



# **SNS COLLEGE OF ENGINEERING**

**Kurumbapalayam (Po), Coimbatore - 641 107**

**An Autonomous Institution**

**Accredited by NBA - AICTE and Accredited by NAAC - UGC with 'A' Grade  
Approved by AICTE, New Delhi & Affiliated to Anna University, Chennai**

**DEPARTMENT OF MANAGEMENT STUDIES**

**COURSE NAME : 19BA204 OPERATIONS MANAGEMENT**

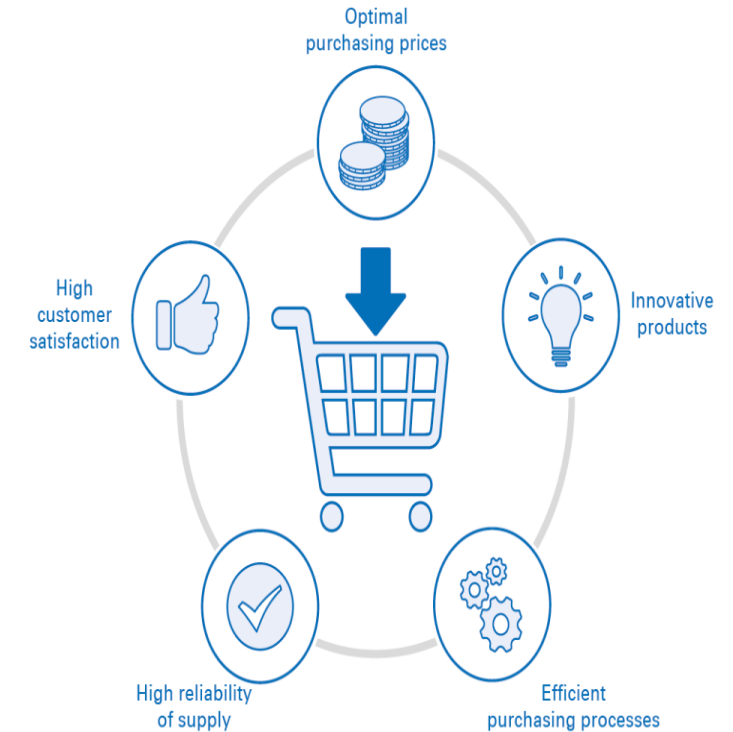
**I YEAR / II SEMESTER**

**UNIT 4 - MATERIALS MANAGEMENT**

## Materials Management

- ❖ Materials management is a core function of supply chain management, involving the planning and execution of supply chains to meet the material requirements of a company or organisation.
- ❖ These requirements include controlling and regulating the flow of material while simultaneously assessing variables like demand, price, availability, quality, and delivery schedules.
- ❖ Material management systems embrace all of the activities related to materials and are a basic business function that adds value to a finished product.

