INVENTORY MANAGEMENT –
CONTROL AND REPLENISHMENT

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### CONTENT

**LIST OF ABBREVIATIONS**

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**CHAPTER I**

1.0 INTRODUCTION

1.1 BACKGROUND OF STUDY 1

1.2 OBJECTIVES 9

1.3 SCOPE AND LIMITATION 9

1.4 PROBLEM STATEMENT 10

1.5 METHODOLOGY 11

**CHAPTER II**

2.0 THEORETICAL FRAMEWORK 13

**CHAPTER III**

3.0 SAPURA MARKETING SDN. BHD.

AT A GLANCE 37

**CHAPTER IV**

4.0 FINDINGS AND ANALYSIS 50

**CHAPTER V**

5.0 CONCLUSIONS

**CHAPTER VI**

6.0 RECOMMENDATIONS
ACKNOWLEDGEMENT

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CHAPTER I

1.0 Introduction

1.1 Background of Study

Planning and controlling as well as replenishments of inventories are crucial decisions. There are unpredicted situations which lead firms to make decisions so that overstock or stock-outs would not occur. Keeping inventories will cost the firms money. An effective planning and control of inventories is fundamental if distributors are to achieve their goals simultaneously. Selecting of inventory ordering policy is crucial to guide planners and purchasers to determining what items to be ordered, when orders should be released and the order quantity. An inventory created out of economical reason could act as a buffer and gives company time to replenish. Inventories which are stocked too long could age and this will cost the company financially and operationally because it is very difficult to sell old stocks.