ABSTRACT

Melisa (01220080048)

ANALYSIS OF THE INVENTORY MANAGEMENT SYSTEM: A CASE STUDY IN PT. MAJAMAKMUR SUKSESMANDIRI FOR YEAR 2008 – 2010

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In the strict global competition nowadays, the companies were challenged to manage one of the most important companies’ resources, such as inventory, as it has a big contribution for companies in running their business. Without a good inventory management system, those companies will lead to holding large amounts of inventory than is necessary.

Basically, there are two inventory system that can be used to manage the inventory amounts in the company’s warehouse. Economic Order Quantity (EOQ) model determines how much raw materials should be ordered and when should the order be placed in order to minimize inventory costs and inventory amounts that hold in the company’s warehouse. While, Just-in-Time (JIT) system which is known as zero inventory system, is based on ordering materials as needed and producing inventory when ordered by customers rather than tying up resources or materials in warehousing products.

By the research results, it is shown that the company has the main problem in managing its inventory. The company is still using the traditional inventory system, which has led the company to holding excessive amounts of inventory in the warehouse. By implementing Economic Order Quantity (EOQ), the company may determine how much raw materials should be ordered and when should the order be placed in order to minimize inventory costs and inventory amounts that hold in the warehouse.


Keyword: inventory management, traditional inventory system, Economic Order Quantity (EOQ) model, Just-in-Time (JIT) system