

**Unit of Competency****Functional Area: Warehousing and Logistics**

Title	Plan and design inventory control procedures
Code	105239L4
Range	This unit of competency is applicable to practitioners in import and export industry to plan and design inventory control systems.
Level	4
Credit	5 (for reference only)
Competency	<p>Performance Requirement</p> <ol style="list-style-type: none"> <li>1. Employ a range of skills of inventory management <ul style="list-style-type: none"> <li>• Describe the types of inventory (e.g., cycle stock, in-transit inventory, safety stock, speculative stock, seasonal stock, and dead stock)</li> <li>• Examine objectives of inventory management. e.g., increase profitability, minimise the total cost of logistics activities</li> <li>• Describe inventory management methods, e.g., EOQ</li> </ul> </li> <li>2.1. Identify the order quantity <ul style="list-style-type: none"> <li>• Determine relevant means (e.g., using point of sale date, quantitative analysis, and expert opinion) to forecast demands on inventory</li> <li>• Identify the annual demand or usage of the product</li> <li>• Identify the order cost, i.e., dollars per order</li> <li>• Identify the annual inventory carrying cost as a percentage of product cost</li> <li>• Identify average cost of one unit of inventory</li> <li>• Use relevant approach (e.g., EOQ) to determine the economic order quantity to minimise the total inventory carrying costs and ordering costs</li> </ul> </li> <li>2.2. Plan inventory control systems <ul style="list-style-type: none"> <li>• Identify the relevant inventory system (e.g., fixed-order quantity model, and fixed-order quantity model with safety stock)</li> <li>• Select the appropriate inventory system to determine key inventory decision (e.g., order quantity, when to place order, size of inventory)</li> <li>• Determine guidelines for inventory control (e.g., setting minimum/maximum order quantities, economic order quantity, stock level, safety stock level)</li> </ul> </li> <li>3. Develop effective inventory control plans <ul style="list-style-type: none"> <li>• Establish operational performance standards or benchmarks (e.g., number of back order, quantities of obsolete items) to measure and control inventory system</li> <li>• Monitor the operational performance and make adjustment on inventory control plans if required</li> </ul> </li> </ol>
Assessment Criteria	<p>The integrated outcome requirements of this unit of competency are:</p> <ul style="list-style-type: none"> <li>• Capable of using relevant analysis tools to identify demands on inventory</li> <li>• Capable of identifying economic order quantity</li> <li>• Capable of planning inventory control systems</li> <li>• Capable of developing inventory control plans</li> </ul>
Remark	