

**MSS SUCCESS SPACES**

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## INVENTORY MANAGEMENT AND CONTROL TRAINING IN THE PHILIPPINES

**A 1-Day Practical Training Program on Inventory Planning, Classification, Replenishment, Stock Accuracy, Cycle Counting, Excess and Obsolete Inventory, Performance Measurement, and Continuous Improvement**

### TRAINING OVERVIEW

Inventory is one of the most important and expensive resources managed by an organization.

It may include:

- Raw materials
- Work-in-process
- Finished goods
- Merchandise
- Spare parts
- Maintenance, repair, and operating supplies
- Packaging materials
- Office and administrative supplies
- Construction and project materials
- Medical and laboratory supplies
- Food and perishable products
- Technology equipment and components
- Promotional materials
- Consignment stocks
- Customer-owned or supplier-owned inventory

Organizations need enough inventory to support customers, production, projects, maintenance, and daily operations. However, carrying too much inventory may tie up cash, consume storage space, increase insurance and handling costs, and expose the organization to damage, deterioration, expiration, theft, obsolescence, and price reduction.

Carrying too little inventory may result in:

- Stockouts
- Delayed customer orders
- Lost sales
- Production stoppages
- Emergency purchases
- Expensive expedited deliveries
- Missed project deadlines

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- Equipment downtime
- Customer complaints
- Poor service levels
- Operational disruption

Effective inventory management therefore requires a disciplined balance among:

- Availability
- Customer service
- Inventory investment
- Replenishment lead time
- Demand variability
- Supply reliability
- Storage capacity
- Product risk
- Accuracy
- Cost

This 1-day **Inventory Management Training in the Philippines** is designed for inventory managers, warehouse supervisors, stock custodians, inventory controllers, planners, purchasing personnel, supply-chain employees, logistics teams, production planners, finance personnel, operations employees, storekeepers, project coordinators, and other personnel responsible for stock availability and inventory control.

Organizations searching for **Managing Inventory Training in the Philippines** need more than a discussion of physical counting or stockroom organization.

Participants must understand how demand, lead time, replenishment, order quantity, inventory classification, service levels, safety stock, reorder points, transaction accuracy, cycle counting, stock rotation, supplier performance, and inventory reporting work together.

This practical **Inventory Training in the Philippines** addresses common inventory challenges such as:

- Frequent stockouts despite high inventory levels
- Excessive slow-moving and non-moving stocks
- Expired, obsolete, damaged, or deteriorated inventory
- Unreliable inventory records
- Physical stocks not matching system balances
- Repeated emergency purchases
- Inconsistent item descriptions and codes
- Duplicate inventory records
- Poor demand planning
- Unclear minimum and maximum stock levels
- Reorder decisions based only on intuition
- Long or unpredictable supplier lead times
- Overstocking caused by fear of shortages

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- Weak coordination among Sales, Purchasing, Warehouse, Production, Finance, and Operations
- Uncontrolled stock adjustments
- Infrequent physical verification
- Excessive working capital tied up in inventory
- Reports that show quantity but not inventory risk

The program helps participants understand the complete inventory-management cycle, including:

- Inventory planning
- Item identification and master-data control
- Demand and usage analysis
- Inventory classification
- Replenishment planning
- Reorder-point setting
- Safety-stock determination
- Order-quantity decisions
- Stock-rotation policies
- Inventory accuracy
- Cycle counting
- Discrepancy investigation
- Excess, slow-moving, obsolete, damaged, and expired stocks
- Inventory performance indicators
- Continuous improvement

Using the MSS EnterTRAINment approach, the program combines concise discussions, inventory-classification exercises, demand and lead-time scenarios, reorder-point activities, stock-accuracy challenges, cycle-count planning, inventory-risk analysis, KPI workshops, team competitions, and workplace action planning.

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## **TRAINING GOAL**

To equip participants with the practical knowledge, controls, analytical tools, and decision-making skills required to maintain appropriate inventory availability, improve stock accuracy, reduce unnecessary inventory investment, prevent stockouts and overstocking, and continuously improve inventory performance.

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## **TRAINING OBJECTIVES**

By the end of the program, participants will be able to:

1. Explain the strategic and operational importance of inventory management
2. Distinguish inventory management from warehouse management, purchasing, logistics, and supply-chain management
3. Identify the different types and purposes of inventory
4. Recognize the financial and operational consequences of too much or too little inventory



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5. Understand the major inventory costs and risks
6. Improve item identification, coding, descriptions, and inventory master data
7. Classify inventory using value, movement, criticality, risk, and other relevant criteria
8. Apply ABC classification appropriately
9. Understand demand patterns and inventory-usage behavior
10. Evaluate replenishment lead time and supplier reliability
11. Establish practical minimum, maximum, and reorder levels
12. Calculate and interpret reorder points
13. Explain the purpose of safety stock
14. Make more informed order-quantity decisions
15. Apply FIFO, FEFO, and other appropriate stock-rotation methods
16. Strengthen inventory transaction and documentation discipline
17. Identify common causes of physical and system inventory discrepancies
18. Plan and conduct cycle counts effectively
19. Investigate discrepancies before adjusting records
20. Manage slow-moving, non-moving, excess, obsolete, damaged, and expired inventory
21. Use inventory KPIs to monitor service, investment, accuracy, and risk
22. Develop a 30-Day Inventory Management Improvement Action Plan

