

# [American production and inventory society](https://assignbuster.com/american-production-and-inventory-society/)

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Inventory management is defined by the American Production and Inventory Society (APICS) as the “ branch of business management concerned with planning and controlling inventories” (Toomey, 1). The purpose for inventory management is to keep a needed stock level of particular products or items. Inventory management is important in the Wheeled Coach Ambulance because half of its sales revenues are used or spent on purchases. There are more than 70, 00 SKUs which are supplied by vendors resulting to frequent reorders. Consequently, there is a crucial need for safety stocks in the Wheeled Coach Ambulance.

In addition to this, Wheeled Coach Ambulance offers delivery within 19 days of fully customized goods. Therefore, the company could not afford to go short. In order to improve the classification of inventory, consequently resulting to better management, ABC analysis is employed. In the Wheeled Coach Ambulance, they divide the raw materials by correlating volume with monetary value (Chiste, 208). The materials classified as class “ A” are, chassis from Ford, aluminium from Reynolds Metal as well as the plywood ordered by local suppliers to be used for flooring and cabinetry.

The materials classified as class “ B” are electrical wirings while those classified as class “ C” are the small parts, such as rivets. Through the implementation of the ABC analysis or classification, the Wheeled Coach Ambulance is able to carefully increase and supervise class “ A” suppliers. In addition to this, there is better precision when it comes to estimating class “ A” materials, due to the utilization of a more refined technique. Lastly, with ABC analysis or classification, there is physically tighter control or management of class “ A” materials.

Part of the control of inventory items at Wheeled Coach is cycle counting. Under cycle counting, “ A” items are counted on a very short cycle, perhaps once a month to verify transaction accuracy. “ B” items are counted less frequently, perhaps every two months. And “ C” items are verified once a quarter or even less frequently. Cycle counting provides a much more effective auditing procedure than periodic (annual) counts of inventory. Effective auditing procedures, as well as accurate inventory records, are crucial for any organization in attaining its highest level of performance.

This is due to the fact that many significant assessments are created based on reported inventory balances. The inventory balances serve as the basis for creating long-term strategic decisions and the daily operational decisions. If there is inaccuracy in the inventory balances, it is most likely that there are production delays or missed deliveries (Maynard and Zandin, 10. 97). Moreover, there will be inventory overages, resulting from errors in the inventory balances. These inventory overages use resources, space andmoneythat could better be used for something else.

The Wheeled Coach Ambulance promises its clients goods based on inventory balances, both current and expected. The promises to the clients might not be kept if the reported inventory balances are incorrect. Consequently, this would result in lost sales, lost customers and lost profits (Novak, 29). As an inventory control manager at Wheeled Coach Ambulance, aside from the use of cycle counting and the ABC analysis, items will be hauled into assembly JIT in order to ensure accurate inventory records.

This is to ensure that the work order provided on every workstation is on time. Aside from being checked, the inventories or items will be reserved under lock. Lastly, there will be a minute amount or totally no work-in-process inventory in the Wheeled Coach Ambulance. This will ensure that there will be no misreading on the available inventory. To implement these suggestions, more proper employee training and team building exercises will be conducted. Consequently, these would increase compliance with the suggested rules and policies.

## Works Cited

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