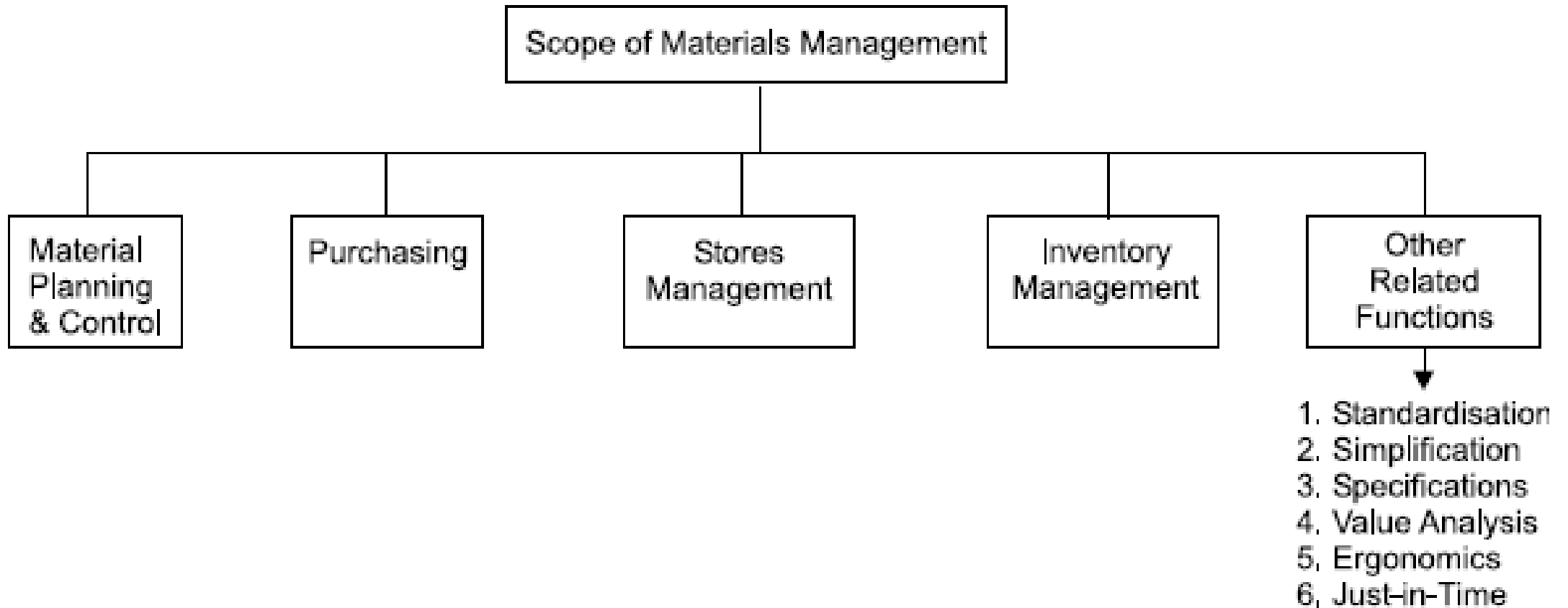
### BENEFITS OF OPTIMIZED PURCHASING AND MATERIALS MANAGEMENT



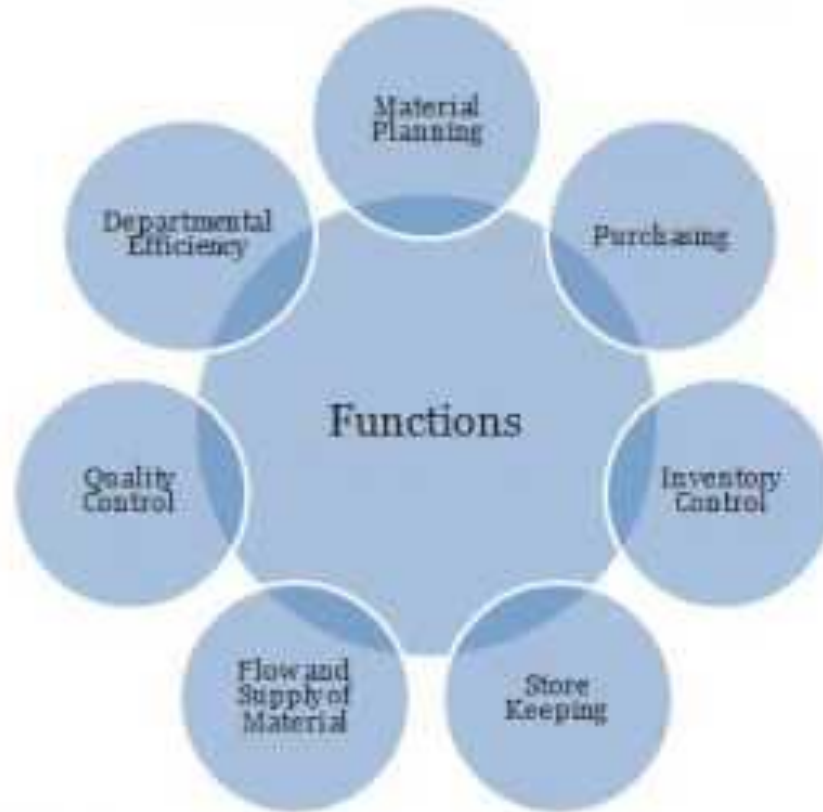
## Process of material management



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# Functions of Material Management...



