

Inventory management:-ABC and VED analysis



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INTRODUCTION

- Narayan Multispecialty hospital is a tertiary care hospital situated in Jaipur.
- Bed capacity-250 bed.
- Aim of hospital:
 - The prime objective of Narayna Multispecialty Hospital is to provide an equitable distribution of world class health care for the masses at an affordable cost.

INTRODUCTION

➤ Vision:

- Affordable quality health care to the masses worldwide.

➤ Mission:

- We at Narayna hrudayalaya have a dream “ A dream of making quality health care available to the masses worldwide”.

MATERIALS DEPARTMENT

➤ Materials department is formed by 4 sub units:-

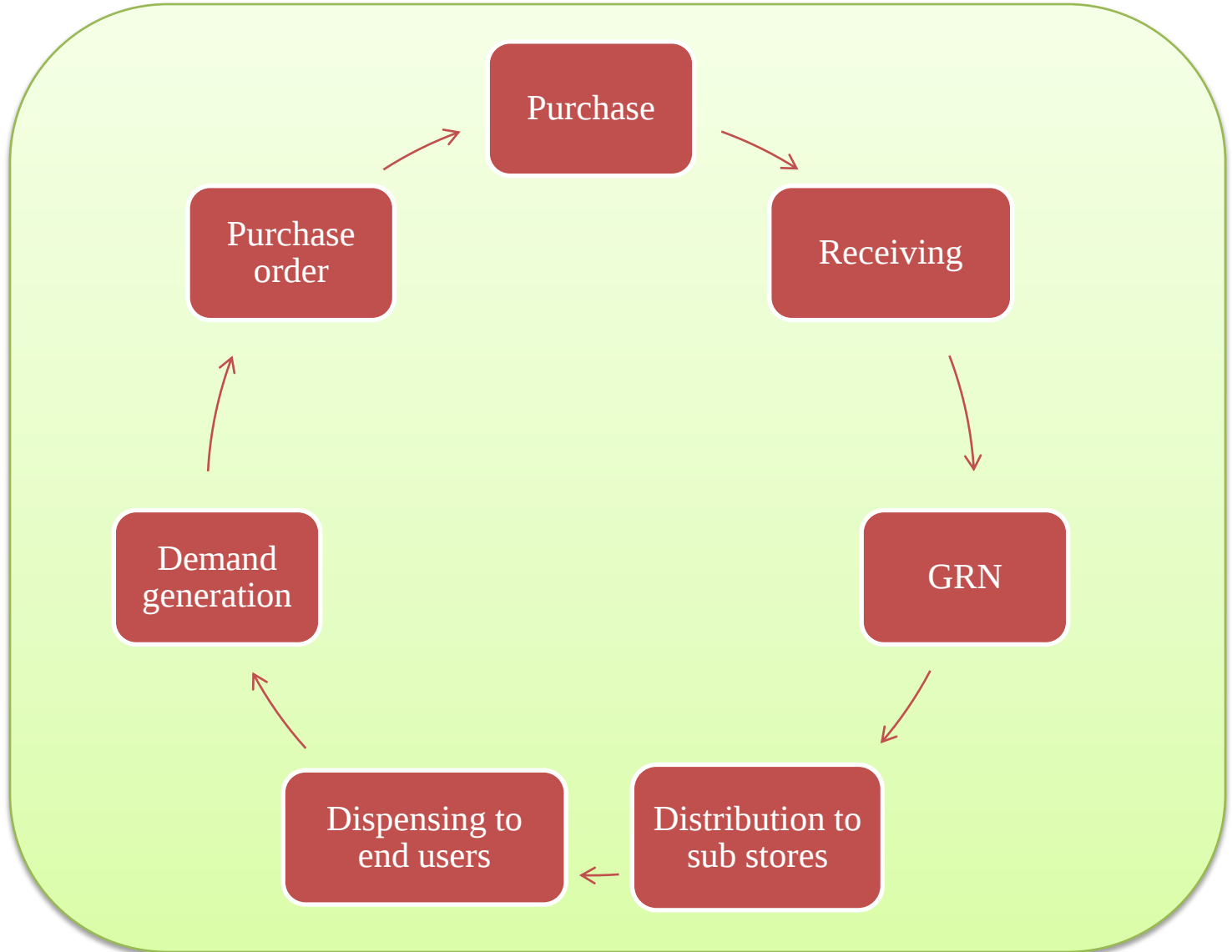
- Purchase unit
- Receiving unit
- Main store
- Sub stores-
 - In Patient pharmacy
 - Cath lab Store
 - OT store
 - OPD Pharmacy

MATERIALS DEPARTMENT

- Basic objective: To get right good, at right price, at right time to maintain a desired service level at minimum cost.
- Centralize purchasing is done.
- Demand forecasting and planning generally done quarterly in a month.
- Purchasing of an item requires administrative, financial and technical approval.

