

---

---

# **Chapter 24 Stock Handling and Inventory Control**

## **Section 24.2 Inventory Control**

### **Section Outline with Content and Academic Vocabulary**

#### **Section Outline**

##### Inventory Management

- Distribution, Inventory Management, and Customer Service

  - Just-in-Time Inventory

  - Quick Response Delivery

- Challenges of Inventory Management

##### Inventory Systems

- Perpetual Inventory System

  - Manual Systems

  - Computer-Based Systems

- Physical Inventory System

  - Inventory Counting Methods

  - Physical Inventory Method

  - Cycle Count Method

  - Visual Control Method

  - Trends in Inventory Methods

##### Stock Control

- Dollar Versus Unit Control

- Inventory Turnover

- Calculating Turnover Rates

- Stock Lists

##### The Impact of Technology

# Chapter 24 Stock Handling and Inventory Control

## Section 24.2 Inventory Control

### Section Outline with Content and Academic Vocabulary *continued*

#### Content Vocabulary

**inventory** Amount of merchandise on hand at any particular time, including raw materials, parts from suppliers, manufactured subassemblies, work-in-process, packing materials, or finished goods. (p. 565)

**inventory management** The process of buying and storing materials and products while controlling costs for ordering, shipping, handling, and storage. (p. 565)

**just-in-time (JIT) inventory system** A system that controls and coordinates the flow of parts and materials into assembly and manufacturing plants so that suppliers deliver parts and raw materials just before they are needed for use. (p. 571)

**perpetual inventory system** An inventory system that tracks the number of items in inventory on a constant basis, tracking sales and other transactions as they occur. (p. 567)

**physical inventory system** An inventory system in which stock is visually inspected or actually counted to determine the quantity on hand. (p. 568)

**cycle count** An inventory system involving a small portion of the inventory each day that is counted by stockkeeping units so that the entire inventory is accounted for on a regular basis. (p. 574)

**stockkeeping unit (SKU)** A unit or group of related items. (p. 568)

**dollar control** Represents the planning and monitoring of the total inventory investment made by a business during a stated period of time. (p. 570)

**unit control** A stock control method that measures the amounts of merchandise a business handles during a stated period of time. (p. 570)

**inventory turnover** The number of times the average inventory has been sold and replaced in a given period of time. (p. 571)

**basic stock list** A stock list used for staple items that should always be in stock. (p. 572)

**model stock list** A stock list that is used for fashionable merchandise. (p. 572)

**never-out list** A stock list used for best-selling products that make up a large percentage of sales volume. (p. 572)

**real-time inventory system** A system that uses Internet technology that connects applications, data, and users in real time. (p. 573)

#### Academic Vocabulary

**complex** Complicated in structure; consisting of interconnected parts. (p. 566)

**authorize** To give or delegate power or authority. (p. 568)