



“Pull-based” Production Planning and Inventory control

One of the major drains on a manufacturing company’s cash flow is inventory. Excessive stocks can place a heavy burden on the cash resources of a business. Insufficient stocks can result in lost sales, delays in production, under-utilization of resources, etc.

Some of the major reasons that cause inventories to creep up include:

1. Increasing unpredictability of customer schedules and decreasing relevance of long-term forecasts.
2. Lower frequency of planning and procurement processes - typically once/twice a month.
3. Higher order quantities while attempting to get “volume discounts” from vendors.
4. Excess “Safety Stock” because of perceived uncertainty in supplies

One sure way of successful inventory management is to move from the traditional “Push”-based production planning approach and implement the “Pull-based” system of planning. This will enable an organization to be flexible and quickly adapt to the changes in customer demand.

This change in planning approach requires an organization to change the physical business processes, implement and leverage ERP solutions and educate the operations team on the new way of planning.

Affordable Business Solutions helps businesses reap the benefits of implementing a “Pull-based” planning approach. ABS Baadal provides an effective way to manage inventory and improve inventory performance by helping organizations keep track of inventory levels, set up re-order and safety stock levels and trigger re-order quantities consistent with current demand as well as based on the reliability and lead-times of your suppliers. ABS Business Consulting helps an organization adapt to the new technology and the new way of planning.

For more information about ABS Baadal and ABS Consulting please email us at absbaadal@abs.in

