**Case Study- Procurement strategy for XYZ**

This case study is carried out in company called as XYZ. This company was established in the year 2008, the company manufacture and supply different types of blowers. The Company has supplied their products to many customers in India. The Company has office in Nallasopara (E.), Maharashtra for marketing purpose. Raw material required for manufacturing blowers are H.R. Sheet, Motors of different H.P., C-channel, L-angle, nut-bolt and paint. The Main issue of this industry is inventory control for ordering raw material and supply of blowers to customers. To manage inventory of raw materials a case study is carried out and EOQ method of inventory management has been adopted. Current forecasting method used by this firm has brought some problem due to inaccurate forecasting. Forecasting method used is the simple average based on the average historical demand, but this has led to inaccurate prediction. The purpose of this study is to recommend alternatives ways to help the company to reduce the stock and cost by using more effective prediction EOQ and ROP. For this purpose, analysis of a product of the company is done, using data of the last one year.

Annual demand for lug is calculated based on average monthly turnover in this firm.

The demand for H.R. Sheet is 3000 kg per month. Cost of one unit is Rs.60 per kg. According to Company’s current forecasting model, company makes order one time in a month and the ordering cost is Rs.20,000/- for each time the order is made. The H.R. Sheets are stored in a warehouse that costs Rs. 30 to store 1 kg H.R. Sheets for a month.

Based on the available information, suggest the lot size at which the H.R. Sheets should be purchased that will make the total inventory cost minimum.