Certificate in Executive Housekeeping Management and Operations

Inventory Control and Procurement

Inventory Control and Procurement Glossary

1. ABC Analysis
- Related Terms: Inventory Management, Stock Control
- ABC Analysis is a method used in inventory management to categorize items based on their value or importance. The items are classified into three categories: A, B, and C. Category A items are of high value and are closely monitored, while Category C items are of low value and are monitored less frequently.

2. Backorder
- Related Terms: Out-of-Stock, Inventory Management
- A backorder occurs when a customer places an order for a product that is currently out of stock. The customer is informed that the item is on backorder and will be delivered once it becomes available.

3. Economic Order Quantity (EOQ)
- Related Terms: Reorder Point, Inventory Management
- Economic Order Quantity is a formula used to determine the optimal order quantity that minimizes total inventory costs, including holding costs and ordering costs. The EOQ formula considers factors such as demand, ordering costs, and holding costs.

4. FIFO (First-In, First-Out)
- Related Terms: LIFO, Inventory Valuation
- FIFO is a method of inventory valuation where the first items purchased or produced are the first to be used or sold. This method assumes that the oldest inventory items are used first, which can be important for perishable goods or products with expiration dates.

5. Inventory Control
- Related Terms: Stock Management, Inventory Accuracy
- Inventory Control is the process of managing and monitoring the flow of goods in and out of a business. It involves maintaining optimal inventory levels, preventing stockouts, reducing carrying costs, and ensuring accurate inventory records.

6. Just-In-Time (JIT) Inventory
- Related Terms: Lean Manufacturing, Supply Chain Management
- Just-In-Time Inventory is a strategy that aims to reduce inventory levels by only ordering or producing goods as they are needed. This approach helps minimize holding costs, improve cash flow, and increase efficiency in production and distribution.

7. Lead Time
- Related Terms: Supplier Performance, Order Fulfillment
- Lead Time is the amount of time it takes for an order to be delivered after it has been placed. This includes the time it takes for the supplier to process the order, manufacture the product (if applicable), and deliver it to the customer.

8. Min-Max Inventory System
- Related Terms: Reorder Point, Safety Stock
- The Min-Max Inventory System is a method of inventory management where the minimum and maximum levels of inventory for each item are set. When the inventory level reaches the minimum threshold (Min), a new order is placed to bring it back up to the maximum threshold (Max).

9. Order Cycle Time
- Related Terms: Order Processing, Lead Time
- Order Cycle Time is the total time it takes for an order to be processed, fulfilled, and delivered to the customer. It includes the time it takes to receive and process the order, pick and pack the items, and ship them to the customer.

10. Procurement
- Related Terms: Purchasing, Supply Chain Management
- Procurement is the process of acquiring goods and services from external suppliers to meet the needs of a business. It involves activities such as sourcing suppliers, negotiating contracts, placing orders, and managing supplier relationships.

11. Reorder Point
- Related Terms: Safety Stock, Lead Time
- The Reorder Point is the inventory level at which a new order should be placed to replenish stock before it runs out. It is calculated based on factors such as lead time, demand variability, and desired service level.

12. Safety Stock
- Related Terms: Buffer Stock, Stockout
- Safety Stock is the extra inventory held above the expected demand to account for variability in lead time, demand, or supply chain disruptions. It helps prevent stockouts and ensures that there is enough inventory to meet customer demand.

13. Stockout
- Related Terms: Backorder, Demand Forecasting
- A Stockout occurs when a business runs out of a particular product and is unable to fulfill customer orders. Stockouts can result in lost sales, reduced customer satisfaction, and damage to the company's reputation.

14. Vendor Managed Inventory (VMI)
- Related Terms: Collaboration, Supply Chain Integration

- Vendor Managed Inventory is a supply chain management strategy where the supplier takes responsibility for managing the inventory levels at the customer's location. The supplier monitors stock levels, replenishes inventory, and ensures that the customer has the right products at the right time.

15. Warehouse Management System (WMS)
- Related Terms: Inventory Tracking, Logistics
- A Warehouse Management System is software used to control and manage warehouse operations, including receiving, storing, picking, packing, and shipping goods. WMS helps optimize warehouse processes, improve inventory accuracy, and increase efficiency.

16. Zero-Based Budgeting
- Related Terms: Cost Control, Budget Planning
- Zero-Based Budgeting is a budgeting technique where each expense must be justified from scratch, regardless of the previous year's budget. This approach helps eliminate unnecessary expenses and encourages cost-conscious decision-making.

17. 3-Way Match
- Related Terms: Invoice Reconciliation, Accounts Payable
- The 3-Way Match is a process used in procurement and accounts payable to ensure that the purchase order, receipt, and invoice all match before payment is made. This helps prevent errors, fraud, and discrepancies in the payment process.

18. 5S Methodology
- Related Terms: Lean Management, Workplace Organization
- The 5S Methodology is a systematic approach to workplace organization and standardization. The 5S principles include Sort, Set in Order, Shine, Standardize, and Sustain, which help improve efficiency, safety, and productivity in the workplace.