through this functionality, a business may better detail what has sold, how quickly, and at what price, for example. Reports could be used to predict when to stock up on extra products around a holiday or to make decisions about special offers, discontinuing products, and so on.

- Inventory control techniques often rely upon barcodes and radio-frequency identification (RFID) tags to provide automatic identification of inventory objects—including but not limited to merchandise, consumables, fixed assets, circulating tools, library books, and capital equipment—which in turn can be processed with inventory management software. A new trend in inventory management is to label inventory and assets with a QR Code, which can then be read with smart-phones to keep track of inventory count and movement. These new systems are especially useful for field service operations, where an employee needs to record inventory transaction or look up inventory stock in the field, away from the computers and hand-held scanners.

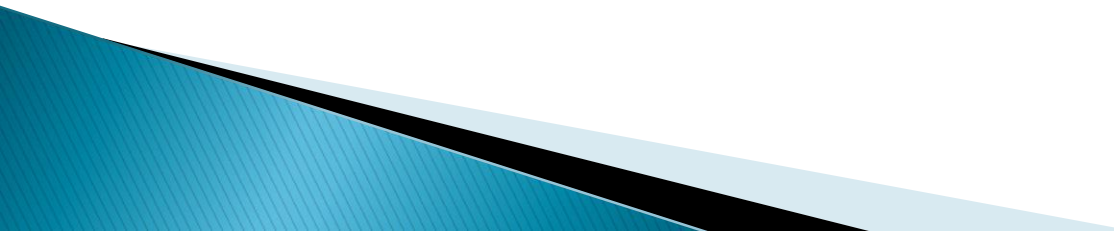# THERE ARE FOUR MAIN WAYS TO MAINTAIN INVENTORY IN YOUR BUSINESS. YOU CAN USE:

- **A pen and paper**, which is quick, but easy to lose notes and nearly impossible to data mine and use to plan for future inventory needs.
- **Excel spreadsheets**, which are great for storing information, but they can't be automatically updated, so they have to be updated by hand by someone with specialized knowledge of a custom inventory system.
- **Simple inventory software**, which is designed to automate some inventory processes, but that doesn't have all the features companies need as they grow and thus has to be replaced every few years.
- **Advanced software**, which is inexpensive enough to be in small and midsize businesses' price range, but also scalable so that it can meet a company's needs as it grows and requires more complex features.

FUNCTIONS OF INVENTORY CONTROL:

- Effective use of financial resources
- Protection against all material losses
- Proper calculation of cost of production
- Keep the ball of production bouncing
- Economies in purchasing
- Eliminates redundant inventory
- Keeping prompt delivery to the customers

SCOPE OF INVENTORY CONTROL:

- Formulation of relevant policies
- Determining economic order quantity
- Determining lead time
- Minimization of material-handling and storage cost
- Ascertaining Safety Stock

OBJECTIVES OF INVENTORY CONTROL

- To meet unforeseen future demand due to variation in forecast figures and actual figures.
- To average out demand fluctuations due to seasonal or cyclic variations.
- To meet the customer requirement timely, effectively, efficiently, smoothly and satisfactorily.
- To smoothen the production process.
- To facilitate intermittent production of several products on the same facility.
- To gain economy of production or purchase in lots.

TECHNIQUES OF INVENTORY CONTROL

- ABC(Always ,Better, Control)
- VED(Vital, Essential, Desirable)
- HML(High, Medium , Low)
- FSN(Fast, Slow moving and Non moving)
- SDE(Scarce, Difficult, Easy)

IMPORTANCE OF INVENTORY CONTROL:

Five uses of inventory:
- The decoupling function
- Storing resources
- Irregular supply and demand
- Quantity discounts
- Avoiding stock outs and shortage

Decouple manufacturing processes:
- Inventory is used as a buffer between stages in a manufacturing process.
- This reduces delays and improves efficiency.