



SNS College of Technology

Coimbatore - 35



19BAE711 – Working Capital Management

Unit III - Inventory Management

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Design Thinker





Guest the topic

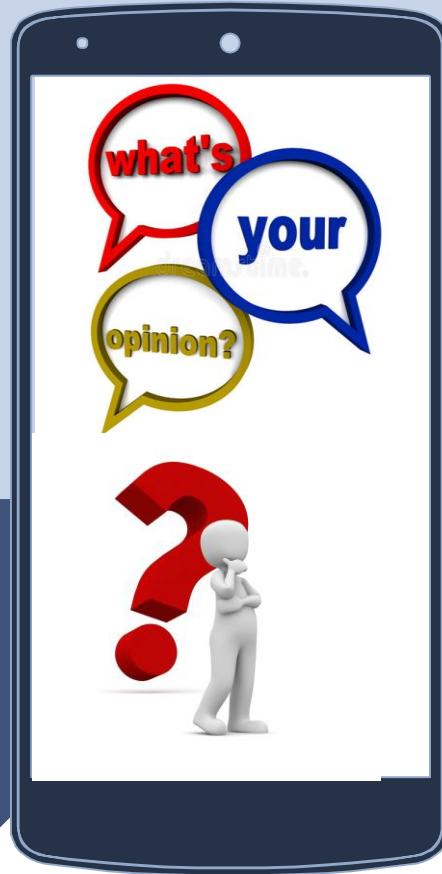




Recall

- Inventory Control
- Objectives
- Need and Importance
- Ways to Control Inventory
- Techniques of Inventory Control





What is Controlling?



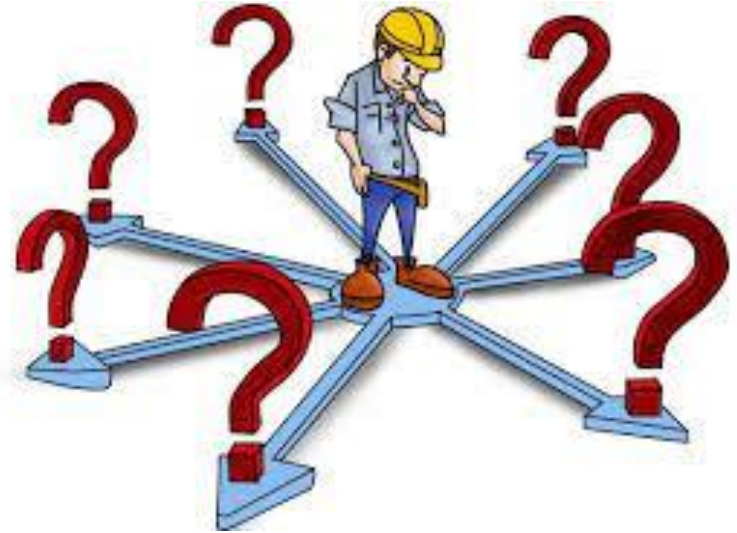
Inventory Control vs Management

	Inventory Control	Inventory Management
Scope	Existing inventory in the warehouse	Raw materials and finished goods during the entire production lifecycle
Goal	Ensuring stocks in the warehouse are enough and in good condition	Having the right inventory in the right place, at the right time, and with sufficient quantity
Areas of Concern	What items are in the inventory? Where are these items located in the warehouse? What is the condition and status of these items?	Which items should you order? How many items do you need to order? When should you order these items?
Actions	Receiving, storing, and transporting inventory Checking stock items for their expiry dates, spoilage, quality issues, and so forth	Predicting customer demands based on previous data Reordering and managing inventory items in the supply chain



Types

- Periodic Inventory Control System
- Perpetual Inventory Control System





Periodic Inventory Control System



- The periodic inventory control system pertains to a recurring count of goods at specific intervals.
- In this system, warehouse managers manually count their inventory on a monthly, quarterly, or annual basis.
- The exact period depends on an organization's needs and business activities.

**PERIODIC
INVENTORY
MANAGEMENT**





Pros & Cons

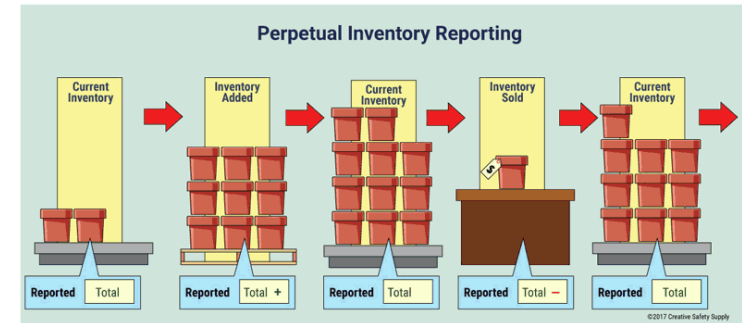
- **Pros:** It's relatively simple and easy to manage for smaller inventories. It doesn't require any specialized technology and equipment, making it easier to train individuals in.
- **Cons:** It becomes a lengthy process for companies with expansive inventories. The manual counting process is also highly prone to human error.
- **Best for:** The periodic system is ideal for small companies with minimal inventory. It also works best for businesses selling niche products and counting larger-sized goods.



Perpetual Inventory Control System



- The perpetual inventory control system provides an accurate count of inventory levels in real-time.
- It utilizes technology, such as barcodes and Radio Frequency Identification (RFID) tags, for tracking products.
- The information is then logged in a centralized database that warehouse managers can easily access.





Pros & Cons

- **Pros:** This method removes the need for manual counting. It gives warehouse managers a snapshot of their inventory counts over a specific period of time. Doing so drives data-driven decision-making for sales, ordering, and inventory management.
- **Cons:** An inventory control software can be expensive to maintain. Moreover, it might not capture discrepancies due to product theft, loss, damage, and scanning errors.
- **Best for:** The perpetual system works best for companies with multiple locations. It's also great for businesses maintaining large inventories.



Functions of Inventory Control



- Maintaining Inventory Specifications and IDs
- Barcode Implementation and Control
- Managing Inventory Lists
- Real-life/Real-time Warehouse Reports
- Inventory Storage Oversight
- Accounting and Tax Operations Related to Warehouse Management



Source-



Assessment

Periodic Inventory Control System is also called as P system

True / False

Ans: True





Summary

- Inventory Control vs Management
- Types of inventory Control
 - *Periodic Inventory Control System*
 - *Perpetual Inventory Control System*
- Functions of Inventory Control

SUMMARY





Reference

- <https://safetyculture.com/topics/inventory-management-system/inventory-control/>
- <https://nimbuspost.com/blog/inventory-control-types-methods-and-functions/#>
- <https://www.ascm.org/lp/types-of-inventory-control-systems/>



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