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Inventory control systems maintain information about activities within firms that ensure the delivery of products to customers. The subsystems that perform these functions include sales, manufacturing, warehousing, ordering, and receiving. In different firms the activities associated with each of these areas may not be strictly contained within separate subsystems, but these functions must be performed in sequence in order to have a well-run inventory control system. In today's businessenvironment, even small and mid-sized businesses have come to rely on computerized inventory management systems. Certainly, there are plenty of small retail outlets, manufacturers, and other businesses that continue to rely on manual means of inventory tracking. Indeed, for some small businesses, like convenience stores, shoe stores, or nurseries, purchase of an electronic inventory tracking system might constitute a wasteful use of financial resources.

But for other firms operating in industries that feature high volume turnover of raw materials and/or finished products, computerized tracking systems have emerged as a key component of business strategies aimed at increasing productivity and maintaining competitiveness. Moreover, the recent development of powerful computer programs capable of addressing a wide variety of record keeping needs—including inventory management—in one integrated system have also contributed to the growing popularity of electronic inventory control options. Given such developments, it is little wonder that business experts commonly cite inventory management as a vital element that can spell the difference between success andfailurein today's keenly competitive business world. Writing inProduction and Inventory Management Journal, Godwin Udo described telecommunicationstechnologyas a critical organizational asset that can help a company realize important competitive gains in the area of inventory management. He noted that companies that make good use of this technology are far better equipped to succeed than those who rely on outdated or unwieldy methods of inventory control. 1 COMPUTERS AND INVENTORY Automation can dramatically impact all phases of inventory management, including counting and monitoring of inventory items; recording and retrieval of item storage location; recording changes to inventory; and anticipating inventory needs, including inventory handling requirements. This is true even of stand-alone systems that are not integrated with other areas of the business, but many analysts indicate that productivity—and hence profitability—gains that are garnered through use of automated systems can be increased even more when a business integrates its inventory control systems with other systems such as accounting and sales to better control inventory levels.

As Dennis Eskow noted inPC Week, business executives are " increasingly integrating financial data, such as accounts receivable, with sales information that includes customer histories. The goal: to control inventory quarter to quarter, so it doesn't come back to bite the bottom line. Key components of an integrated system … are general ledger, electronic data interchange, database connectivity, and connections to a range of vertical business applications. " THE FUTURE OF INVENTORY CONTROL SYSTEMS In the latter part of the 1990s, many businesses invested heavily in integrated order and inventory systems designed to keep inventories at a minimum and replenish stock quickly. But business owners have a variety of system integration options from which to choose, based on their needs and financial liquidity. At the same time that these integrated systems have increased in popularity, business observers have suggested that " stand-alone" systems are falling into disfavor. A 1996 study by the International Mass Retail Association (IMRA), for example, concluded that stand alone Warehouse Management System (WMS) packages acquired to perform individual functions will soon become obsolete because they do not integrate well with other systems.

Another development of which small business vendors should be aware is a recent trend wherein powerful retailers ask their suppliers to implement vendor-managed inventory systems. These arrangements place theresponsibilityfor inventory management squarely on the shoulders of the vendors. Under such an agreement, the vendors obtain warehouse or point of sale information from the retailer and use that information to make inventory restocking decisions. 2 WAREHOUSE LAYOUT AND OPERATIONThe move toward automation in inventory management naturally has moved into the warehouse as well. Citing various warehousing experts, Sarah Bergin contended inTransportation and Distributionmagazine that " the key to getting productivity gains from inventory management … is placing real-time intelligent information processing in the warehouse. This empowers employees to take actions that achieve immediate results. Real-time processing in the warehouse uses combinations of hardware including material handling and data collection technologies.

But according to these executives, the intelligent part of the system is sophisticated software which automates and controls all aspects of warehouse operations. " Another important component of good inventory management is creation and maintenance of a sensible, effective warehousing design. A well-organized, user-friendly warehouse layout can be of enormous benefit to small business owners, especially if they are involved in processing large volumes of goods and materials. Conversely, an inefficient warehouse system can cost businesses dearly in terms of efficiency, customer service, and, ultimately, profitability. Transportation and Distributionmagazine cited several steps that businesses utilizing warehouse storage systems can take to help ensure that they get the most out of their facilities. It recommended that companies utilize the following tools: Stock locator database—" The stock locator database required for proactive decision making will be an adjunct of the inventory file in a state-of-the-art space management system. A running record will be maintained of the stock number, lot number, and number of pallet loads in each storage location.

Grid coordinates of the reserve area, including individual rack tier positions, must therefore be established, and the pallet load capacity of all storage locations must be incorporated into the database. " Grid coordinate numbering system—Warehouse numbering system should be developed in conjunction with the storage layout, and should be user-friendly so that workers can quickly locate currently stocked items and open storage spaces alike. Communicationsystems—Again, this can be a valuable investment if the business's warehouse requirements are significant. Such facilities often utilize fork lift machinery that can be used more effectively if their operators are not required to periodically return to a central assignment area. Current technology makes it possible for the warehouse computer system to interact with terminal displays or other communications devices on the fork lifts themselves. " Task assignment can then be made by visual display or printout, and task completion can be confirmed by scanning, keyboard entry, or voice recognition, " observedTransportation and Distribution. Maximization of storage capacity—Warehouses that adhere to rigid " storage by incoming lot size" storage arrangements do not always make the best use of their space.

Instead, businesses should settle on a strategy that eases traffic congestion and best eases problems associated with ongoing turnover in inventory. Some companies choose to outsource their warehouse functions. " This allows a company that isn't as confident in running their own warehousing operations to concentrate on their core business and let the experts worry about keeping track of their inventory, " wrote Bergin. Third-party inventory control operations can provides companies with an array of valuable information, including analysis of products and spare parts, evaluations of their time sensitivity, and information on vendors. Of course, businesses weighing whether to outsource such a key component of their operation need to consider the expense of such a course of action, as well as their feelings about relinquishing that level of control. Read more: Inventory Control Systems - cost, Computers and inventory, Warehouse layout and operationhttp://www. referenceforbusiness.

com/small/Inc-Mail/Inventory-Control-Systems. html#ixzz19yNe0cgT