

Strategic logistics planning and inventory management strategies

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Lecture 9. Managing Inventory

Introduction: Inventory management is a critical component of supply chain management, as it is responsible for ensuring that a company has the right amount of inventory on hand at all times to meet customer demand. Effective inventory management can help companies reduce costs, improve customer satisfaction, and increase competitiveness.

Section 1: Understanding Inventory Management

Inventory management refers to the process of determining the right amount of inventory to hold, how to manage that inventory, and when to order new inventory.

It involves balancing the cost of holding inventory with the cost of stockouts, or the cost of not having inventory on hand when customers want to purchase it.

Inventory management must take into account factors such as demand variability, lead times, and the cost of holding inventory.

Section 2: Inventory Management Strategies

Companies can use a number of strategies to manage inventory, including the use of just-in-time (JIT) inventory systems, economic order quantity (EOQ) models, and safety stock levels.

Companies must also consider the use of technology, such as inventory management software, to improve their ability to track and manage inventory levels.

In addition, companies must continuously monitor their inventory levels and adjust their inventory management strategies as needed to respond to changes in demand or other factors.

Section 3: The Benefits of Effective Inventory Management

Effective inventory management can result in a number of benefits for companies, including reduced costs, improved customer satisfaction, and increased competitiveness.

Companies that manage their inventory effectively are better able to respond to changes in demand and are better positioned to meet the needs of their customers.

Additionally, effective inventory management can help companies avoid stockouts, reduce excess inventory, and improve overall supply chain efficiency.

Questions:

1. What is inventory management and what does it involve?
2. What strategies can companies use to manage inventory effectively?
3. What are the benefits of effective inventory management for companies?
4. How can companies continuously monitor and adjust their inventory management strategies to ensure they meet the changing needs of their customers and their supply chain?