

## Managing Stock Worksheet

Watch the Two Teachers' YouTube video [Managing Stock Explained](#) to gain an understanding of how businesses manage stock. Then answer the questions below to assess your understanding of the video.



1. Describe the issues you may encounter if you have too much or too little stock.

Businesses must strive to manage their stock in the most effective and efficient manner possible as ineffective stock management can disrupt a business's operations. Having too much stock can cause waste and having too little stock can cause frustration with customers. For instance, if a bakery has too many raw ingredients, it might not have the capacity to turn them into finished products, resulting in wasted raw materials. Also, producing too many loaves without enough customers to buy them could lead to finished goods going to waste.

2. Explain why a bar gate stock graph can be a useful tool when managing stock.

A bar gate stock graph is a valuable tool for stock management in businesses as it serves as a visual representation of a business's stock levels at various points in time. This visual data is crucial for making informed decisions about when to reorder products, prevent shortages, or reduce excess inventory.

3. Which of the following best describes the re-order level?

- ☐ The lowest amount of stock available on site.
- ☒ When an order needs to be placed to ensure stock does not fall below the minimum level.
- ☐ The amount of time it takes for stock to arrive.
- ☐ The highest amount of stock allowed on site.

4. What is lead time?

- ☐ The shortest time allowed for procurement.
- ☐ When an order needs to be placed to ensure stock does not fall below the minimum level.
- ☒ The time it takes for new stock to arrive.
- ☐ The time it takes to find a supplier.

5. What does the acronym JIT stand for?

- ☒ Just in Time
- ☐ Just in Target
- ☐ Just in Transit
- ☐ Just in Touch

## 6. Assess the benefits and drawbacks of using the JIT method of managing stock.

This approach offers several benefits, including cost savings through reduced inventory, minimised expenses related to storage and waste, and the ability to adapt to changes in customer behaviour, ultimately enhancing customer satisfaction.

However, it's important to note that JIT does have its downsides. Delays in the supply chain can lead to limited availability of essential materials, disrupting production processes and potentially affecting customer satisfaction.

## 7. Describe procurement.

Procurement is the entire process of discovering, purchasing, and acquiring all the necessary stock a company requires to function. This can encompass procuring raw materials for production or finding suppliers for finished goods, similar to how a supermarket seeks suppliers for items like baked beans, eggs, and milk. The ultimate objective is to secure the right products from the right suppliers at the right prices to ensure the seamless operation of the business.

## 8. What are the 5 essential factors when dealing with suppliers?

Quality, delivery, availability, cost and trust.

## 9. Explain how logistics is different to procurement.

Logistics primarily deals with the planning, implementation, and control of the efficient movement and storage of goods and information throughout the supply chain, encompassing activities like transportation, warehousing, inventory management, and distribution. In contrast, procurement focuses on the acquisition of goods or services from external suppliers, including tasks such as supplier selection, negotiation, and purchasing, with the aim of obtaining the required items at the best possible price, quality, and terms. While logistics manages the flow of products within the supply chain, procurement handles the sourcing and acquisition of those products from external sources.

## 10. Evaluate what the impact is of having efficient and organised logistics in place.

Efficient and organised logistics can have a profound impact on a company's operations and overall competitiveness. Firstly, it can lead to cost savings by optimising transportation routes, reducing warehousing expenses, and minimising inventory carrying costs. Streamlined logistics processes also result in shorter lead times, which can translate to faster order fulfilment and reduced holding costs. Furthermore, efficient logistics reduce the risk of stockouts or overstock situations, leading to better inventory management and improved cash flow. These cost-saving measures can enhance a company's profitability and financial health.

Secondly, organised logistics contribute to higher customer satisfaction levels. Timely and accurate deliveries, made possible by efficient logistics, are crucial for meeting customer expectations. Reliable order fulfilment can lead to customer loyalty and positive word-of-mouth, driving repeat business and attracting new customers. Additionally, efficient logistics enable companies to offer competitive pricing, as cost savings can be passed on to customers. Overall, well-organised logistics not only improve a company's operational efficiency but also have a direct impact on customer retention and market competitiveness, ultimately contributing to long-term success in today's global business environment.