## TRAINING OUTLINE

### One-Day Inventory Management and Control Training Program

Time	Modules, Topics, and Subtopics	Supporting Activities and Outputs
8:00–10:00 AM	<p><b>MODULE 1: UNDERSTANDING INVENTORY MANAGEMENT, COSTS, RISKS, AND CLASSIFICATION</b></p> <ul style="list-style-type: none"> <li>• Understanding inventory management and control</li> <li>• Why organizations maintain inventory</li> <li>• Inventory for customer service, production continuity, project execution, maintenance, uncertainty, seasonality, and purchasing efficiency</li> <li>• Inventory management versus warehouse management, logistics, purchasing, and supply-chain management</li> <li>• Types of inventory</li> <li>• Raw materials, work-in-process, finished goods, merchandise, spare parts, supplies,</li> </ul>	<p><b>Inventory Reality Check</b></p> <p>Participants assess current inventory strengths, recurring stock problems, control weaknesses, and business impacts.</p> <p><b>Why Are We Keeping This Stock? Challenge</b></p> <p>Teams identify the purpose, cost, and risk of different inventory types.</p> <p><b>ABC and Movement Classification Workshop</b></p> <p>Participants classify sample items according to annual usage value, movement, criticality,</p>

	<p>packaging, project materials, consignment stocks, and returns</p> <ul style="list-style-type: none"> <li>• Independent-demand versus dependent-demand inventory</li> <li>• The inventory balancing challenge</li> <li>• Availability versus investment</li> <li>• Service level versus carrying cost</li> <li>• Inventory costs <ul style="list-style-type: none"> <li>• Purchase or acquisition cost</li> <li>• Ordering and administrative cost</li> <li>• Freight and handling cost</li> <li>• Storage and carrying cost</li> <li>• Insurance, security, deterioration, expiration, damage, shrinkage, and obsolescence</li> <li>• Stockout and shortage cost</li> <li>• Emergency purchase and expedited-delivery cost</li> <li>• Working capital and opportunity cost</li> </ul> </li> <li>• Inventory risks</li> <li>• Excess stock, shortage, unreliable supply, demand change, quality problems, price change, product substitution, theft, and record inaccuracy</li> <li>• Understanding inventory master data</li> <li>• Item code, item description, unit of measure, category, specification, supplier, location, lead time, cost, and status</li> <li>• Preventing duplicate codes, vague descriptions, inconsistent units, and inactive records</li> <li>• Inventory classification methods</li> <li>• ABC classification by annual usage value</li> <li>• Fast-, medium-, slow-, and non-moving inventory</li> <li>• Critical versus noncritical items</li> <li>• High-risk, controlled, perishable, fragile, and high-value inventory</li> <li>• Combining classifications for better control</li> <li>• Avoiding one control policy for every item</li> </ul>	<p>and risk.</p> <p><b>Output:</b> Inventory Classification and Control-Priority Matrix</p>
<p><b>10:00–10:15 AM</b></p>	<p><b>Morning Break</b></p>	

10:15 AM–12:00 NN

**MODULE 2: DEMAND, LEAD TIME, REPLENISHMENT, SAFETY STOCK, AND ORDER-QUANTITY DECISIONS**

- Understanding inventory demand and usage
- Historical demand, confirmed requirements, forecasts, seasonality, trends, promotions, projects, and abnormal usage
- Average demand versus variable demand
- Identifying stable, seasonal, erratic, intermittent, and declining items
- Avoiding blind reliance on historical averages
- Demand communication among Sales, Production, Operations, Projects, Purchasing, and Inventory teams
- Understanding replenishment lead time
- Internal approval, purchase processing, supplier preparation, transportation, receiving, inspection, and put-away time
- Average lead time versus actual lead-time variation
- Supplier reliability and its effect on inventory
- Minimum, maximum, and target stock levels
- Reorder-point principles
- Demand during lead time
- Safety-stock allowance
- Basic reorder-point formula: Average demand during lead time plus safety stock
- Determining when an item should be reordered
- Available stock, on-order quantity, reservations, backorders, and expected receipts
- Understanding safety stock
- Protection against demand and lead-time uncertainty
- Risks of using the same safety-stock percentage for every item
- Balancing service level and inventory cost

**Demand and Lead-Time Challenge**

Teams analyze different demand and supply patterns and identify the appropriate inventory response.

**When Should We Reorder? Workshop**

Participants calculate simplified reorder points using demand, lead time, and safety-stock assumptions.

**How Much Should We Order? Decision Game**

Teams evaluate order quantities using service, cost, shelf life, supplier terms, space, and cash-flow considerations.

