

In-process inventory, safety stock inventory, and seasonal inventory

[Business](#)



The author of the paper states that an example of the in-process inventory is raw metal in the hardware store. The production of raw metal involves a mix of raw materials.

The safety stock inventory refers to the stock that a firm holds to guard against lead-time, uncertainty in demand, and supply. Safety stock is a significant factor that determines the balance between the inventory investment and the service to the customers (Dear, 2009). The high stock safety indicates excellent service and investment in the inventory (Saxena, 2003). A company can reduce the in-house safety stock levels by shrinking the delivery lead times assigned to the suppliers. An example in hardware store involves keeping some packets of cement in anticipation of the demand that may exceed the forecasts. In the case of the cement shortage, the hardware store will respond to the uncertainty in demand.

Seasonal inventory encompasses products that have demand in particular seasons. The products do not have a consistent and stable demand. The firms should strategize how to purchase and manage the seasonal inventory effectively in anticipation of demand (Dear, 2009). The management is significant in order to offset the temporary seasonal demand for the products. In the hardware store, the Christmas cards are seasonal inventory. The hardware store should ensure it has enough Christmas cards to satisfy demand in December.