

Steps in Materials Control

One of the greatest challenges in selecting a materials management system is the sheer number of solutions available. In an arena where time is money, because inefficiencies in the materials management may be costing your company thousands of dollars a day, filtering through the crowded software market is challenge number one.

Material control is ensured by setting proper storage, purchase, and issuance methods and minimizing material losses by identifying slow-moving, obsolete and inactive materials and also by reducing scrap, waste, damage and defects. These steps are discussed below.



A. Purchasing and Receiving: Purchase procedure different from business to business, but all of them follow a usual pattern or technique. There should be an appropriate Purchase Procedure to make sure that at right time right type of material is purchased, and that should be in right quantity, at right place and at right prices.

B. Storing of Materials: Through the purchase department, the material purchased is sent to stores before it is issued for production. So storing of material can be termed as an intermediate step in the material control. there is no requirement for storing the materials, If an organization practices Just in Time inventory system, if not there is a requirement that there is a well-organized stores department in the company which will take care of the storing material.

C. Issue Control: other significant aspect of material control is the issue control. Material is issued to production and greatest care is to be taken when issuing the material. The first thing is that material should not be issued to any department with no authorization. A Material Requisition Note is prepared through the department that is in requirement of the material and sent to the stores department. It is a written request created to the stores department for sending the material. The details of the material required like the quantity, quality, date through which it is needed etc, in the Material Requisition Note.

D. Material Losses: One of the major reasons of increasing material costs is the loss of material within the production process. It is of paramount significance that there should be fixed control over the material losses failing that it will be very hard to keep the material costs in check.

E. Inventory Turnover Ratio: There are various items in the store that are slow moving the meaning of that is they are issued to the production after a long time gap. A few items are like that they are never issued to the production because they have become obsolete or outdated and require to be disposed off. For make out these items, it is essential to calculate the inventory turnover ratio. Inventory turnover ratio allows the management to prevent the capital being locked in such types of items. This ratio points out the inefficiency or efficiency by which inventories are maintained.

Essentials of Material Control

The process of material control is divided into four stages – Purchase control, Stores control, Issue control and Control of material losses.

A brief outline of various aspects of material control is discussed below:

1. Co-Ordination:

Effective control of material requires effective co-ordination among the departments involved in purchasing – receiving, and inspection, storage, production, sales and accounting departments so that adequate materials are available for continuous production and sales. At the same time excessive investment in materials and over stocking are avoided.

2. Centralized Purchasing:

In order to economize the buying and to avoid reckless buying of raw materials the purchasing function is to be centralized.

3. Proper scheduling of materials requirements ensures availability of materials at the right time.

4. Classification and codification of material leads to easy identification and proper control of materials.

5. Receipt of Materials:

Checking and inspection of material by receiving department ensure correct quantity and quality of material as ordered by the organization.

6. Usage of Forms:

Standard forms are to be designed and used for purchase requisition, purchase order, receiving of materials, requisition of materials and transfer of material from jobs to stores or to other jobs.

7. Storage of materials:

It should be entrusted to a qualified store keeper to plan effective storage and avoid losses due to obsolescence, pilferage and theft.