

P06 – Smart Inventory

Smart Inventory Management

- ▶ Inventory management involves regulating and maximising the company's **inventory**.
- ▶ The goal of **inventory control** is to maximise profits with minimum **inventory** investment, without impacting customer satisfaction levels.
- ▶ **Smart inventory management** is an innovative way to control company costs using data and powerful software to fill increasing demand with less inventory.
 - ▶ Prevent over stock
 - ▶ Stop product not moving
 - ▶ Prevent capital tie up
 - ▶ Customer attrition

Optimal inventory replenishment Order

In practical 6, we will automate the inventory ordering for the bookshop

- ▶ When to replenish inventory?
- ▶ How much to replenish?

When to replenish?

Reorder point – once the amount of inventory reaches a specified reorder point, you replenish stock.

<https://www.tradegecko.com/learning-center/reorder-point-formula-calculation>

P6 – Monitor current inventory on hand against the re-order point

current inventory on hand = 105

re-order point = 100

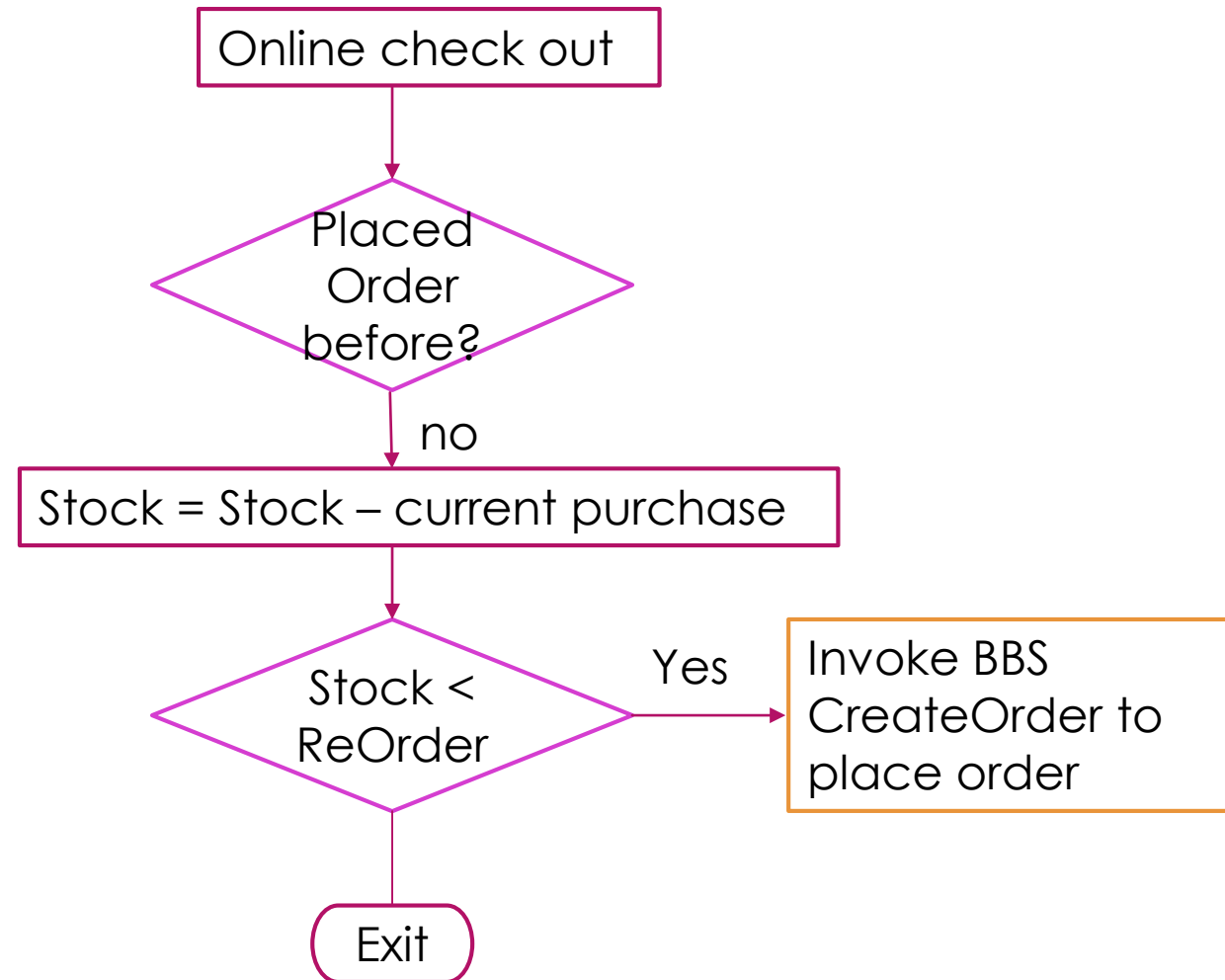
customer purchase quantity = 6

$105 - 6 < 100 \Rightarrow$ must replenish stock

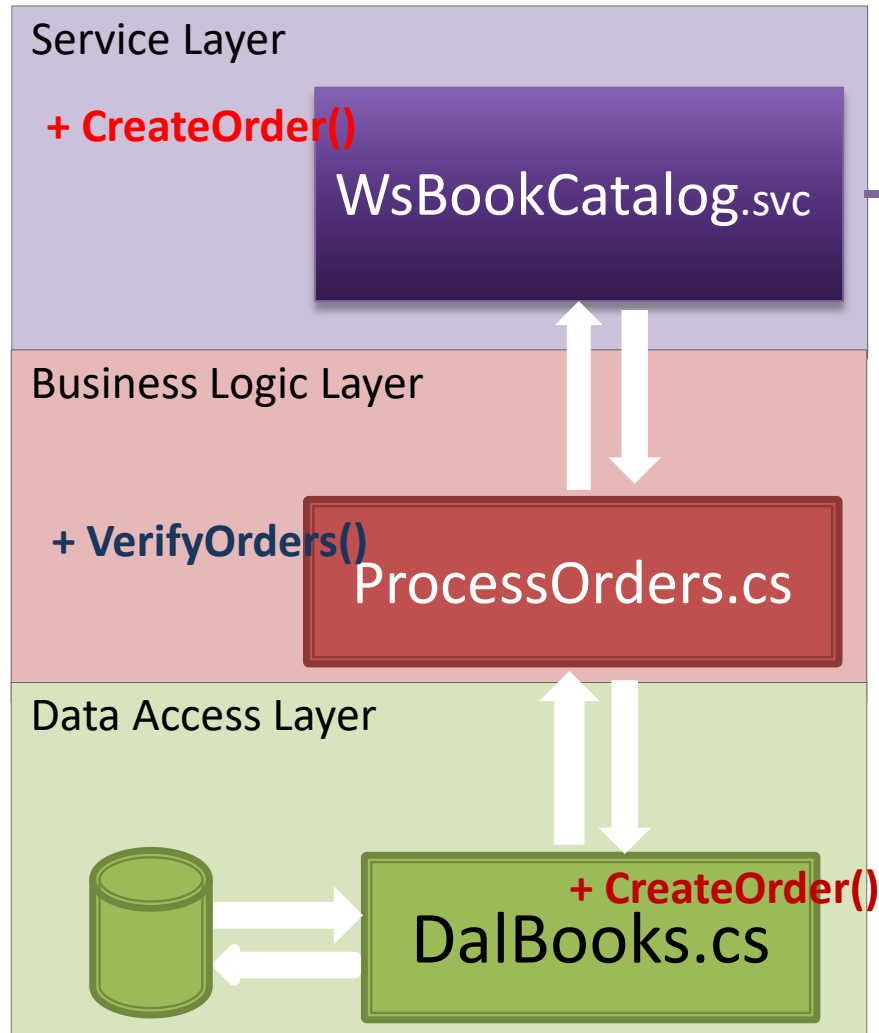
How much to replenish the stock?

- ▶ Reorder quantity – The minimum order quantity to replenish the stock
- ▶ Once the stock is replenished, set a status that item has been ordered.