**Output:** Inventory Replenishment and Reorder-Point Planning Sheet

	<ul style="list-style-type: none"> <li>• Order-quantity considerations</li> <li>• Demand, supplier minimum order, packaging quantity, price breaks, freight, storage capacity, shelf life, cash flow, and risk</li> <li>• Understanding Economic Order Quantity as a decision aid</li> <li>• Limitations of formula-based ordering in changing environments</li> <li>• Periodic-review versus continuous-review replenishment</li> <li>• Fixed-order quantity versus order-up-to-level approaches</li> <li>• Two-bin and visual replenishment systems</li> <li>• Replenishment for spare parts, project materials, perishables, and seasonal items</li> <li>• Preventing emergency purchasing and overbuying</li> <li>• Creating a practical replenishment-review routine</li> </ul>	
<p><b>12:00 NN–1:00 PM</b></p>	<p><b>Lunch Break</b></p>	
<p><b>1:00–3:00 PM</b></p>	<p><b>MODULE 3: INVENTORY ACCURACY, TRANSACTION CONTROL, CYCLE COUNTING, AND DISCREPANCY INVESTIGATION</b></p> <ul style="list-style-type: none"> <li>• Understanding inventory accuracy</li> <li>• Physical stock versus system or record balance</li> <li>• Why reliable records are essential for purchasing, sales, production, finance, and customer service</li> <li>• Common causes of inventory discrepancies</li> <li>• Undocumented receipts, issues, transfers, returns, replacements, adjustments, damage, repacking, conversion, and disposal</li> <li>• Incorrect item codes, quantities, locations, and units of measure</li> <li>• Delayed system updates</li> <li>• Duplicate records and inconsistent</li> </ul>	<p><b>Where Did the Inventory Go? Investigation</b></p> <p>Teams analyze a simulated discrepancy and identify possible process, documentation, system, people, and control causes.</p> <p><b>Cycle-Count Design Workshop</b></p> <p>Participants create an appropriate count frequency and method for different inventory categories.</p> <p><b>Count, Recount, Investigate, or Adjust?</b></p> <p>Teams decide the correct next step for different physical-count results.</p> <p><b>Output:</b> Inventory Accuracy, Cycle-Counting, and Discrepancy-Control Checklist</p>



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descriptions

- Counting errors
- Unauthorized access and stock movement
- Poor handoffs among departments
- Weak cut-off procedures
- Transaction-discipline principles
- One physical movement, one authorized transaction, one timely record update
- Source documents and authorization
- Stock cards, bin cards, spreadsheets, ERP, barcode, and inventory-system records
- Receiving, issuing, transfer, return, adjustment, damage, and disposal transactions
- Location accuracy and traceability
- Serial, batch, lot, and expiration-date control when applicable
- Physical inventory versus cycle counting
- Advantages and limitations of each method
- ABC-based count frequency
- High-value, critical, fast-moving, and discrepancy-prone items
- Preparing for an effective count
- Area control, transaction cut-off, count sheets, tags, teams, instructions, and supervision
- Blind counting and independent recounts
- Counting by item versus counting by location
- Reconciling count results
- Investigating discrepancies before adjustment
- Reviewing transactions, documents, locations, unit conversions, timing, and possible loss
- Distinguishing record correction from root-cause correction
- Approval and documentation of inventory adjustments
- Preventing repeated discrepancies



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	<ul style="list-style-type: none"> <li>• Inventory accuracy accountability across departments</li> </ul>	
<b>3:00–3:15 PM</b>	<b>Afternoon Break</b>	
<b>3:15–5:00 PM</b>	<p><b>MODULE 4: EXCESS AND OBSOLETE INVENTORY, INVENTORY KPIs, AND CONTINUOUS IMPROVEMENT</b></p> <ul style="list-style-type: none"> <li>• Understanding inventory aging and movement status</li> <li>• Active, slow-moving, non-moving, excess, obsolete, expired, damaged, and blocked inventory</li> <li>• Why inventory becomes excessive or obsolete</li> <li>• Inaccurate forecasts, minimum orders, bulk buying, cancelled projects, product changes, poor coordination, supplier pressure, weak controls, and emotional purchasing</li> <li>• Identifying excess inventory early</li> <li>• Aging reports, last movement date, usage trend, months of supply, demand status, and future requirements</li> <li>• Managing slow-moving and non-moving stocks</li> <li>• Return to supplier, transfer, substitution, promotion, sale, consumption plan, repair, repurpose, donation, recycling, or disposal</li> <li>• Required authorization and documentation</li> <li>• Preventing excess inventory from being hidden by total inventory value</li> <li>• Managing obsolete, expired, damaged, and deteriorated stocks</li> <li>• Segregation, assessment, approval, accounting treatment, and disposition</li> <li>• Applying FIFO, FEFO, batch, serial, and specific-identification controls</li> <li>• Inventory performance measurement</li> <li>• Inventory accuracy</li> <li>• Stockout rate</li> <li>• Fill rate or service level</li> <li>• Inventory turnover</li> </ul>	<p><b>Inventory Aging and Risk Challenge</b></p> <p>Teams review an inventory report and identify items requiring replenishment, monitoring, reduction, investigation, or disposition.</p> <p><b>Inventory KPI Laboratory</b></p> <p>Participants select balanced measures for availability, investment, accuracy, movement, and risk.</p> <p><b>Stop–Start–Continue Inventory Workshop</b></p> <p>Teams identify inventory practices to eliminate, introduce, and sustain.</p> <p><b>Final Outputs:</b></p> <ol style="list-style-type: none"> <li>1. Inventory Performance and Risk Scorecard</li> <li>2. Personal and Team 30-Day Inventory Management Improvement Action Plan</li> </ol>

