

Inventory processes.
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INVENTORY MANAGEMENT: IKEA, the world's largest homefurnishing retailer, was founded in 1943 in Sweden and has 410 stores in 49 countries. It ranks Number 41 on Forbes' esteemed World's Most Valuable Brands list, and took in 36.4 billion in sales in 2016. It has smooth running backend operations and efficient supply chain practices. CHALLENGES IN IKEA'S INVENTORY - TRACKING INVENTORY: Separating Products Into High-Flow and Low-Flow Facilities IKEA's operations are categorized into two. They are high-flow facilities whose focus is on the 20 percent of SKUs, that are sold in high volumes, that amount to 80 percent of the store's capacity or low-flow facilities that are sold in low volumes and require manual processes. The high-flow facilities have an automated software which tracks each product so that accuracy is maintained.

The employees don't shift or move the slower-selling products around too much which drives down cost-per-touch. Maximum and Minimum Settings: Barcode scanners are used to update the inventory. IKEA developed an inventory replenishment process called "minimum/maximum settings." The process was created to avoid ordering either too few products or too many products, which can lead to the company losing customers or having too many products in its inventory, while meeting customer demands. The "minimum settings" and "maximum settings" calculate the right amount of products to be reordered and is based on the reserve stock left after store hours.

IKEA uses a software that collects and tracks everything in the inventory

INVENTORY MANAGEMENT STRATEGIES: Do-it-Yourself Assembly and Flat

Packaging: IKEA uses a Do-It-Yourself approach to product assembly,

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which the customers themselves can easily assemble at home, to lower packaging and inventory management costs. Most IKEA products have flat packaging, which makes handling easier, so that it occupies less space both in the trucks during transportation to stores as well as in the warehouse..

Cost-per-Touch Inventory Strategy: IKEA believes that the inventory management costs increase when more hands touch a product. So IKEA implements a cost-per-touch inventory strategy that allows the customers to select and retrieve the products and take them to checkout themselves. This strategy will decrease their staffing costs.

Combining Retail And Warehouse Processes: IKEA's warehouse is on the same premises as the main retail or showroom floor. Customers browse for items which are available in the lower racks and they obtain the products themselves. The additional products or reserve stock are stored in higher racks. Inventory is moved to the lower slots only at night due to safety reasons. The bulky products, which require the help of staff to be loaded are placed in the middle racks. IKEA is working to reduce the number of these bulky items since they encourage self-service. REFERENCE:

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