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## Materials Management Planning

- ❖ Material requirements planning (MRP) is a system that helps manufacturers plan, schedule, and manage their inventory during the manufacturing process. It is primarily a software-based system.
- ❖ Material requirements planning (MRP) is a computer-based inventory management system designed to improve productivity for businesses.
- ❖ Companies use material requirements-planning systems to estimate quantities of raw materials and schedule their deliveries.





# Benefits of Materials Planning

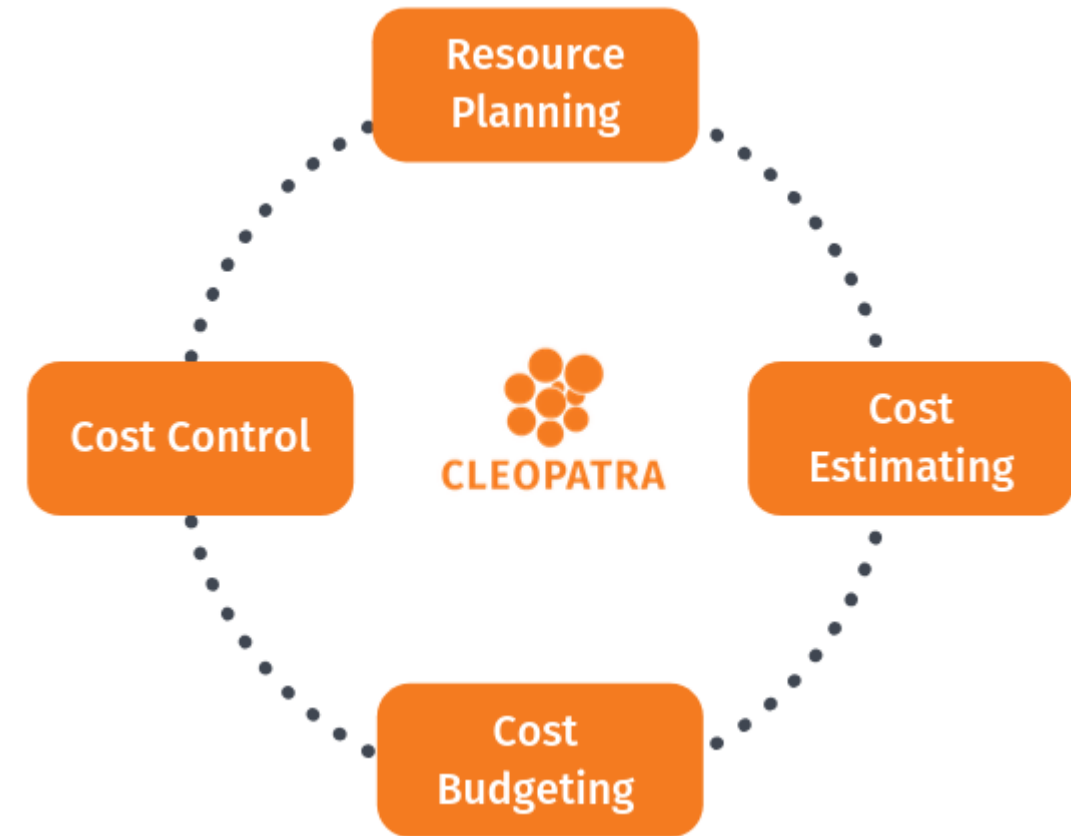
1. Avoids the practice of crisis management
2. Helps to perform effectively and efficiently due to proper forecasts
3. Helps in materials budgeting
4. Helps in purchase planning





