ABSTRACT

PT. X is the largest animal feed producer in Indonesia. In conducting its business process, the company uses make to stock system, in which, there is a very high uncertainty demand and supply. Due to high uncertainty demand, the company implements a backup inventory.

The most frequent problem faced in inventory is how much stock should be provided by the company to avoid overstock and stockout, so that the service level achieved by the company is high, and it can minimize the total of inventory costs spent by the company. Overstock and stockout occurrences can cause the company’s management become ineffective and inefficient.

This study aims to get the method which is appropriate used in controlling the supply of feed at X Inc. based on the product classifications. The method is using inventory control policy of continuous review (s,S) and periodic review (R,S) for fast moving feed (A group), and also inventory control policy of continuous review (s,Q) and periodic review (R,S) for regular and slow moving feed (B and C groups). From the comparison of each proposal method with the existing conditions, then it will be taken a method that can provide minimum inventory cost total.

Keywords: ABC classification, continuous review, inventory control policy, periodic review