

# STOCK MANAGEMENT

*‘Effective inventory planning in the textile and clothing supply chain’*





# LEARNING OUTCOMES

- ...to identify different types of inventory in the textile and clothing pipeline
- ...to understand the value of efficient inventory procedures to the textile and clothing operation





# INVENTORY

- Inventory objectives
- Types of inventory
- Efficient inventory procedures
- Inventory records

# INVENTORY OBJECTIVES TRIANGLE



- Customer Service
- Efficiency
  - Purchasing
  - Production
- Investment

# CONSEQUENCES OF POOR STOCK CONTROL



- Late (or no) delivery
- Supply shortages
- Excesses inventory
- Recovery costs
- Consequential loss



# TYPES OF INVENTORY

- Raw Materials (RM)
- Work in Progress (WIP)
- Finished Goods (FG)
- Maintenance, Repair and Operating Supplies (MROS)





# COST OF INVENTORY

- Capital costs
- Service costs
- Storage costs
- Risk costs

*E.g. Fashion retailer Zara invests in fabric stock to reduce their cost of inventory yet maintain a high level of responsiveness*



# THE FASHION CHALLENGE

- Long lead-times
- Inaccurate forecasts
- Store level execution cannot be assumed

*(Fisher, 2002)*



# EFFICIENT INVENTORY PROCEDURES



- Just-in-Time (JIT)
- Mixed Supply Base
- Postponement
- Vendor Managed Inventory (VMI)

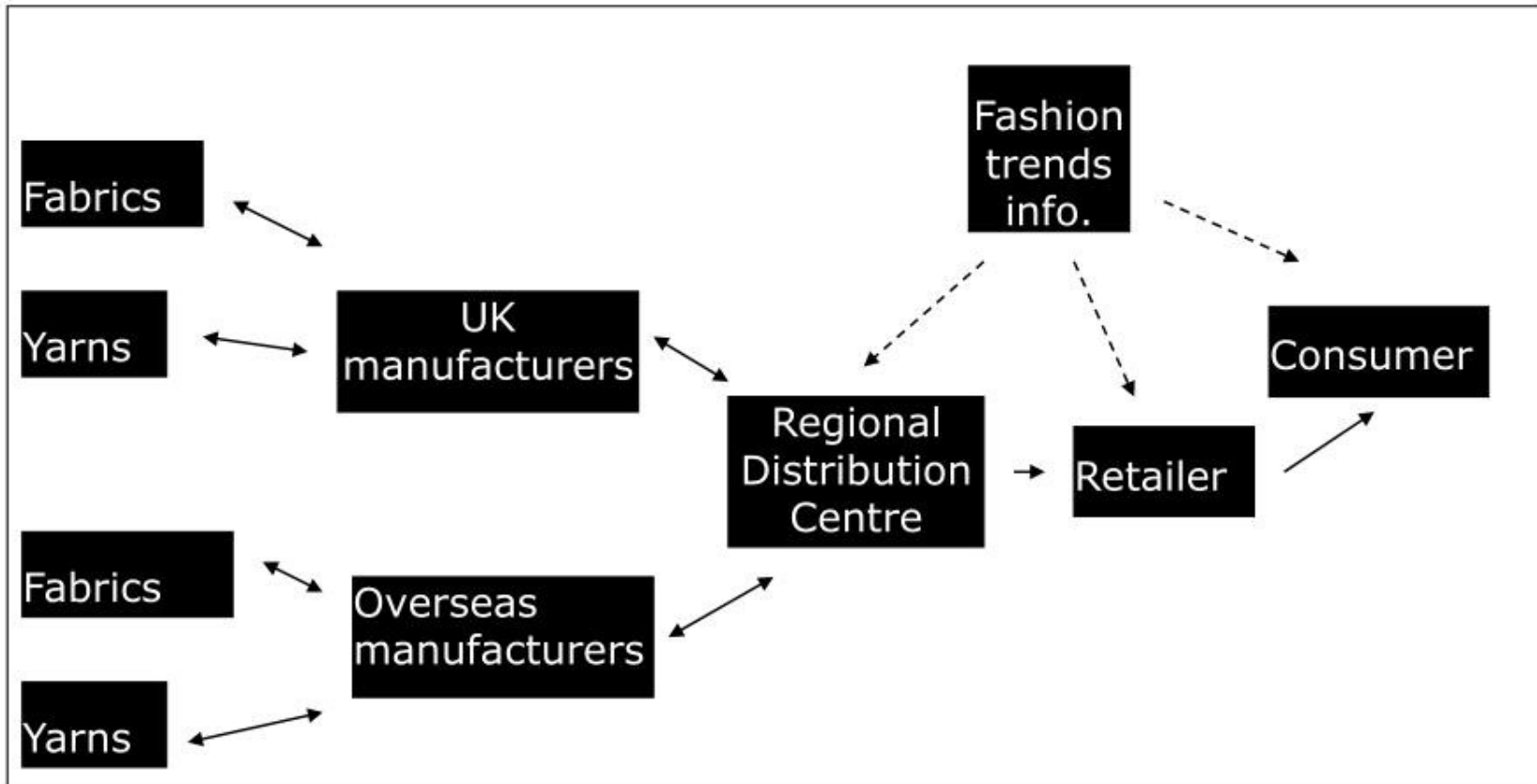


# JUST IN TIME

- Driven by customer demand
- Eliminates inventory
- Inclusive production system
- Flexible operation
- Focus on reducing waste



# THE MIXED SUPPLY BASE



*(Bruce et al., 2004)*

# POSTPONEMENT OF FINISHED GOODS



- Hold part finished sub assembly in stock
- Customize as close to use as possible
- Manage risk and fashion trends

# VENDOR MANAGED INVENTORY



- Supplier takes full responsibility for maintaining agreed inventory levels
- Shared risk
- Information based

# AGGREGATE INVENTORY CONSIDERATIONS



- Inventory as an asset
- Cost of goods sold
- Return on investment
- Inventory turnover
- Inventory as strategy





# INVENTORY RECORDS

- Accuracy of inventory data
  - Competent personnel
  - Tight control of shipments
  - Effective control of all goods leaving the facility
- Stock Keeping Units (SKUs)
  - Analytical tools required
- Planned vs. Actual
  - Electronic Data Interchange (EDI)
  - Barcodes
  - Point of Sales (POS) Data



# THE VALUE OF EFFICIENT STOCK KEEPING

## ...to the CUSTOMER

- *Quick and easy to find*
- *Good quality*
- *Wide selection*

## ...to the EMPLOYEES

- *Easy to find*
- *Reduced returns*
- *Increased knowledge*
- *Multiple sales*

## ...to the MANAGEMENT

- *Increase profits*
- *Reduced damaged merchandise*
- *Speed of stock turn*
- *Customer goodwill*
- *Develop image*