



INVENTORY MANAGEMENT SERVICES

HOGGE PRECISION
An ISO 9001:2015 QMS Registered Company

Inventory Management Services: Benefits, Approaches, and Considerations

Hogge Precision is a contract manufacturing company with products and services that are tailored to meet the needs of specific applications and industries. In addition to our extensive CNC and screw machining capabilities, we provide private labeling, custom barcode labeling, laser marking, and inventory management solutions. Our Kanban and Just-in-Time inventory services help companies streamline their inventory management process and make more strategic, data-driven business decisions.



This eBook provides an overview of inventory management services, the advantages they provide, and some factors to consider when choosing an inventory management solutions provider.



General Overview of Inventory Management Services

Inventory management is the process of organizing, tracking, and managing the goods in a company's inventory. An inventory can be thought of as a company's complete list of materials and goods that are intended for sale. Inventory items can include:

Raw materials. Raw materials are the unprocessed materials or consumables that are required to produce finished products.

Work-in-progress. Work-in-progress items include any goods or materials that are currently being processed into finished products.

Finished goods. Finished goods are products that have completed the production phase and are available for purchase.

The goal of an inventory management system is to help companies keep inventory levels properly balanced, allowing them to meet consumer demand without creating excess stock. Since each company's inventory needs are unique, it is important to choose an inventory management strategy that suits your company's scale and the type of goods being produced and sold. The most effective inventory management systems are adaptable to different inventory types and changing business needs.

A few common inventory management approaches include:

Just-in-Time.

With just-in-time inventory management, goods or raw materials are purchased only when they are needed for production. The objective is to reduce holding costs, maximize turnover, and make more efficient use of storage space by keeping a minimum amount of inventory on hand. To be effective, just-in-time inventory management systems require prompt and specific information regarding production rates and demand cycles. A sudden or unexpected increase or decrease in demand could cause a shortage in the amount of material or components required to meet production deadlines. Not having access to critical materials could slow production speeds by creating bottlenecks in production lines.

Materials Requirement Planning.

Materials requirement planning (MRP) is an inventory management system that uses a computer-based platform for production-related planning, scheduling, and ordering. This strategy is commonly used in process manufacturing applications involving high-volume or commodified products. Successful implementation of MRP requires accurate sales forecasting to ensure that raw materials and key components are ordered at the right time and in the correct quantities to fulfill demand.

ABC Analysis.

ABC analysis is an inventory categorization method that assigns value to inventory items according to their sales potential. Items are ranked and categorized into classes based on several factors, including cost, risk, and demand. This categorization system helps companies make more informed decisions about which products or services are the highest priority in terms of their demand and the profit they yield. Inventory costs can vary widely, and some companies feel more comfortable measuring inventory value as a function of cost significance rather than simply determining the number of units on hand and assigning a cost.



Advantages of Inventory Management Services

An efficient and accurate inventory management system is key to a business's success. When implemented correctly, inventory management services can provide the following benefits:

Better inventory accuracy.

A robust inventory management system provides companies with improved inventory visibility, allowing them to make more strategic and well-timed ordering decisions. This helps companies accurately meet product demand while minimizing the risk of over- or under-stocking items. Improved inventory organization and control also reduces the potential for human error in inventory or cycle counting.

Cost savings.

Inventory management systems reduce expenses by helping companies avoid the storage, handling, insurance, and labor fees incurred by excess or obsolete stock. Having excess inventory on hand also increases the risk of product loss through theft or damage. In addition to being costly, overstocked items occupy valuable warehouse space.

Greater insights.

Accurate inventory tracking provides companies with valuable insights into sales trends, giving them a substantial competitive advantage. The ability to forecast future sales also helps companies avoid under- or over-producing items. Furthermore, in the event of a recall, a well-organized and accurate database allows recalled products to be tracked down as quickly and effortlessly as possible. This facilitates a smoother operation and helps increase customer loyalty and confidence.

More productivity.

Effective inventory management systems are designed to reduce the workload on employees by minimizing the need for manual data entry, order tracking, item counting, and other labor-intensive tasks. Employees can then be reallocated to higher-priority work, leading to increases in productivity and efficiency.

Increased profits.

A well-managed inventory system gives companies a better understanding of supply and demand, allowing them to make more informed ordering decisions. This facilitates a higher inventory turnover and increased profits.



Considerations When Selecting a Partner

Modern inventory management solutions play an important role in helping companies balance their inventory, identify demand patterns, and accurately anticipate customer needs. One approach for better inventory management is to adopt an enterprise resource planning (ERP) system, which uses advanced software to consolidate and manage a company's core processes—inventory, planning, finance, human resources, and supply chain management.

When considering an inventory management or ERP system, it is important to partner with a service provider who understands your company's specific needs and can fine-tune the system accordingly. A qualified provider will take several factors into consideration during system optimization, including:

Estimated annual usage. With repeat clients, manufacturers often use the estimated annual usage (EAU) of a product to optimize production operations and minimize costs for customers. At Hogge Precision, we design each inventory management plan around 80% of the client-provided estimated volume.

Minimum stocking level. Minimum stocking level refers to the minimum quantity of an item a client needs to have in stock. Hogge Precision programs each client's inventory management system to automatically request another order when their stock falls below this minimum value, ensuring a continuous supply of the product needed to satisfy customer demand.

Hogge Precision's client-focused inventory management solutions can be tailored to fit the needs of any industry, from heavy trucking and power generation to medical and defense. We offer Kanban and ERP systems that can be optimized for a range of medium- and high-inventory accounts.

Benefits of our inventory management approach include:

Reduced lead times. Our customized ERP system consolidates and manages all of your essential business areas, allowing for more informed decisions, reduced lead times, and improved cash flow.

Simplified inventory management. With our Kanban system, we help clients reduce the burden that comes with inventory management. This gives companies more time to focus on and improve core areas of their business.

Optimization of storage space. Our inventory management strategy aims to minimize excess inventory by only ordering and maintaining what is required to satisfy customer demand. This maximizes the amount of available storage space while reducing storage-related costs.



Inventory Management Solutions at Hogge Precision

A well-managed inventory system allows companies to make more profitable business decisions by improving their inventory accuracy and giving them valuable insights into sales trends. At Hogge Precision, we help customers leverage the benefits of effective inventory management by designing the system to fit their usage trends and demand levels. Our Kanban and ERP inventory management practices provide restocking automation, increased inventory visibility, and improved efficiency while minimizing the amount of inventory kept on hand. As a manufacturer of precision machined components and assemblies, we also offer a wide range of CNC machining services and specialty operations.

To learn more about our inventory management solutions and how they can be implemented to improve your company's competitive edge, please [contact us](#) today or [request a quote](#).

About Hogge Precision

As a premier contract manufacturer, Hogge Precision Parts Co., Inc. provides targeted products and services developed to meet the expanding needs and expectations of the markets we serve. We've developed a reputation for delivering high-quality products at competitive prices using our portfolio of advanced computer numerical control (CNC) and screw machining equipment. In 2020, we served our Customers with over 7,600 shipments and 98% on-time delivery. 99.6% of those shipments met all Customer Quality requirements.

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