



The Global Standard for Procurement and Supply

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Leading global excellence in procurement and supply

Segment 4.2 Effective Inventory Control

Level: Tactical

Theme: Spend Management

| Knowledge: Will know and understand | Capabilities: Will be able to |
|--|---|
| <p>The classifications of different types of inventory, such as:</p> <ul style="list-style-type: none">• Opening stock, work in progress and finished goods• Safety stocks• ABC classifications of stock that may apply• Dependent demand and independent demand items of stock | <p>Explain to colleagues and other internal stakeholders the classifications of inventories supplied by the organisation</p> |
| <p>The direct and indirect costs of holding inventories</p> | <p>Explain the direct costs and the indirect costs associated with holding inventories. Take actions to reduce costs while mitigating any negative impact on service levels</p> |
| <p>The main techniques associated with managing inventories including:</p> <ul style="list-style-type: none">• Reorder quantities• Reorder levels• MRP and MRPII• Just-in-Time | <p>Compare inventory management techniques and use appropriate techniques to manage inventories</p> |
| <p>The use of bar coding in inventory operations</p> | <p>Use bar coding to select and control the range of stock items held by the organisation</p> |

| Knowledge: Will know and understand | Capabilities: Will be able to |
|---|--|
| The use of materials planning to manage inventories | Carry out the effective and efficient planning and control of inventories, such as by receiving, issuing, scheduling, standardising and inspecting inventories |

Related CIPS Knowledge Links

[Application of Technology - http://www.cips.org/Knowledge/Procurement-topics-and-skills/eCommerce---systems/Application-of-Technology/](http://www.cips.org/Knowledge/Procurement-topics-and-skills/eCommerce---systems/Application-of-Technology/)

[Demand Management - http://www.cips.org/Knowledge/Procurement-topics-and-skills/Developing-and-managing-contracts/Demand-Management1/](http://www.cips.org/Knowledge/Procurement-topics-and-skills/Developing-and-managing-contracts/Demand-Management1/)

[Operations Management - http://www.cips.org/Knowledge/Procurement-topics-and-skills/#6909](http://www.cips.org/Knowledge/Procurement-topics-and-skills/#6909)