

ASCM SEATTLE CHAPTER

Coffee Klatch



Inventory Management and Item Masters



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Managing Inventory

From Investopedia:

What Is Inventory Management?

Inventory Management refers to the process of ordering, storing, using, and selling a company's inventory. This includes the management of raw materials, components, and finished products, as well as warehousing and processing of such items.

Item Master

The master record for a given part number, can also called an inventory item or a Stock Keeping Unit (SKU).

Some of the things it typically includes: item description, unit of measure, Lead time, lot size, safety stock, costing information, stocking quantity, handling or storage information, purchased or manufactured, and so forth.

Minimum – Multiple - Maximum

Are you actually aligned with your vendor? When did you last verify price breaks or container size?

Common errors:

- Multiple quantity does not match supplier multiple: Ever order 2-dozen and receive 30? Or order what you think is a pallet quantity and receive an additional box so the freight is doubled for the small addition?
- Minimum quantity does not match a realistic minimum: Order signals come thru daily or every few days are ignored and buyer purchases a quantity to cover a certain time frame. Often M/M/M are set to 1/1/1, creating countless messages that are ignored by the buyer who purchases for a given time frame like a few weeks.

Manage your settings or your settings will manage you and your time!

Time Fence

Time fence

Sometimes called a Frozen Zone in the Master Production Schedule, the demand planning time fence keeps the planned quantity from changing inside a given window of time, which creates an environment of stability and reduced costs.

Common errors:

- Not updating what the actual time fence should be, if it's too short there may not be enough time for proper processing to create the item
- Setting time fences far out into the future: This will minimize any “noise” with small changes in demands on reports. The down-side? Any changes inside the time fence will not be seen by the buyer/planner who will end up with too much inventory or fall short on inventory because changes won't show up on replenishment reports.

The planning time fence is **bordered by the current date and a date within which the planning process does not alter the current material plan or master schedule**. You can specify whether to use planning time fence control when launching the planning process.

Time Fence Control (MRP and Supply Chain Planning Help)

 docs.oracle.com/cd/A60725_05/html/comnls/us/mrp/tfctrl.htm

Unit of Measure

Common errors:

- Using “pair” or “set” for a UOM
 - When counted, and counted as “each”, accidentally doubling inventory when booking a cycle count.
 - Half of the pair has poor quality and discarded. The remaining half has no utility, but manages to be returned to inventory has half-a-pair.
- Unit of measure conversion
 - Item purchased by the case, and Supplier changes the standard quantity in a case. If the case quantity used to be 24 per case, the UOM Conversion would convert a purchased case to 24 “each”. If the supplier now puts 20 in the case, and the buyer does not realize this, each case converts to 24 upon receipt, but there are only 20 in the case.

Managing Items not on BOM's

Maintenance, Repair and Operating Supplies used in production

If there is a desire to manage an MRO that is used in the manufacturing area, for instance a glue used by the drop, a specific cleaning fluid used to prepare a surface area, or lint-free wipes:

- Control where-used: Add to the bill of material with a quantity of “zero” required
- Control what is purchased: Have an approved spec for what is being purchased
- “Inspection” set as a required step to ensure the correct item was purchased
- Control when it is purchased:
 - Either set safety stock and deduct from inventory when delivering the supply to production
 - Or establish a Kanban for replenishment

What are your issues & what do you do?



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Comments or Ideas?

Contact us

INFO@Seattle.ASCM.org