

Effective Management of Stores Operations and Inventory:
For
NAPM-ISM-APICS
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Objectives of Maintaining Stores Inventory.

- Being accountable for your inventory and warehouse system
- Being efficient with funds.
- Reduce operating costs.

While at the same time:

- Optimize-make adequate- the inventory available to organization.

Functions of Inventory

The primary function of inventory is to synergize demand and supply. Inventory serves as a buffer between:

Customer demand and Job requirements

User and Cost variations

Geographical location of user
And
Geographical location of supplier.

What Stores can be.

The efficiency and economy of the entire organization can be potentially enhanced through the implementation of an efficient centralized warehouse.

But a WELL managed decentralized warehouse can still be efficient.

Types of Costs

- Direct costs – tied to a specific product, service or activity. Salaries and benefits.
- Indirect costs – overhead costs such as utilities, telephone, fax.

Warehouse managers should strive to minimize Indirect costs because such an effort is the essence of efficient operations management.

Cost Concepts

- Fixed Costs
- Variable Costs
- Average Costs
- Marginal Costs

SUPPLY & DEMAND.
Cost of Inventory vs. cost of P.O.s.

Internal Costs

- How do you allocate them?

Money is in the Warehouse

- Our job is to manage it. It's like a bank. Where is the problem, in the count? Or in the management.
- They are both the same.

The Basics of Storeroom Management

Internal Processes:

- Receiving incoming goods
- Inspecting incoming goods
- Storing materials and goods
- Picking materials to fill orders

External Processes:

- Budget process
- Personnel function
- Financial control function
- Technology

Stores Management

Stores management is concerned with the flow of materials in a organization in a systematic, efficient, and cost effective manner.

Receiving Incoming Goods

Document receipt and condition of goods.

- Check for damage.
- Retain/file waybill, packing slip, and attach to receiving report.

Inspecting Incoming Goods

- Check received date against due date on P.O.
- Assure item(s) meet specifications on P.O.
- Forward any Material Discrepancy report to procurement department
- Seller is responsible to remedy any nonconforming goods to meet P.O. specifications.
- Document/file any certificate of compliance or certified test results.
- Note quantity ordered vs. quantity shipped.

When Material Arrives at Facility

- ONLY receiving does receiving!
- Do not refuse freight!
- Confirm that the material is yours!- Look at the carton labels.
- Sign for what you get~ Get what you sign for!

Storing Materials and Goods

- Utilize available space.
- Protect the inventory.
- Practice loss prevention.
- Utilize appropriate equipment.

Be Secure, Be Safe.

- Pilferage and theft
- Safety training and equipment
- Hazardous Materials
- Equipment and tools training
- Fire prevention
- Housekeeping

Theft

- Make a CLEAR policy and enforce it.
- Store valuables in a secure area.
- Make sure entryways and exits are observable.
- Do you need surveillance cameras?

Be smart, Be safe.

- Make sure your employees are properly trained to handle materials, including proper lifting techniques.
- Training on tools and equipment (forklift).
- Up-to-date OSHA training.

Hazardous Materials

- Know where your MSDS sheets are kept and how to read them.
- Know how to identify the six hazard classes and their symbols.
- Have adequate personal protective equipment, and training.
- Store hazardous materials properly.
- Know OSHA and DOT regulations.

HAZ MAT CLASSIFICATIONS

- Class A; Compressed Gas
- Class B; Flammable and Combustible Material
- Class C; Oxidizing materials
- Class D; Poisonous Material
- Class E; Corrosive Materials
- Class F; Reactive Materials

Fire safety

- Store and label flammable liquids properly.
- Train warehouse employees on how fires start, how to prevent them, how to extinguish a small fire, when NOT to fight a fire, how to identify the PROPER fire extinguisher and how to use it.
- Keep oily rags and combustibles in closed containers.

The Goal and the Challenge!

The challenge of warehouse management is to carry as much inventory as needed, but as little as possible.

Inventory managers are essentially seeking to optimize customer service, inventory costs, and operating costs to support the business activities of their organizations.

It's not always easy!

The warehouse manager is tasked with making stocking decisions that best support the organization's objectives.

Inventory should be viewed and managed as an asset, not a liability.

It is the Warehouse Manager's obligation to be a good steward of funds and assets. Unmanaged losses are not easily tolerated.

Questions?

Thank you very much.

I will be happy to answer any questions you have now, or at a later date. My e-mail is

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