INVENTORY CONTROL MANAGEMENT (ABC-FSN ANALYSIS)

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Introduction

INVENTORY- inventory means physical stock of goods which is kept in hand for smooth and efficient running of future affairs of an organization at minimum cost of fund blocked in inventory.

• **INVENTORY MANAGEMENT-** its method of maintaining the stock at a level at which purchasing and stocking cost are at the lowest possible without interference with the supply.

ABC ANALYSIS

- **A :** It is hardly found that 5-15% of items account for 70-80% of the total money spent on materials.
- **B :** These items are generally 30% of all items and represent 15% of the total expenditure on the materials.
- **C :** There are numerous (as many as 50–60% of the total items), inexpensive (represent hardly 5–10% of the total expenditure on materials) and hence insignificant (do not require close control) items.

FSN ANALYSIS

- **Fast Moving** – Items which are frequently issued from inventory which are more than once for a specific time period
- **Slow Moving** – Items which are less frequently issued which might be once in a specific time period.
- **Non Moving** – Items which are not issued from the inventory at all in a specific time period.

FSN Analysis is part of Inventory Management in Logistics and Supply Chain Management System. In the case of spare parts management in inventory it is necessary to analyse the data based on several parameters such as the rate of issuing of spare parts, amount consumed annually, lead time, price of single unit

Specific Objectives

- • To find out the A,B and C class of medicine for ABC analysis of inventory control technique
- • To find out the FAST, SLOW and Non-Moving class of Surgical Item's for FSN analysis

Methodology

Sample size-382 surgical items

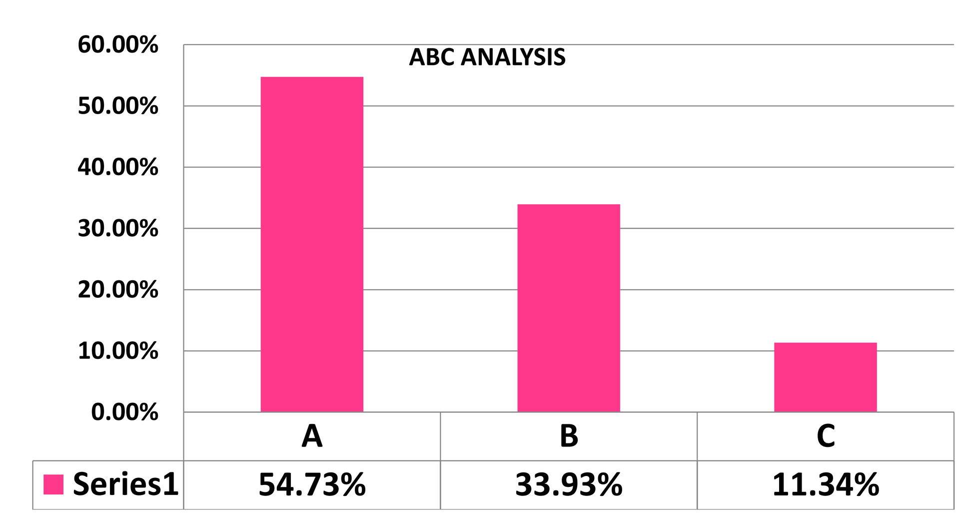
Research design- Observational study

Mode of data collection- Primary data is collected by visiting different departments and meeting their department head

Results

ABC ANALYSIS

Category	No. of Item	Annual Expenditure	% of item	% of Expenditure
A	38	2049196.22	10%	54.73%
B	77	1270464.66	20%	33.93%
C	267	424447.56	70%	11.34%
Total	382	3744108.44	100%	100.00%

