

# 1 Fundamentals of Inventory Management

## 1.1 Objectives

- This module is giving to participants the fundamentals to manage both the physical flows of products or services and the corresponding information and financial flows to optimize the different inventories and their associated costs.
- The session will reassess the basics of a MRP (Material Requirement Planning) and structure the deployment of advanced inventory management tools and techniques.
- It will help to draw the main lines of an integrated Supply Chain strategy.

At the end of this module, the participants shall be able to:

- Identify the key players and the main parameters of the supply chain
- Define the priorities of management of all stake holders in the process
- Choose the best optimization techniques to improve cash flows, stock reduction, cycle times, forecasting process, ordering strategy
- Draft their own supply chain commodity strategy within the company's environment

## 1.2 Target group

- Buyers who need:
  - To conduct negotiations with suppliers in line with a defined purchasing strategy,
  - To service procurement requirements,
  - To optimize inventory costs and risks.
- Purchasing professionals, supply chain managers, procurement managers, warehouse managers, inventory managers who want:
  - To understand the basics and key success factors of suppliers-customers multiple flows.

## 1.3 Duration

- 2 days

## 1.4 Dates

- 03-04 May 2010
- 09-10 September 2010

## 1.5 Fees

- Normal fee: 1 700 EUR (+VAT)
- Early bird fee: 1 500 EUR (+VAT) for registration 2 months before the module

## 1.6 Location

- Archamps (France)

## 1.7 Content

PHASE	CONTENT
<b>DAY 1</b>	<p><b>Environment</b></p> <ul style="list-style-type: none"> <li>• Initial review of participants needs and specific expectations + knowledge assessment</li> <li>• Strategic positioning of inventory management into a company</li> <li>• The 3 flows : physical, information and financial</li> <li>• Stake holders of the “Inventory process center”: actors and players, leverages games, partners, systems.</li> <li>• The “train of supply chain”</li> <li>• “Just in...” style: JIT, JIC, JITL</li> <li>• ERP and supply chain processes, EDI</li> <li>• From inventory costs to risks and opportunities, servicing different objectives, managing contradictory factors, key step to introduce respective liabilities into supplier-customer relationship</li> </ul> <p><b>Basics of inventory management</b></p> <ul style="list-style-type: none"> <li>• Ordering stocks and associated procurement strategies</li> <li>• EOQ (Economic Ordering Quantity, Wilson formula) and Safety stock calculations</li> <li>• Classical structure of a Purchase Order in an ERP environment</li> <li>• Understanding the impact of each parameter on the inventory costs, on the management of flows and on the strategic deployment of the purchasing mission</li> <li>• Managing the customers’ requirements, the system constraints and the suppliers’ solutions and offers</li> <li>• The buyer’s role of communication, understanding of internal/external expectations and “service culture”</li> </ul>
<b>DAY 2</b>	<p><b>Advanced techniques</b></p> <ul style="list-style-type: none"> <li>• Optimizing the MRP parameters with suppliers negotiation</li> <li>• Calculating the basic inventory performance ratios : C2C (Cash to cash), Inventory turns, Days of Supply, ABC classification of stocks</li> <li>• Tools and method : Kraljic’s and Inventories</li> <li>• Implementing solutions and agreements to increase stocks velocity, share risks and manage associated information required</li> <li>• Issues associated to inventory optimization</li> </ul> <p><b>From inventory to supply chain management</b></p> <ul style="list-style-type: none"> <li>• From suppliers’ driven constraints to buyer’s driven negotiation and to cost + risk/opportunity share driven elements</li> <li>• Using the TCO approach to implement TCIO (Total Cost of Inventory Ownership)</li> <li>• Setting “win-win” partnerships and going to win-win-win strategies</li> </ul>

## 1.8 Methods and tools

- Main presentation of inventory management principles and parameters
- Several interactive workshops with implementation of techniques, concepts and application to participants’ business cases
- Feedback and discussions on examples of individual cases or scenarios
- Dynamic of the animation will help the group to leverage each other experience to bring supply chain culture into purchasing functions
- Final quiz to summarize the course impacts on participants practices