

Executive Summary

This Management Skills Project aimed to introduce inventory management system. The company started in 2012 with new management and at that time onward the company has not been given considerable attention in implementing inventory management system. As a result the company's inventories are outdated and not suitable for production process. In this context the project team studied reasons in detail using various techniques such as cause and effect analysis, past financial data analysis and so on. Based on findings, project objectives have been established.

Initially the project team wanted to implement GRN and GIN system and this was the first step. The cause and effect analysis provided valuable information and this analysis showed the direction of the project. The project team identified that \$ 12,655.68 worth of inventories are not suitable for the production and need disposal. This was one of the critical paths as management reluctant to do so, because the value considered to be materials to the financial statements. Anyhow the project team successfully achieved this activity fully with the end of the project.

During the execution phase of the project, the project team successfully determined the minimum and maximum inventory level together with reorder levels for major raw materials. This was caused many problems in last few years with materials shortage or stock out situation. The project team successfully reduced average inventory holding cost to Rs. 494,000 from Rs. 580,000 per month. To reduce monthly average inventory holding cost by Rs. 86,000 the project team executed various activities including reduced outside warehouse rental charges, renegotiation of existing warehouse lease rental, introduced recorder levels and carried out materials requisition planning. All these activities resulted significant saving to the company with significant output and outcome.

The project team redesigned the store layout planning and as a result it was available additional 450 square foot at the same warehouse. This initiative provided major support to transfer raw materials to warehouse from containers where it was stored raw materials. Further the project team members has experienced how various concepts and knowledge acquired during the MBA program were applied into practice in real world scenario and improve team member's conceptual, interpersonal and technical skills.