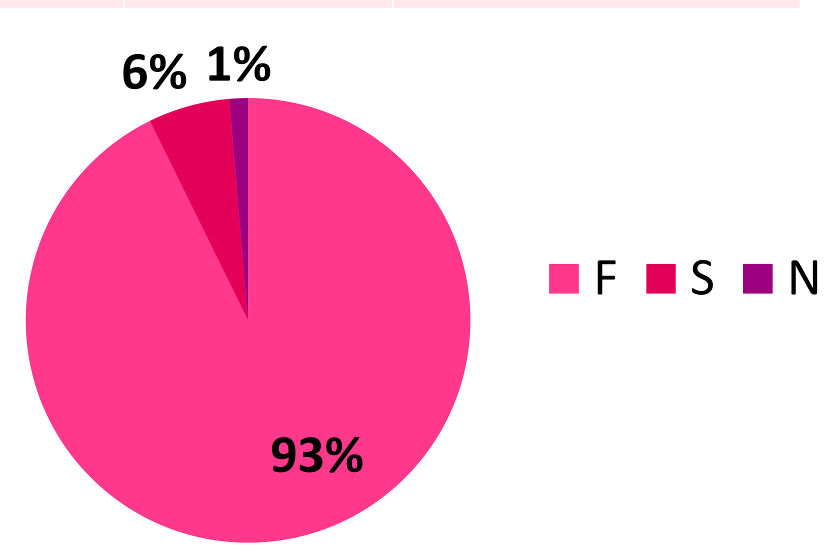


FINDINGS

Almost 70% of the expenditure must be incurred on just 38 surgical items (10%) hence these A category surgical items need tight and efficient financial monitoring. In contrast C category items require least control as they are cheap and larger quantities of these this can be stocked without blocking significant amount of money.

FSN ANALYSIS

Category	No. of Item	% of Expenditure
F	86033	92.73%
S	5499	5.93%
N	1248	1.35%
Total	92780	100.00%



FINDINGS

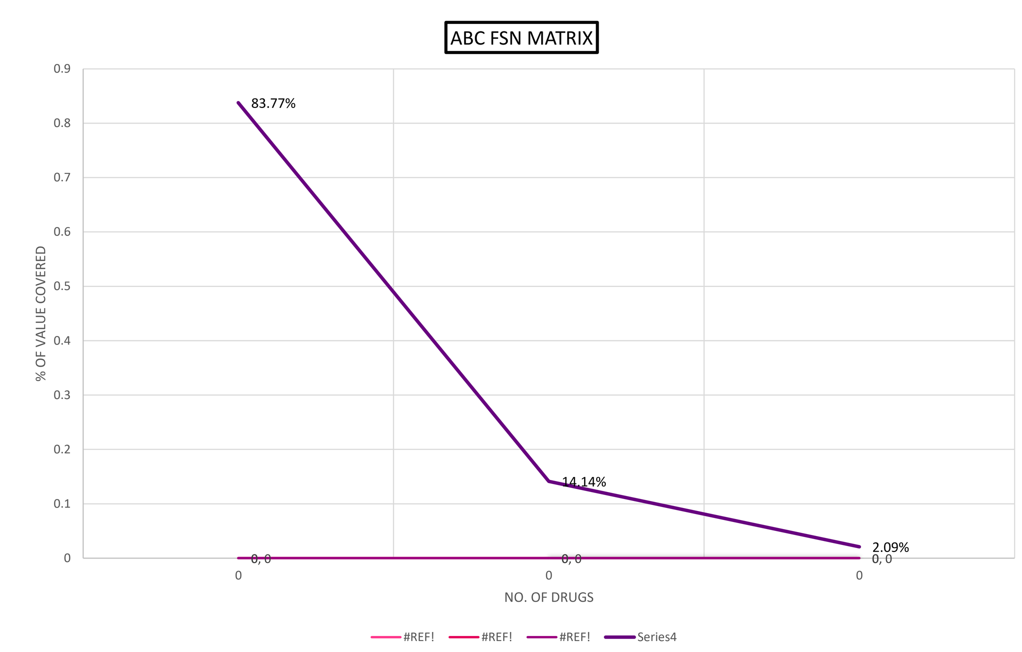
Shortage of fast moving surgical for even a short period of time can cause serious problem in patient care. Therefore, F categories surgical should always be stocked in sufficient quantity to ensure their constant availability. This group of surgical must be controlled and monitored with greatest care.

If essential surgical are in short supply for several days or a week, functioning of the hospital could be adversely affected. The shortage of Non-moving surgical would not adversely affect the patient care or functioning even if shortage is prolonged.

Results (CONTINUE)

ABC FSN MATRIX

CATEGORY	CLASS	NO. OF ITEMS	% COVERED IN TOTAL VOLUME
I	AF+BF+CF+CS+CN	320	83.77%
II	AS+BS+BN	54	14.14%
III	AN	8	2.09%
		382	100.00%



Conclusion

Using inventory control techniques like ABC and FSN ANALYSIS, substantial improvement could be brought about in-patient care. These techniques would not only help in efficient and optimum use of scarce financial resources but would also help in avoiding shortage of surgical and stock out situations. Thus, inventory control techniques could be effective financial and material management tools to promote prudence and discipline in material management in health care organisations.

Recommendations

CATEGORY	SUGGESTIONS
I **AF+BF+CF+CS**	**Stores must make a very strict monitoring, tight level of control, and top level of management for Category I items**
II **AS+BS+CN**	**Stores must make a strict monitoring, moderate level of control, and middle level of management for Category II items**
III **AN**	**As this items fall in category but budget, continuous monitoring is needed to reduce cost.**