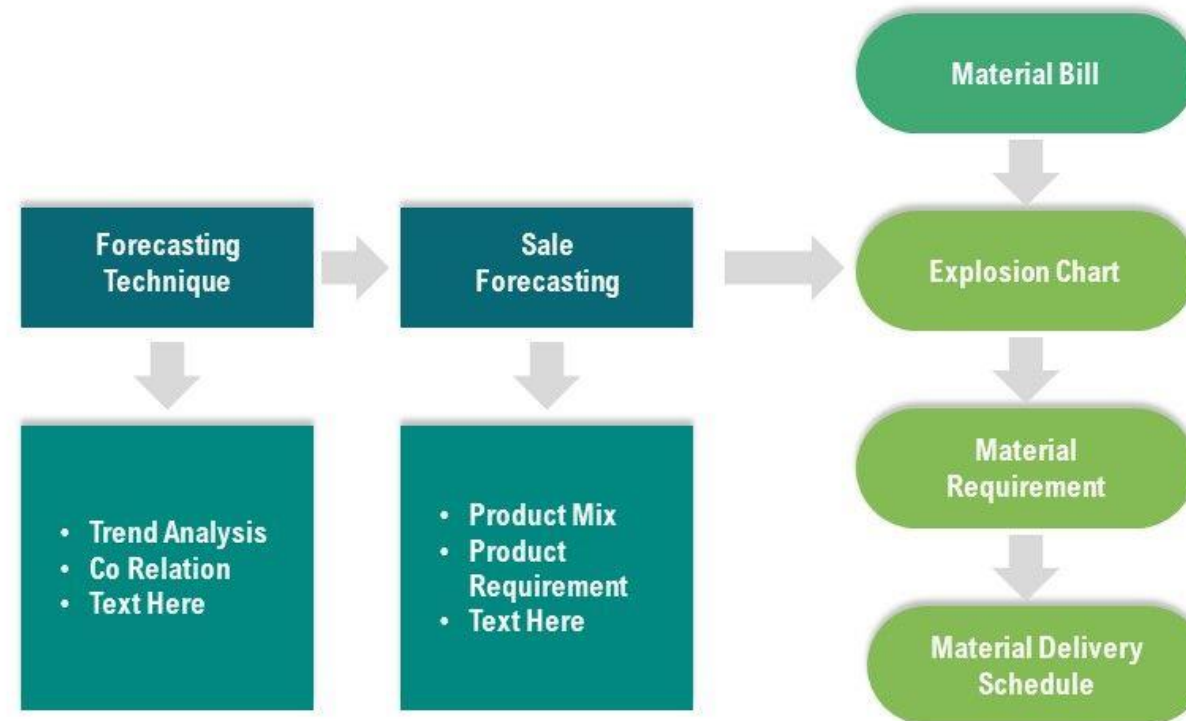
## Materials Management Budgeting & Control

- ❖ Material budgeting refers to the procedure of preparing material or purchase budget in terms of quantity and money value of materials to be procured in a specified time period.
- ❖ Material budgeting ensures low risk of inventory planning, highest purchase lead time, low transportation costs and better vendor relations.



# Techniques of Materials Planning and Management

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# MATERIALS PLANNING AND BUDGETING

## Importance

- Planning for materials and working out a realistic budget serves as a control device.

