



SNS College of Technology

Coimbatore - 35



19BAE711 – Working Capital Management

Unit I - Introduction to Working Capital

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Guest the topic

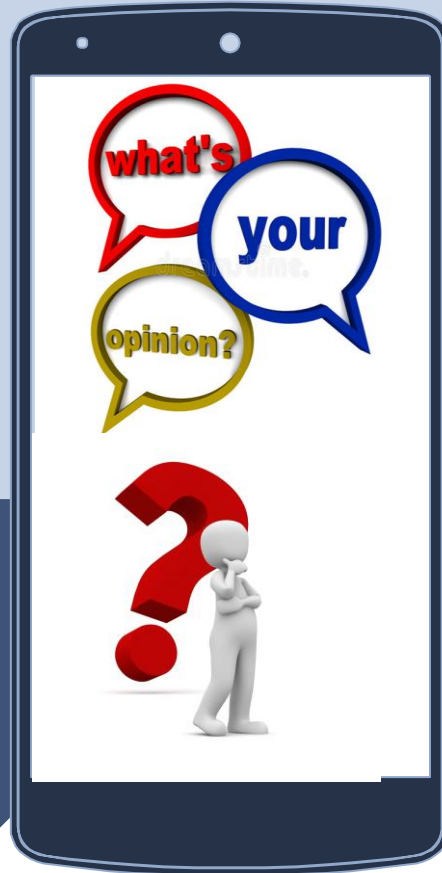




Recall

- Production Cycle
- Stages of PC
- Benefits of PC analysis
- Challenges in PC analysis





What is Pipeline...?



Pipeline Inventory

- Pipeline inventory refers to the value of finished goods ordered from a supplier or manufacturer that is currently in transit and has yet to reach a physical store or distribution center.
- Pipeline inventory is a particular kind of inventory buffer used during inventory control.
- By allowing extra room for the availability of stock goods, inventory buffers help to ensure steady business and production flow.





Importance



- Plan for client demand
- Manage the stock well
- Advantage while raw materials price hike
- Keep the promise of delivery on time

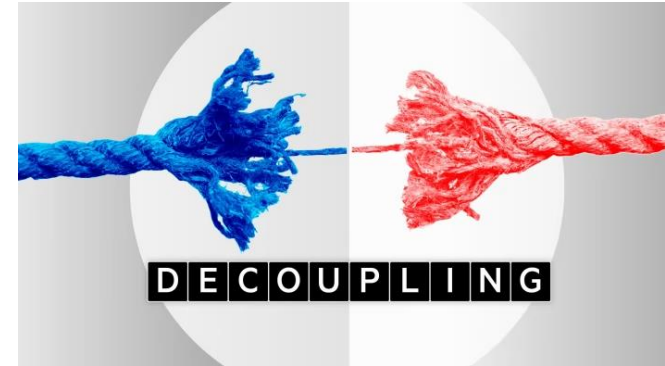
Pipeline Inventory = Lead time x Demand rate

Note: The lead time is the interval of time between the point at which a corporation manufactures the good and the time required for delivery.



Decoupling Inventory

- Is the process of dividing a stock into its component parts.
- Avoiding unplanned production halts and other disruptions is the aim.
- Can be seen as a specific type of safety stock.
- Is not a strategy to get ready for peak demand or the holiday season.





Challenges

- Keeping Track of Inventory from Several Vendors
- Recognizing the Cost of the Inventory Investment
- Risk of Human Error
- Shipping Issues





Tips for Effectively Management

- Establish a System for Real-time Inventory Management
- For Pipeline Inventories, Inventory Forecasting is Required
- Implement Third-Party Integrations
- Identify the Location of the Inventory in the Supply Chain
- Consider Placing a Safety Stock





Assessment

Pipe line inventory is a kind of safety stock

True / False

Ans: True





Summary

- Pipeline Inventory
- Importance
- Decoupling Inventory
- Challenges
- Tips for effective management

SUMMARY





Reference

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