- Purchase order(PO) incorporates conditions of supply including time schedule and to seek an acknowledgement from the vendor.
- At point of delivery, verification of each item is done physically and count against supplier invoice or challan.
- Bill is certified and forwarded to account department for prompt payment.
- Entry of every transaction /item is done, record is maintained on the system with a specific code.
- Issue and distribution of items is done through sub-storage areas with the help of indenting procedure.

MATERIALS DEPARTMENT



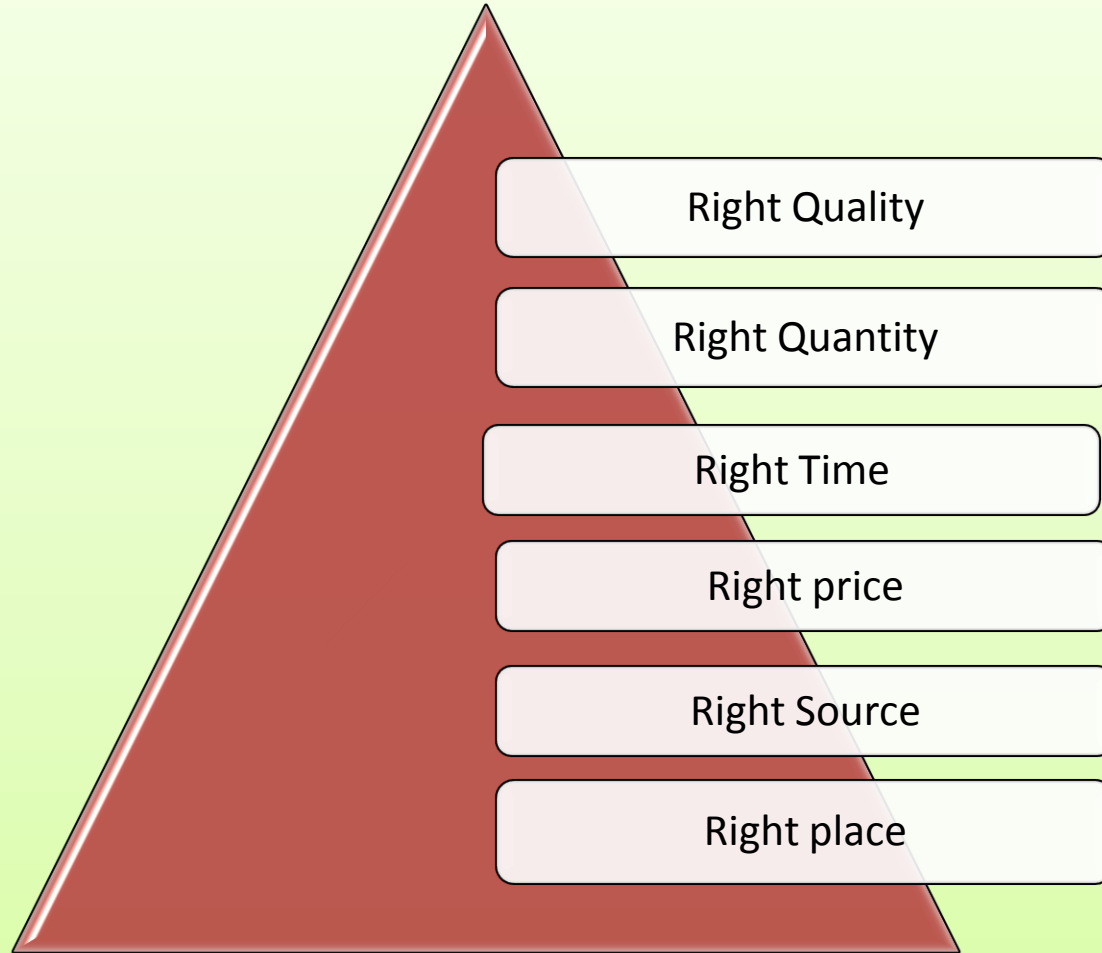
OBJECTIVES OF MATERIAL MANAGEMENT

- Optimum material acquisition
- Optimum inventory turnover rate
- Good vendor relationship
- Material cost control
- Effective issue and distribution
- Elimination of losses and pilferage