- Days or months of inventory on hand
- Excess and obsolete inventory value
- Expiration and damage rate
- Emergency purchase frequency
- Supplier lead-time reliability
- Backorder level
- Cycle-count completion and discrepancy rate
- Inventory carrying cost
- Using KPIs together rather than optimizing only one measure
- Avoiding excessive stock built solely to prevent stockouts
- Inventory review meetings and exception management
- Prioritizing items requiring action
- Root-cause analysis for repeated stockouts, overstocking, and discrepancies
- Applying the 5 Whys and corrective-action planning
- Clarifying ownership among Planning, Purchasing, Warehouse, Sales, Production, Finance, and Operations
- Building a practical inventory-management operating rhythm
- Developing improvement priorities, responsibilities, timelines, and measures

## TRAINING METHODOLOGY

The program uses the MSS EnterTRAINment approach, combining practical instruction, active participation, realistic inventory situations, collaborative problem-solving, enjoyable experiential activities, and immediate workplace application.

The methodology includes:

- Interactive lecturettes and facilitated discussions
- Inventory-management self-assessment
- Inventory-cost and risk analysis
- ABC and movement-classification exercises
- Demand and lead-time scenarios
- Reorder-point calculation activities
- Safety-stock discussions

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- Order-quantity decision challenges
- Inventory-accuracy simulations
- Cycle-count planning
- Discrepancy-investigation exercises
- Inventory-aging analysis
- Excess and obsolete stock scenarios
- Inventory KPI workshops
- Root-cause problem-solving activities
- Team competitions and gamified exercises
- Peer review and structured feedback
- Facilitator coaching and guided debriefing
- Inventory-improvement action planning

The program may be customized using the organization's actual:

- Inventory categories
- Item master data
- Demand or usage records
- Lead times
- Reorder policies
- Supplier arrangements
- Inventory reports
- Stock discrepancies
- Slow-moving and obsolete stocks
- Expired or damaged inventory
- Warehouse and system procedures
- Inventory-management software
- Service-level requirements
- Inventory KPIs
- Operational challenges

## KEY PROGRAM DESIGN STRENGTHS

- Balances inventory availability with investment and risk
- Develops practical inventory-management capability rather than focusing only on physical counting
- Connects inventory decisions with Sales, Purchasing, Production, Warehouse, Finance, Logistics, Projects, and Customer Service
- Explains demand, lead time, replenishment, safety stock, and reorder points in practical terms
- Addresses different inventory types and demand patterns
- Strengthens item classification and control prioritization
- Reinforces item-master-data and transaction discipline
- Improves inventory accuracy and cycle-counting practices
- Develops discrepancy-investigation capability

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- Addresses excess, slow-moving, obsolete, expired, and damaged inventory
- Introduces balanced inventory KPIs
- Applicable to manual, spreadsheet-based, ERP-enabled, barcode-supported, and integrated inventory environments
- Produces practical worksheets, checklists, scorecards, and action plans
- Can be customized using actual organizational inventory data
- Applicable to manufacturing, distribution, retail, construction, healthcare, food, pharmaceuticals, technology, logistics, government, utilities, and service organizations

## WHO SHOULD ATTEND

This Inventory Management Training Program is suitable for:

- Inventory managers
- Inventory supervisors
- Inventory controllers
- Stock custodians
- Storekeepers
- Warehouse managers and supervisors
- Materials-management personnel
- Purchasing and procurement employees
- Supply-chain professionals
- Demand and supply planners
- Production planners
- Logistics personnel
- Project coordinators
- Spare-parts personnel
- Maintenance employees responsible for materials
- Finance and accounting personnel supporting inventory
- Operations supervisors
- Branch and retail inventory personnel
- Business owners and managers overseeing inventory performance

## EXPECTED TRAINING OUTPUTS

At the end of the program, participants will produce:

### 1. Inventory Classification and Control-Priority Matrix

A structured classification of items according to value, movement, criticality, risk, shelf life, and required control level.

### 2. Inventory Replenishment and Reorder-Point Planning Sheet

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A practical worksheet covering:

- Demand or usage
- Replenishment lead time
- Safety-stock assumptions
- Reorder point
- Minimum and maximum levels
- Order-quantity considerations
- Review responsibility

### **3. Inventory Accuracy, Cycle-Counting, and Discrepancy-Control Checklist**

A workplace guide covering transaction discipline, count preparation, verification, reconciliation, investigation, adjustment, and preventive action.

