P and q inventory management systems

Business, Management

P and Q Inventory Management Systems Fundamental and characteristics of P and Q Inventory Management System Inventory Management System (IMS) fundamentally implements a set of controls and policies that supervise the level of inventory within the organization and establish the efficiency of maintaining, replenishing as well as identifying the required orderable goods for the organization (State of Connecticut, 2012).

Fixed-Order Quantity System (Q-System)

Q system is implemented by organizations in order to manage the inventory of those goods or ready products of a firm which were manufactured particularly for selling purposes. The process is considered to be effective in managing goods with high demand amid customers which enables the inventory system to supply and resupply the goods in a timely way. The model also plays an important role in order to monitor the current ‘ in-stock’ items and reduce the risk of ‘ stock-out’ of the items (The McGraw-Hill Companies, 2011).

Fixed-Order Interval System (P-System)

The P system of inventory management possesses various similarities as well as dissimilarities to the Q system inventory model. The model is used to record the time in which the product or the item should be in stock and are ready to be employed. In this context, the monitoring and ordering processes are performed when the level of the items reduces to the minimum quantity. The items are ordered at certain intervals of time, for instance, in very specific day of a month or week. This process is often convenient while ordering a group of products at the same time (The McGraw-Hill Companies, 2011).

Compare and Contrast between the P & Q systems of Inventory Control

According to the Q-system of inventory control, the order quantity of the items is fixed and the interval period of ordering depends on the level of reordering of the items. However, the reordering in the P-system is fixed and the quantity of ordering items varies in different review cycles. Continuous monitoring is speculated to be highly required in the Q-system of inventory control. On the other hand, the P-system of inventory control attempts to purchase inventory at a specified gap taking greater time for reviewing and recording the stocks in comparison to the Q system (Gopalakrishnan, 2004). Hence, the fundamental difference between the Q system and the P system can be identified as the treatment of highly demanded commodities (in case of Q system) and other goods (in case of P system).

If inventory is so difficult to manage, why don’t firms have their suppliers manage the inventory and accept deliveries only on a just-in–time basis?

It has often been noted that inventory management not only reflects the efficiency of an organization in waste management or resource allocations but also exhibits its flexibility in dealing with alterations related to customer purchase behavior. As the process tends to operate to the coordination of financial and marketing activities of a particular organization, it becomes quite challenging to recognize the nature of the good, its demand and other influencing factors. It is due to this reason that managers prefer implementing specific methods to manage the inventories of different commodities such as the Q system and the P system. Contextually the implementation of Just-In-Time process in managing the different commodities shall result in complexity, therefore, hampering the efficiency

of the organization to meet market demand in a timely way (Hasan & Alim, 2010).

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