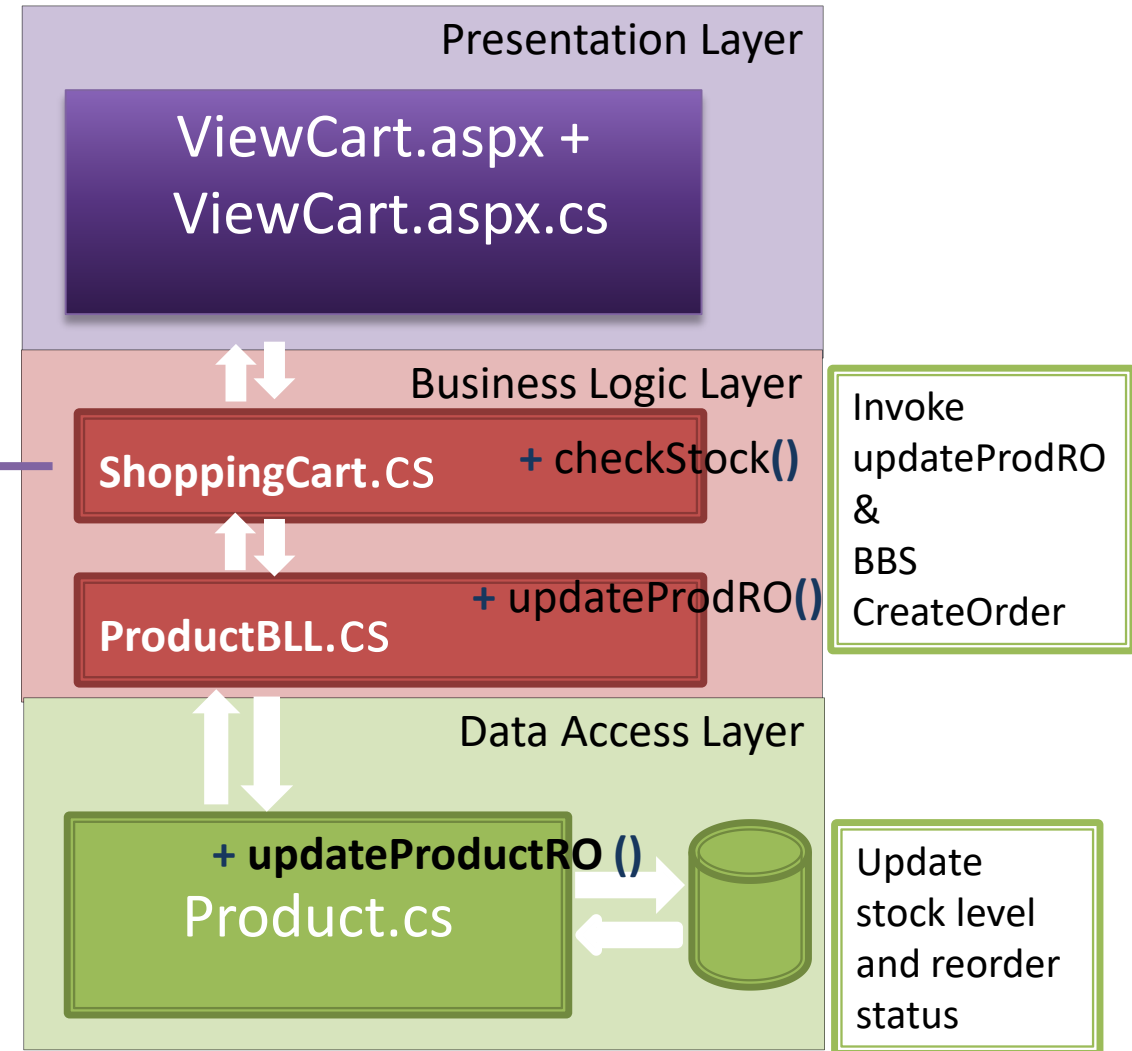
Order Process



Ex 1 - Better Book Supplier



Ex 2 - ABCHealth Bookshop



Test

- To get the result, make sure the customer purchase will hit reorder point.

	Product_ID	Product_Name	Product_De...	Unit_Price	Product_Im...	Stock_Level	ISBN	ReorderPts	ReorderQty	ReorderSta...
	4	Eat to Live Cookbook	200 Delicio...	16.30	eattolive.jpg	40	9780580238123	50	250	Pending DO
	5	The Big Book of Health and ...	A Practical ...	15.45	thebigbook....	150	9780590256156	50	150	NULL
	6	The Healthy Golfer	Lower your ...	11.60	healthygolf....	300	9780590654789	300	300	NULL