### **4. Inventory Performance and Risk Scorecard**

A balanced set of measures for inventory availability, service level, accuracy, investment, turnover, aging, excess, obsolescence, and supplier reliability.

### **5. Personal and Team 30-Day Inventory Management Improvement Action Plan**

A practical plan identifying priority inventory problems, corrective actions, responsible personnel, deadlines, measures, and follow-through activities.

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## **WHAT IS INVENTORY MANAGEMENT?**

Inventory management is the coordinated planning, replenishment, control, monitoring, verification, and improvement of stocks required to support customer demand and organizational operations.

It includes:

- Item identification
- Inventory classification
- Demand analysis
- Lead-time analysis
- Replenishment planning
- Safety-stock decisions
- Reorder-point setting
- Order-quantity decisions
- Stock rotation
- Transaction control
- Inventory accuracy
- Cycle counting
- Discrepancy investigation
- Inventory aging

- Excess and obsolete stock management
- Performance measurement
- Continuous improvement

Effective inventory management aims to provide the required stock at the appropriate time and service level without maintaining unnecessary inventory.

## INVENTORY MANAGEMENT VERSUS WAREHOUSE MANAGEMENT

Inventory Management	Warehouse Management
Determines what, when, and how much inventory should be available	Controls the physical receiving, storage, movement, picking, and dispatch of items
Focuses on availability, replenishment, investment, and risk	Focuses on space, workflow, handling, safety, and physical accuracy
Uses demand, lead time, safety stock, and reorder policies	Uses receiving, put-away, location, picking, packing, and dispatch controls
Manages stock levels and inventory performance	Manages warehouse operations and execution
May cover inventory across several locations	Usually focuses on activities within a specific storage facility

Inventory management and warehouse management must work together.

## INVENTORY MANAGEMENT VERSUS INVENTORY CONTROL

Inventory Management	Inventory Control
Focuses on planning and optimizing inventory	Focuses on maintaining accurate and protected stock
Determines replenishment policies and stock levels	Ensures transactions, records, counts, and physical stocks agree
Uses demand, lead time, service level, and financial information	Uses documentation, authorization, access, counting, and reconciliation
Addresses availability and investment	Addresses accuracy, traceability, and loss prevention
Includes strategic and tactical decisions	Emphasizes operating discipline and control

Inventory control is a major component of inventory management.

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## TYPES OF INVENTORY

### Raw Materials

Materials used to produce finished products.

### Work-in-Process

Items that have entered production but are not yet completed.

### Finished Goods

Completed products ready for sale or distribution.

### Merchandise

Products acquired for resale without major transformation.

### Spare Parts

Items maintained for equipment repair, replacement, and maintenance.

### Maintenance, Repair, and Operating Supplies

Materials used to support operations but not normally included in the final product.

### Packaging Materials

Boxes, containers, labels, pallets, and protective materials.

### Project Inventory

Materials acquired for a particular project, contract, or implementation.

### Consignment Inventory

Stocks owned by one party but held or used by another under agreed conditions.

### Returned Inventory

Products returned by customers, branches, projects, or operations and awaiting inspection or disposition.

## WHY ORGANIZATIONS HOLD INVENTORY

Organizations may maintain inventory to:

- Meet expected customer demand
- Protect against uncertain demand
- Protect against supplier or lead-time uncertainty
- Support production and project continuity
- Benefit from economical purchase or transport quantities
- Prepare for seasonal demand

- Maintain critical spare parts
- Meet service-level commitments
- Reduce repeated ordering effort
- Support geographic distribution
- Prepare for planned shutdowns or special events

Every stockholding reason should be reviewed because inventory retained without a continuing business purpose creates unnecessary cost and risk.

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## INVENTORY COSTS

### **Purchase Cost**

The amount paid to acquire the item.

### **Ordering Cost**

Administrative, approval, communication, receiving, and processing expenses associated with placing an order.

### **Carrying Cost**

The cost of financing, storing, protecting, handling, insuring, and managing inventory.

### **Stockout Cost**

The cost of lost sales, delayed production, customer dissatisfaction, emergency purchasing, downtime, or missed commitments.

### **Obsolescence and Deterioration Cost**

Loss caused by expiration, aging, damage, technology change, product replacement, or declining usefulness.

### **Shrinkage Cost**

Loss resulting from theft, unrecorded use, error, damage, or unexplained discrepancy.

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## ABC INVENTORY CLASSIFICATION

ABC classification groups items according to their relative annual usage value or another carefully selected basis.

### **A Items**

A smaller number of items representing a large share of inventory value or risk.

They commonly require:

- Stronger approval
- More frequent review
- More accurate records
- Tighter security
- More frequent cycle counting

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- Closer supplier and demand monitoring

**B Items**

Items of moderate value or importance requiring regular control.

**C Items**

A larger number of lower-value items that may use simpler replenishment and counting methods.

ABC classification should not be the only basis for control. A low-value item may still be operationally critical.