MATERIAL MANAGEMENT PROCESS

- Demand forecasting and planning
- Purchasing
- Receipt, inspection and storage
- Inventory control
- Disposal and condemnation
- Minimizing losses and pilferage

PURCHASING PRINCIPALS



RESEARCH TOPIC

“A study to Categorize and manage Inventory in
Narayna Multispecialty hospital, Jaipur”.

RESEARCH OBJECTIVE

Aim:

- To ensure the controlled & accurate inventory and to improve operational efficiency in supply chain management.

Objectives:-

- To analyse the stock movements in stores.
- To analyse the consumption trend for determining the rank of items on the basis of their consumption.
- To identify Demand forecasting according to item category.

RESEARCH QUESTION

- What is the adequate inventory level?
- How adequate inventory levels can be maintained?

RESEARCH METHODOLOGY

- **Type of Study**-Analytical research on the basis of observation.
- **Location of Study**- Materials department
- **Sampling technique**- 100% sampling.
- **Sample size**-Total medical consumables in the hospital.
- **Type of data** – Quantitative & Qualitative.
- **Methods of data collection**- Primary data through observation.
- **Data collection tools**- Observational checklist.

DATA- COLLECTION

DATA

- Data collection period- 15th march, 2015- 15th April, 2015.
- Total medical consumables-1665.
- Drugs-1028
- Surgical items-637

DATA-ANALYSIS

ABC ANALYSIS

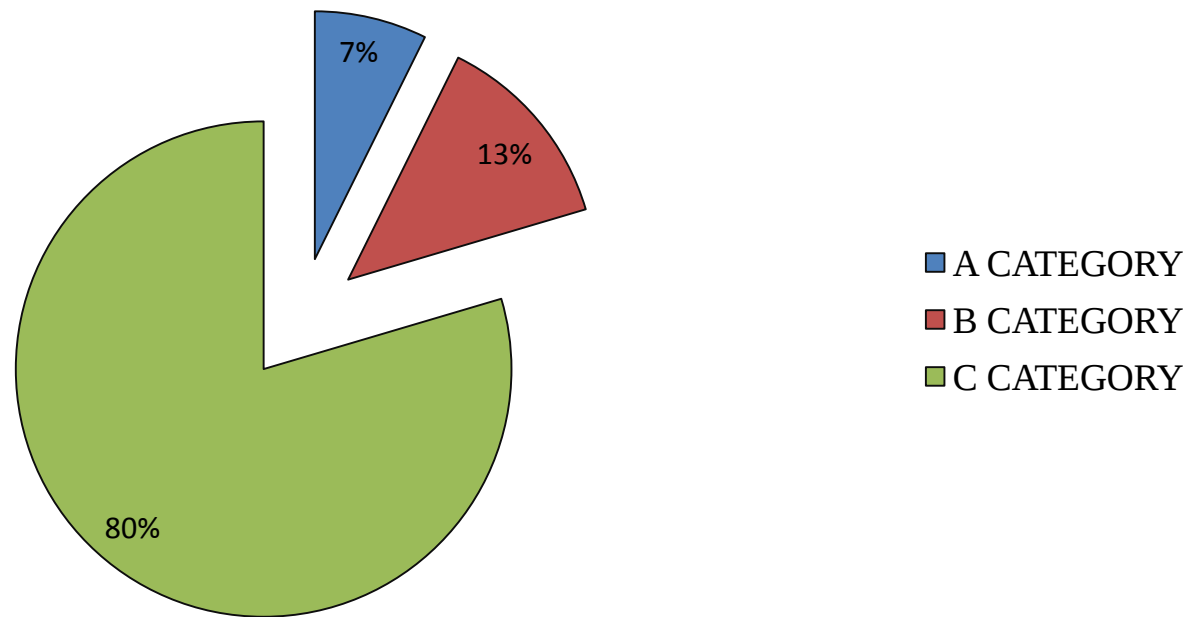
- Always Better Control.
- Also known as selective inventory control
- Provides mechanism for:
 - ✓ Identifying items that will have significant impact on overall inventory cost
 - ✓ Identifying different categories of stock that will require different management and controls.

