INVENTORY MANAGEMENT DESIGN OF PVC PIPES RAW MATERIAL AT PT DJABES SEJATI USING JUST IN TIME (JIT) METHOD

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ABSTRACT

Inventory management constitutes one of the factors that causes success of a manufacturer in producing a quality & punctual product. Both the delay of the raw material arrival & overstock problems have influenced the factory operational cost a lot.

PT Djabes Sejati has got an obstacle of PVC pipes raw material procurement system. This procurement system has been based on a production plan estimation that causes total production not to be in accordance with the plan, resulting in overstock or understock. Therefore there should be improvement in deciding total stock of PVC pipes raw material by means of Just in Time (JIT) system. In applying the procurement system based on Just in Time (JIT), PVC pipes raw material will be supplied based on PVC pipes raw material need in the production division, using Pull System. Raw material selection rationale to be applied in the Just In Time system is the raw material with total demand of CV (Coefficient of Variants) < 15%.

The Just in Time (JIT) system has resulted in holding cost reduction of 41.2 %, 4.7 % increase in transportation cost leading to total cost reduction of 9.8 %.

Key Words: procurement system, Just in Time, Pull System, Holding Cost, Total Cost