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**MOVEMENT CLASSIFICATION****Fast-Moving Inventory**

Items with frequent issues, sales, consumption, or replenishment.

**Medium-Moving Inventory**

Items with regular but less frequent movement.

**Slow-Moving Inventory**

Items with little movement over a defined period.

**Non-Moving Inventory**

Items with no movement during the organization's established review period.

Movement periods should be based on the nature of the product and business rather than one arbitrary number of months for every item.

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**CRITICALITY CLASSIFICATION****Critical Items**

Inventory whose absence may stop production, compromise safety, affect customers, violate requirements, or create major operational disruption.

**Essential Items**

Inventory important to operations but with manageable alternatives or lead times.

**Noncritical Items**

Inventory whose temporary unavailability has limited impact.

Criticality should be considered alongside value, movement, lead time, and supply risk.

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## DEMAND PATTERNS

Inventory demand may be:

- Stable
- Increasing
- Declining
- Seasonal
- Promotional
- Project-based
- Intermittent
- Erratic
- Emergency-driven
- Dependent on another item or production plan

Different demand patterns require different planning and replenishment approaches.

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## LEAD TIME

Inventory lead time may include:

- Request preparation
- Internal approval
- Supplier quotation
- Purchase-order processing
- Supplier production or preparation
- Transportation
- Customs or regulatory processing when applicable
- Receiving
- Inspection
- System recording
- Put-away

The lead time used for inventory planning should reflect the full replenishment process rather than only supplier delivery time.

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## REORDER POINT

The reorder point indicates when replenishment should be initiated.

A basic approach is:

**Reorder Point = Expected Demand During Replenishment Lead Time + Safety Stock**

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Example:

If average demand is 10 units per day, replenishment lead time is 5 days, and safety stock is 20 units:

**Reorder Point = 50 units + 20 units = 70 units**

The organization should review open orders, reserved quantities, backorders, expected receipts, and actual demand before placing another order.

## SAFETY STOCK

Safety stock is additional inventory maintained to protect against uncertainty.

It may protect against:

- Demand variation
- Supplier delay
- Transportation disruption
- Quality rejection
- Unexpected usage
- Production changes
- Forecast error

Too little safety stock may increase stockouts.

Too much safety stock may hide weak planning, poor supplier performance, inaccurate data, or avoidable process problems.

## MINIMUM AND MAXIMUM INVENTORY LEVELS

### Minimum Level

The lowest acceptable inventory position before availability becomes risky.

### Maximum Level

The upper inventory limit intended to prevent unnecessary stock accumulation.

### Target or Order-Up-To Level

The desired inventory position after replenishment.

These levels should be reviewed when demand, lead time, cost, service requirements, shelf life, or supplier conditions change.

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## ECONOMIC ORDER QUANTITY

Economic Order Quantity is a model that estimates an order quantity intended to balance ordering and inventory-carrying costs.

The formula may provide a useful starting point, but actual decisions should also consider:

- Supplier minimum order quantities
- Price breaks
- Shelf life
- Storage capacity
- Demand uncertainty
- Cash flow
- Freight arrangement
- Product risk
- Packaging quantities
- Business changes

A mathematically economical order may still be operationally inappropriate.

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## INVENTORY REPLENISHMENT METHODS

### **Continuous Review**

Inventory is monitored regularly, and an order is triggered when the inventory position reaches the reorder point.

### **Periodic Review**

Inventory is reviewed at scheduled intervals, and replenishment is ordered to reach a target level.

### **Two-Bin System**

The second stock quantity acts as a signal or reserve while replenishment is being completed.

### **Min-Max System**

Replenishment occurs when stock reaches the minimum and is restored toward the maximum.

### **Requirements-Based Replenishment**

Inventory is acquired for confirmed production, customer, project, or maintenance requirements.

The appropriate method depends on the item's demand, value, risk, lead time, and operating environment.

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## INVENTORY ACCURACY

Inventory accuracy is the degree to which the physical quantity and status of inventory agree with the official record.

Inventory accuracy depends on:

- Correct item codes
- Accurate descriptions
- Consistent units of measure
- Proper receiving
- Timely transaction recording
- Location control
- Authorized issues and transfers
- Proper returns processing
- Controlled adjustments
- Regular verification
- Complete documentation
- Restricted access
- Employee accountability

Reliable inventory decisions cannot be made using unreliable records.

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## CYCLE COUNTING

Cycle counting is the planned verification of selected inventory throughout the year.

Cycle-count frequency may be based on:

- ABC category
- Item value
- Criticality
- Movement frequency
- Discrepancy history
- Theft or loss risk
- Expiration risk
- Customer impact
- Regulatory requirements

Cycle counting allows problems to be detected and corrected earlier than relying only on an annual physical inventory.

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## INVENTORY DISCREPANCY INVESTIGATION

When physical and record quantities do not agree, the organization should examine:

- Recent receipts
- Issues and releases
- Transfers
- Returns
- Damages
- Repacking or conversions
- Unit-of-measure errors
- Incorrect item codes
- Incorrect storage locations
- Delayed system updates
- Duplicate transactions
- Count errors
- Transaction cut-off
- Unauthorized movement
- Possible theft or loss

Records should not be adjusted without reasonable investigation and authorization.

