

Specification of Competency Standards
for the Automotive Industry
Unit of Competency

Functional Area - Parts Management

Title	Formulate inventory level policy
Code	108618L5
Range	This unit of competency is applicable to the practitioners in the inventory control and management department for the formulation of effective inventory level policy of stock to optimise the utilisation of organisational resources and facilitate sufficient and speedy supply of parts and accessories.
Level	5
Credit	6 (For Reference Only)
Competency	<p>Performance Requirements</p> <p>1. Knowledge (Characteristics, demand and of stock and its control)</p> <ul style="list-style-type: none"> • Good understanding of the characteristics of parts and accessories, such as sales record and storage period of individual stock items. • Master the sales records and life cycles of various types of vehicles. • Good understanding of the management methods for different inventory level. • Good understanding of the ordering strategy for different goods. • Master the resources available and risks affordable by the organisation. <p>2. Performance (Formulate inventory level policy)</p> <ul style="list-style-type: none"> • Formulate effective inventory level policy according to the characteristics, management and ordering strategies of different stock, such as: <ul style="list-style-type: none"> ○ The sales records and life cycles of different types of vehicles ○ Evaluation of sales volume, storage period and life cycles of various related parts and accessories ○ Management factors such as volume, value, functions and transportation of stock ○ Apply just-in-time buffer stock method ○ Strive for high frequency and low quantity goods supply condition ○ Keep a balance between total investment on stock and inventory level • Establish contingency procedure for cases such as shortage of goods and overstocking. • Review the effectiveness of the formulated inventory level policy, such as survey the inventory level regularly, circulation and damage reports, etc., to adjust respective strategy.
Assessment Criteria	<p>The integrated outcome requirements of this unit of competency are that the practitioner being assessed shall prove that he/she is:</p> <ul style="list-style-type: none"> • Capable of formulating the inventory level policy of different goods according to the characteristics, circulation, inventory level and value, etc. of stock facilitating the organisation to provide the parts and accessories to sales department and servicing workshops with sufficient and speedy supply of parts and accessories by utilising minimum organisational resources; and • Capable of reviewing and optimising inventory level policy according to the inventory level, circulation and damages reports of stock.
Remark	