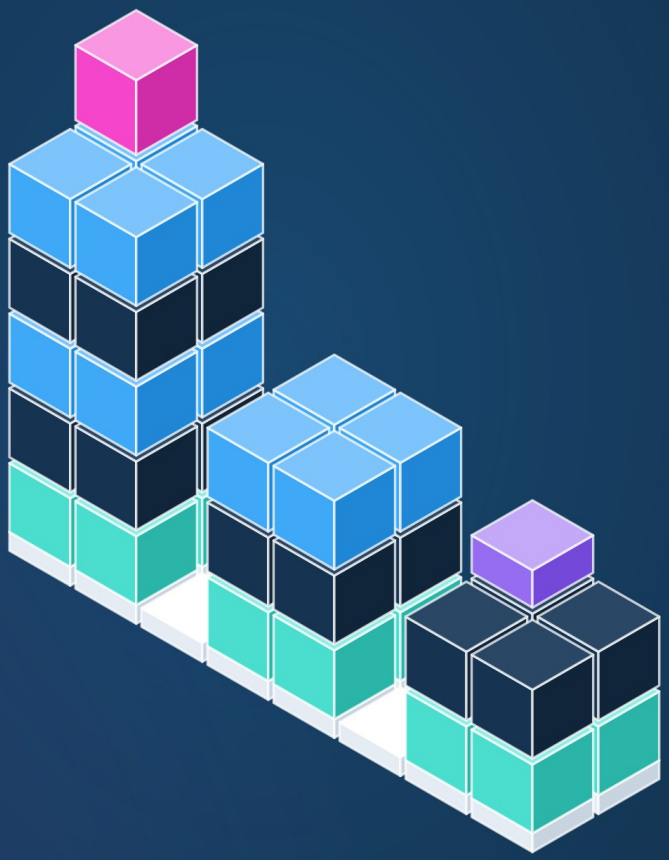
OPERATIONS INSIDER

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THE MANAGER'S INVENTORY MANAGEMENT QUICK START CHECKLIST

Score one warehouse or item group in one hour, with evidence you can point at.



CLASSIFY. CALCULATE. CONTROL.

START HERE

How to Use This Check

One warehouse or one item group, one hour with the materials planner and a buyer, twenty-five statements, one number.

01 LOOK	02 SCORE	03 ACT
Open the real data: the item list with parameters, the demand history, the open orders, the stock report and the last count results. Do not score from memory.	Score each statement from 0 to 4. Without a list, a calculation or a report you can point at, the score is 2 or lower.	Pick the weakest block and agree one action with an owner and a date before you leave.

The Scoring Scale

POINTS	MEANING
0	Not in place.
1	Happens occasionally, depends on individuals.
2	Partly in place, not consistent across item groups or planners.
3	Mostly in place and visible in the data.
4	Consistently in place, visible, reviewed and improved.

> **WHY PARAMETERS**
>
> **Most plants have too much stock and still miss parts. The stock sits in the wrong items. The cause is rarely the planner. It is the parameters behind every order: safety stock, reorder point and order quantity that nobody has calculated for years.**

Before You Start

- **Scope:** one warehouse or one item group with its own planner, typically 40 to 1,500 stocked items.
- **Evidence:** item master data, demand of the last 13 weeks, stock and open orders, stockouts, the last count results and the stock report by age.
- **Tone:** you check the system, not the planners. Ask where a number comes from, not who entered it.

THE CHECK

01 Data and Classification

NO.	CHECK	SCORE 0 TO 4
01	Every stocked item has complete master data (unit, price, supplier, lead time, minimum quantity, pack size) and a named owner for changes.	
02	A demand history of at least 13 weeks per item is available in one place and is free of obvious booking errors.	
03	Items are classified ABC by annual usage value and XYZ by demand variation, and the classification is refreshed at least twice a year.	
04	Each of the nine fields of the ABC XYZ matrix has a written replenishment policy, and planners can name the policy of their items.	
05	Lead times in the system are compared with actual delivery times at least twice a year and corrected.	