ABC ANALYSIS

Total Number of Medico-Consumables	A CATEGORY	B CATEGORY	C CATEGORY
1665	122	218	1325
	70%	20%	10%

ABC ANALYSIS

ABC Analysis of medical consumables



VED ANALYSIS

Based on criticality of the items:-

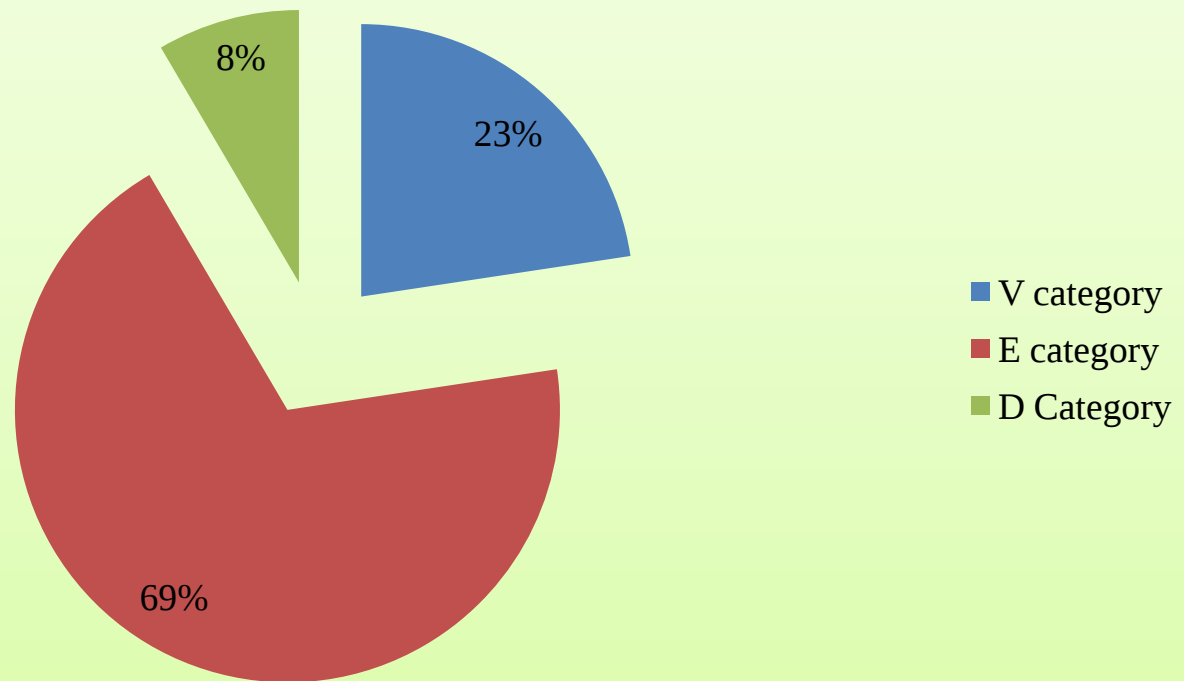
- VITAL- Items without which hospital can't perform its function. Higher level of control required.
- ESSENTIAL -Without which hospital can function for a short period. Middle level of control required.
- DESIRABLE -Without which hospital can function for a long period. Lower level of control

VED ANALYSIS

Total Medical Consumables	V category	E category	D Category
1665	375	1149	141
	22.62 %	68.93 %	8.46 %

VED ANALYSIS

VED Analysis of medical consumables



ABC-VED CROSS MATRIX

ABC \ VED	"A" category	"B" Category	"C" Category	Total
"V" Category	19 (1.14%)	40 (2.4%)	316 (18.98%)	375
"E" category	87 (5.23%)	162 (9.31%)	907 (54.47%)	1149
"D" category	16 (0.96%)	23 (1.38%)	102 (6.1%)	141
Total	122	218	1325	1665

- Class-1
- Class-2
- Class-3

SUGGESTIONS & RECOMMENDATION

- For class-1 items, orders should be placed frequently and lead time should be as less as possible, to keep inventory level low and prevent stock out.
- For class-2 items, sufficient stock should be maintained, orders are to be placed less frequently.
- Safety stock must be maintained in order to avoid stock out condition and help in continuous production flow.

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THANK
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