



INVENTORY MANAGEMENT SYSTEM

Purpose of Inventory Management

INVENTORY MANAGEMENT must tie together the following objectives ,to ensure that there is continuity between functions :

- # Company's Strategic Goals
- # Sales Forecasting
- # Sales & Operations Planning
- # Production & Materials Requirement Planning.

Inventory Management must be designed to meet the dictates of market place and support the company's Strategic Plan . The many changes in the market demand , new opportunities due to worldwide marketing , global sourcing of materials and new manufacturing technology means many companies need to change their Inventory Management approach and change the process for Inventory Control .

Inventory Management system provides information to efficiently manage the flow of materials , effectively utilize people and equipment , coordinate internal activities and communicate with customers . Inventory Management does not make decisions or manage operations, they provide the information to managers who make more accurate and timely decisions to manage their operations.

INVENTORY is defined as the blocked Working Capital of an organization in the form of materials . As this is the blocked Working Capital of organization, ideally it should be zero. But we are maintaining Inventory . This Inventory is maintained to take care of fluctuations in demand and lead time.

