

Editorial



Editor, Gail Bradbear

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Welcome to another issue of *Control* - your regular point of contact both with the Institute and with colleagues in a myriad of industries and occupations throughout the country.

A symbol of status, initiative and ambition

Membership of the Institute indicates the initiative and ambition which are welcomed in in any organisation looking to pursue growth through modern management techniques. Thanks to the efforts of the Institute and well respected educational establishments up and down the country, IOM qualifications are increasingly requested and sought after by employers recruiting for management positions across the whole spectrum of industry.

Are you on our study courses?

IOM qualifications, courses and other educational initiatives are widely respected throughout the field of Operations Management. Are you taking advantage of them? If you are an employee then IOM qualifications can help you to climb the ladder to success. Alternatively if you are an employer or you are responsible for management development, then IOM can point the way to achieving gains in efficiency, profitability and productivity.

When you have read this issue's editorial by Steve Mannion, MIOM, have a look at our Professional Development section (pages 11-16). See how the IOM can help you to achieve your goals.

Gail Bradbear
Editor

Inventory

Steve Mannion

Having been trained in a time of higher interest rates, sometimes reaching up to 18% per year, some among us may be tempted to think that in these days of low interest rates that perhaps we can take our eye off the ball of inventory management.

With such low rates, perhaps we can afford to carry higher inventories? After all if it is cheaper to hold more, why not save ourselves stress and just increase our safety stocks?

Such a view only looks at one side of the issue regarding inventory, that is, carrying cost and then interest rates are only a portion of the carrying cost sum, other portions being, cost of storage facilities, risk cost associated with spoilage, obsolescence and pilferage, and of course opportunity cost.

The effects of not having effective inventory management are widespread - from lost sales to increased cost such as freight and overtime expenses. Our credibility can also suffer if we cannot provide an accurate picture of what we have in stock at a particular time.

The field of inventory management is closely linked with strategic decisions about a manufacturing organisation, such as where do we hold most of our inventory, at the raw material stage, semi-finished assemblies or at the finished goods stage. A thorough understanding of the advantages and disadvantages of these manufacturing decisions is necessary for effective inventory management.

The breadth of operations covered by inventory management may be gauged by looking at the courses which The Institute offers. These include; Basic Techniques for Production & Inventory Control, Supply Chain & Inventory Management, Removing and Avoiding Excess and Obsolete Inventory, Inventory Record Accuracy, Stock Control for Spare Parts, Effective Stores Management, Supply Chain Logistics, and Managing & Improving Distribution Operations.

Many of the other courses also touch on inventory management such as Business Forecasting and the MRPII courses.

In today's business climate the rising levels of uncertainty are not counter-balanced by the low interest rates. It still falls to us to manage the inventory effectively and to ensure effective business operations to ensure we have the right inventory to meet the customer's need. Other areas of the business expect us to be able to provide accurate information about the state of the organisations inventory and ineffective inventory management can still be a drain on an organisations finance and credibility.

Training and discussions can only help us to explore effective ways of managing inventory and developing ourselves as practitioners in this field.



Steve Mannion
MIOM