## Techniques

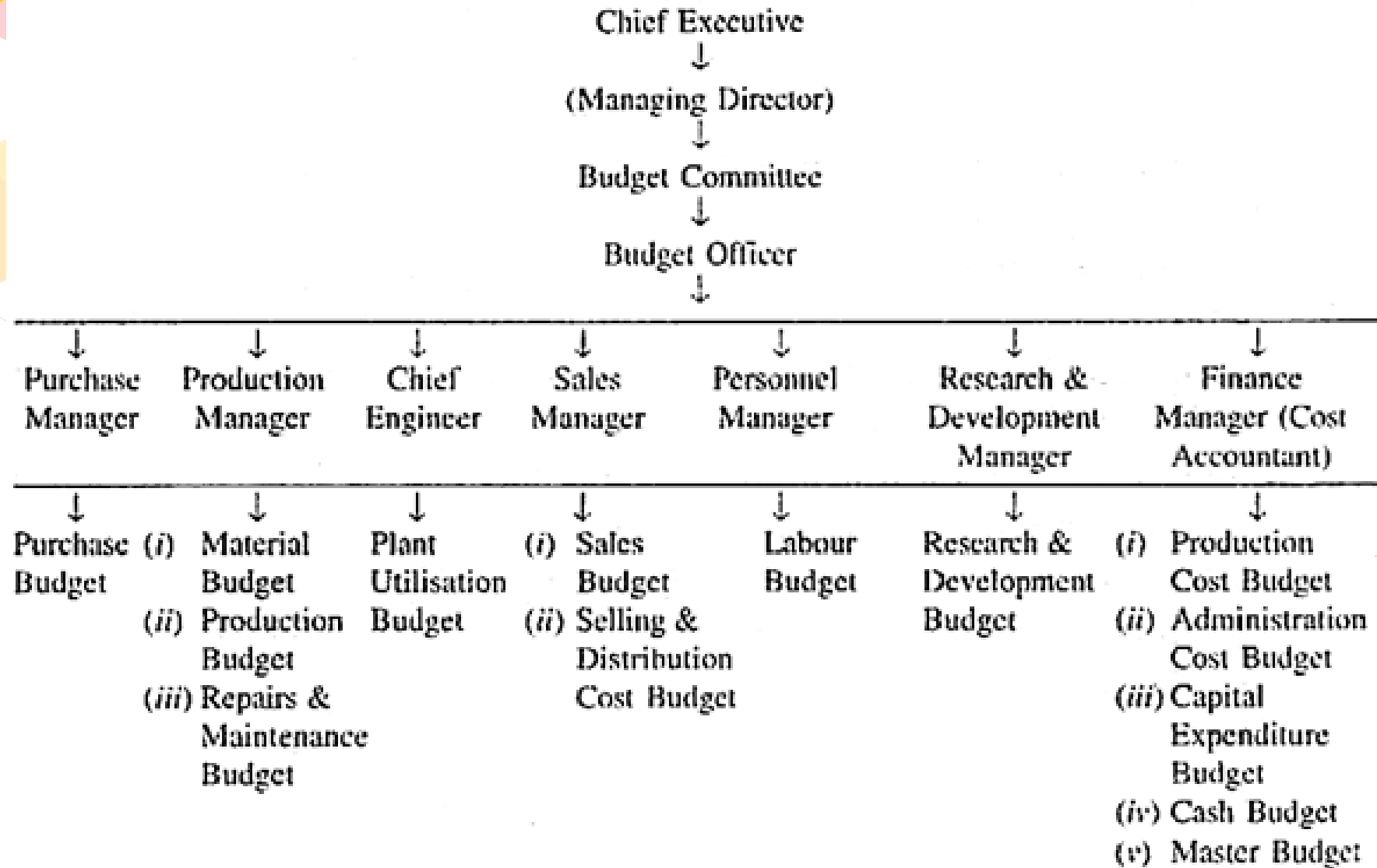
- **Bill of Material Explosion** – to forecast of demand of end products and based on the demand arriving at the requirements of various materials.
- **Past Consumption Analysis** – used for items which are consumed on a regular basis and items for which BoM cannot be prepared. Past consumption is analyzed and projection for the future is made



# BASIC PRINCIPLES OF MATERIAL MANAGEMENT

- Effective management and supervision; it deals on material functions of; planning, organizing, staffing, controlling, report and budgeting.
- Sound purchasing method
- Skillful and hard poised negotiation
- Effective purchase system
- Should be simple
- Simple inventory control program.

## Organisation Chart for Budgetary Control





**Thank You**