02 Safety Stock and Service Level

NO.	CHECK	SCORE 0 TO 4
06	Service level targets are set per class, agreed with production and sales, and written down.	
07	Safety stock is calculated from the service level, the variation of demand and the variation of lead time, not set by feeling or as a flat number of days.	
08	Every safety stock above the calculated value has a documented reason and an end date.	
09	Stockouts are recorded with item, date, duration and cause, and they are reviewed every month.	
10	Safety stocks are recalculated at least every quarter and after changes in demand, supplier or lead time.	

THE CHECK

03 Reorder Points and Order Quantities

NO.	CHECK	SCORE 0 TO 4
11	Every stocked item has a reorder point or a review cycle with an order-up-to level that is maintained in the system and matches the calculation.	
12	Reordering compares the inventory position (stock on hand plus open orders) with the reorder point, not only the stock on hand.	
13	Order quantities are derived from cost and demand, rounded to pack sizes and capped by a maximum reach in weeks.	
14	Minimum order quantities and price breaks that force more than three months of reach are challenged with the supplier.	
15	Exceptions (items to reorder, below safety stock, above maximum, overdue orders) are listed every week and worked off by named planners.	

04 Stock Health and Accuracy

NO.	CHECK	SCORE 0 TO 4
16	Inventory turns and days on hand are measured monthly, for the total and per ABC class.	
17	Slow movers and non-moving stock are listed with value and age every quarter, and each position has a decision, an owner and a date.	
18	Engineering changes and phase-outs trigger a check of the remaining stock before the change date.	
19	Cycle counting covers all items with a frequency per class, A items at least four times a year, and the plan is followed.	
20	Record accuracy is measured against a tolerance per class, and the causes of deviations are corrected, not only the quantities.	

THE CHECK

05 Targets and Review

NO.	CHECK	SCORE 0 TO 4
21	A target stock per item and class is calculated from safety stock and order quantity and compared with the actual stock.	
22	The inventory target of the plant is built bottom up from these targets, not set as a flat percentage cut.	
23	A monthly inventory review with purchasing, planning, production, logistics and finance decides actions on the largest gaps.	
24	Availability and stockouts are on the same page as stock value, so that stock is never reduced at the expense of supply.	
25	The causes of stock (lead time, variation, lot size, minimum quantities) have improvement actions with owners and dates.	

Your Result

BLOCK	POINTS	OUT OF
01 Data and Classification		20
02 Safety Stock and Service Level		20
03 Reorder Points and Order Quantities		20
04 Stock Health and Accuracy		20
05 Targets and Review		20
TOTAL		100

YOUR RESULT

Read the Number

The total tells you how much of your stock is decided by calculation. The weakest block tells you where to start.

TOTAL	WHAT IT MEANS	WHAT TO DO FIRST
0 to 39	Stock by feeling. Parameters are old or missing, planners order by experience.	Classify the items. Calculate the parameters of the A items.
40 to 59	Parameters on paper. A classification exists, the system values differ.	Enter the calculated values. Work the weekly list.
60 to 79	Controlled. Parameters are calculated and kept, turns are measured.	Clear slow movers, start cycle counting, set targets.
80 to 100	Calibrated. Stock follows the parameters.	Hold the level. Work on lead times and variation.

Your Three Priorities

NO.	WHAT TO IMPROVE	FIRST ACTION	OWNER	DUE

THE RULE FOR EVERY ACTION

Owner and date, or it did not happen. Repeat the check after three months and compare the blocks, not the feeling.

What to Do Next

NEXT STEP	WHAT YOU GET
INVENTORY MANAGEMENT STARTER KIT	The guide for the first 30 days, plus the Excel calculator for ABC and XYZ classes, safety stock, reorder point and a status per item.
INVENTORY MANAGEMENT EXCELLENCE BUNDLE	The full playbook, a two-day workshop pack, eight templates, the Excel system with turns, slow movers, count plan and targets, and a workshop deck.

Both are available at operationsinsider.com.