## FIFO AND FEFO

### FIFO — First In, First Out

Older received inventory is issued before newer inventory when appropriate.

### FEFO — First Expiry, First Out

Items with the earliest expiration date are issued first.

FEFO is especially important for:

- Food
- Pharmaceuticals
- Medical supplies
- Chemicals
- Cosmetics
- Other time-sensitive products

Stock rotation requires accurate dates, visible labels, appropriate locations, and disciplined picking.

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## SLOW-MOVING, NON-MOVING, EXCESS, AND OBSOLETE INVENTORY

### Slow-Moving Inventory

Items with lower-than-expected usage or sales.

### Non-Moving Inventory

Items with no movement during the defined review period.

### Excess Inventory

Inventory beyond reasonably expected demand or operating requirements.

### Obsolete Inventory

Inventory no longer expected to be used or sold because of product, technology, design, policy, demand, or operational change.

The organization should identify the cause and determine an authorized disposition strategy.

## INVENTORY DISPOSITION OPTIONS

Depending on the item, policy, accounting treatment, and legal requirements, possible actions may include:

- Consume through a controlled plan
- Transfer to another branch or location
- Return to supplier
- Substitute for another item
- Sell or discount
- Use for training, testing, or internal purposes
- Repair or refurbish
- Repurpose
- Donate
- Recycle
- Dispose of properly

Disposition should be authorized, documented, and traceable.

## INVENTORY KEY PERFORMANCE INDICATORS

Organizations may monitor:

- Inventory accuracy
- Stockout rate
- Fill rate

- Service level
- Inventory turnover
- Days inventory outstanding
- Months of supply
- Excess inventory value
- Obsolete inventory value
- Slow-moving inventory percentage
- Expiration rate
- Damage rate
- Shrinkage rate
- Emergency purchase frequency
- Backorder level
- Supplier lead-time reliability
- Cycle-count completion
- Cycle-count discrepancy rate
- Inventory adjustment value
- Carrying cost
- Inventory value as a percentage of sales or assets

Inventory KPIs should be evaluated together to avoid solving one problem by creating another.

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## **INVENTORY TURNOVER**

Inventory turnover measures how often inventory is used or sold during a period.

A common formula is:

**Inventory Turnover = Annual Cost of Goods Sold ÷ Average Inventory Value**

Higher turnover may indicate efficient inventory use, but extremely high turnover may also indicate inadequate stock and frequent shortages.

Lower turnover may indicate excess, slow-moving, or obsolete inventory, although some strategic and critical stocks naturally move less frequently.

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## **DAYS OR MONTHS OF INVENTORY ON HAND**

This measure estimates how long the current inventory may support expected demand.

It may help identify:

- Possible stockouts
- Excess inventory
- Slow movement

- Items requiring replenishment
- Items requiring reduction or disposition

The measure should be interpreted using current and expected demand rather than historical usage alone.

---

## **COMMON INVENTORY MANAGEMENT MISTAKES**

Organizations may weaken inventory performance when they:

- Order based only on intuition
- Maintain the same stock policy for every item
- Use outdated demand information
- Ignore actual supplier lead time
- Set safety stock without reviewing variability
- Buy large quantities solely because of discounts
- Fail to consider shelf life and obsolescence
- Use unclear or duplicate item codes
- Allow undocumented stock movement
- Delay transaction recording
- Adjust discrepancies without investigation
- Perform physical inventory only once a year
- Keep obsolete inventory indefinitely
- Treat high inventory as proof of good availability
- Measure stockouts without measuring excess inventory
- Depend on emergency purchasing
- Fail to review inactive items
- Maintain inventory without a clear business purpose
- Allow unclear ownership among departments
- Use unreliable records for replenishment decisions

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## **ETHICAL INVENTORY MANAGEMENT PRINCIPLES**

Inventory personnel should:

- Maintain accurate and truthful records
- Protect organizational and customer assets
- Follow authorized receiving, issue, transfer, adjustment, and disposal procedures
- Report shortages, damage, loss, expiration, and obsolescence promptly
- Avoid hiding inventory errors
- Cooperate with counts, audits, and investigations
- Prevent unauthorized withdrawals and adjustments
- Apply controls consistently
- Protect confidential inventory and cost information

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- Avoid falsifying counts, transactions, reports, or supporting documents
- Escalate suspected theft, fraud, safety, or quality concerns
- Ensure that disposal and disposition decisions are authorized and documented

## WHAT THIS PROGRAM IS NOT

This program is not limited to:

- Counting stocks
- Organizing shelves
- Maintaining stock cards
- Ordering more inventory when quantity becomes low
- Purchasing large volumes for discounts
- Preventing every possible stockout by carrying excessive inventory
- Implementing an inventory software system
- Asking warehouse personnel to explain every discrepancy
- Conducting an annual physical inventory
- Reducing inventory without considering customer and operational needs

It is a practical system for balancing availability, service, investment, accuracy, replenishment, risk, and continuous improvement.

## WHY INVENTORY MANAGEMENT TRAINING MATTERS

Inventory problems affect cash flow, service, production, customers, projects, and profitability.

A practical **Inventory Management Training in the Philippines** helps teams move from:

- Intuitive ordering to evidence-based replenishment
- One policy for every item to risk-based classification
- High inventory to appropriate inventory
- Frequent stockouts to better availability planning
- Historical averages alone to demand-pattern awareness
- Supplier promise to actual lead-time measurement
- Uncontrolled safety stock to deliberate protection levels
- Annual correction to regular cycle counting
- Record adjustment to root-cause investigation
- Hidden aging stocks to proactive inventory review
- Unreliable reports to accurate decision support
- Departmental blame to shared inventory accountability

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## COMMON INVENTORY MANAGEMENT TRAINING TOPICS

The program may include or be customized around:

- Inventory management
- Managing inventory
- Inventory planning
- Inventory control
- Inventory classification
- ABC analysis
- Demand analysis
- Lead-time analysis
- Reorder points
- Safety stock
- Minimum and maximum inventory
- Economic order quantity
- Inventory replenishment
- Stock rotation
- FIFO and FEFO
- Inventory accuracy
- Cycle counting
- Physical inventory
- Inventory discrepancy investigation
- Slow-moving inventory
- Non-moving inventory
- Excess and obsolete inventory
- Inventory KPIs
- Inventory turnover
- Inventory process improvement

## RECOMMENDED FOLLOW-THROUGH PROGRAMS

- Warehouse Management
- Supply Chain Management
- Logistics Management
- Purchasing and Procurement Management
- Demand Planning and Forecasting
- Materials Management
- Physical Inventory and Cycle Counting
- Spare Parts Inventory Management
- Distribution Management
- Sales and Operations Planning

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- Root Cause Analysis and Problem Solving
- Process Improvement and Lean Operations
- Key Performance Indicator Design
- Warehouse Safety and 5S
- Supervisory Skills for Inventory and Warehouse Leaders

## FREQUENTLY ASKED QUESTIONS

### What is Inventory Management Training?

Inventory Management Training develops the knowledge and practical skills required to plan stock levels, classify inventory, manage replenishment, set reorder points, maintain accuracy, conduct cycle counts, reduce excess inventory, and monitor inventory performance.

### Who should attend Inventory Management Training in the Philippines?

The program is suitable for inventory managers, controllers, warehouse supervisors, stock custodians, storekeepers, purchasing personnel, supply-chain employees, planners, finance personnel, project coordinators, logistics teams, and operations staff.

### What is Managing Inventory Training?

Managing Inventory Training is a practical program that helps participants balance stock availability, inventory investment, replenishment, demand, lead time, accuracy, and risk.

The more natural program name is **Inventory Management Training**, but both phrases refer to improving inventory-planning and control capability.

### What does Inventory Training in the Philippines cover?

Inventory Training may cover inventory classification, demand, lead time, safety stock, reorder points, order quantities, stock accuracy, cycle counting, excess inventory, obsolescence, and inventory KPIs.

### Is Inventory Management Training the same as Warehouse Management Training?

No. Inventory Management Training focuses on determining what, when, and how much inventory should be maintained. Warehouse Management Training focuses on the physical receipt, storage, movement, picking, and dispatch of inventory.

### Does the program cover reorder points?

Yes. Participants learn how demand during lead time and safety stock affect the reorder point.

### Does the training cover safety stock?

Yes. The program explains why safety stock is maintained, what uncertainties it addresses, and why the same safety-stock policy should not automatically be applied to every item.

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**Does the program cover Economic Order Quantity?**

Yes. EOQ is introduced as a decision-support concept. Participants also examine its practical limitations and the other factors that affect actual order quantities.

**Does the training cover ABC analysis?**

Yes. Participants classify items according to annual usage value and learn how value, movement, criticality, lead time, and risk may be combined.

**Does the program cover cycle counting?**

Yes. Participants learn how to determine count frequencies, prepare count activities, reconcile results, investigate discrepancies, and implement preventive actions.

**Does the program cover slow-moving and obsolete inventory?**

Yes. Participants learn how to identify aging inventory, investigate causes, assess future demand, and evaluate authorized disposition options.

**Can the program be customized?**

Yes. Activities may use the organization's actual inventory categories, demand patterns, lead times, reports, replenishment policies, stock discrepancies, aging inventory, and KPIs.

**Is the program available onsite and online?**

The program may be delivered onsite, virtually, or through a customized hybrid arrangement. Onsite delivery is especially useful when actual inventory reports, stock-control processes, and warehouse practices need to be reviewed.

**What outputs will participants produce?**

Participants develop an Inventory Classification Matrix, Replenishment Planning Sheet, Cycle-Counting and Discrepancy-Control Checklist, Inventory Performance Scorecard, and 30-Day Improvement Action Plan.