

INTRODUCTION: Inventory management is that aspect of current asset management, which is concerned with maintaining optimum investment in the inventory and applying effective control system so as to minimize the total inventory cost. Materials constitute a major cost component in healthcare industry The total cost of materials may constitute of 27-30 percent of the total cost.

OBJECTIVES

- To analyze the stock and classify the items based upon their consumption value as A, B, C items.
- To reduce the inventory holding days from 30 days to 15 days by setting the reorder level of each item by using the formula
- To access the current status of the Inventory Management.

DATA ANALYSIS & FINDINGS

	ABC ANALYSIS	
340 Items	A Category	19%
480 Items	B Category	27%
940 Items	C Category	54%

DEPARTMENT	ACTUAL STOCK	PROJECTED STOCK	DIFFERENCE
ICU	234992.36	223377.9583	11614.4017
CATH STORE	480664.61	528211.3	-47546.69
DIALYSIS	47375.42	9845.56	37529.86
EMERGENCY	784577.55	17444.445	767133.105
ENDOSCOPY	224572.28	6611.331667	217960.9483
MAIN STORE	2426296.05	2520960.717	-94664.667
WARDS	131977.91	468675.565	-336697.655
OT STORE	685624.83	922405.1567	-236780.3267
PHARMACY	162249.62	1874.745	160374.875

RESEARCH METHODOLOGY

- Type of Study:** Observational Study
- Study duration:** 1st January to 31st March 2017
- Sample size—** All the consumables and drugs used during three months.
- Data collection Technique:** Primary data was collected through unstructured interview from stores head of each department regarding the process flow of the materials department, indent issue , acknowledgement and indent return
Secondary Data was collected from the HIS system of the hospital

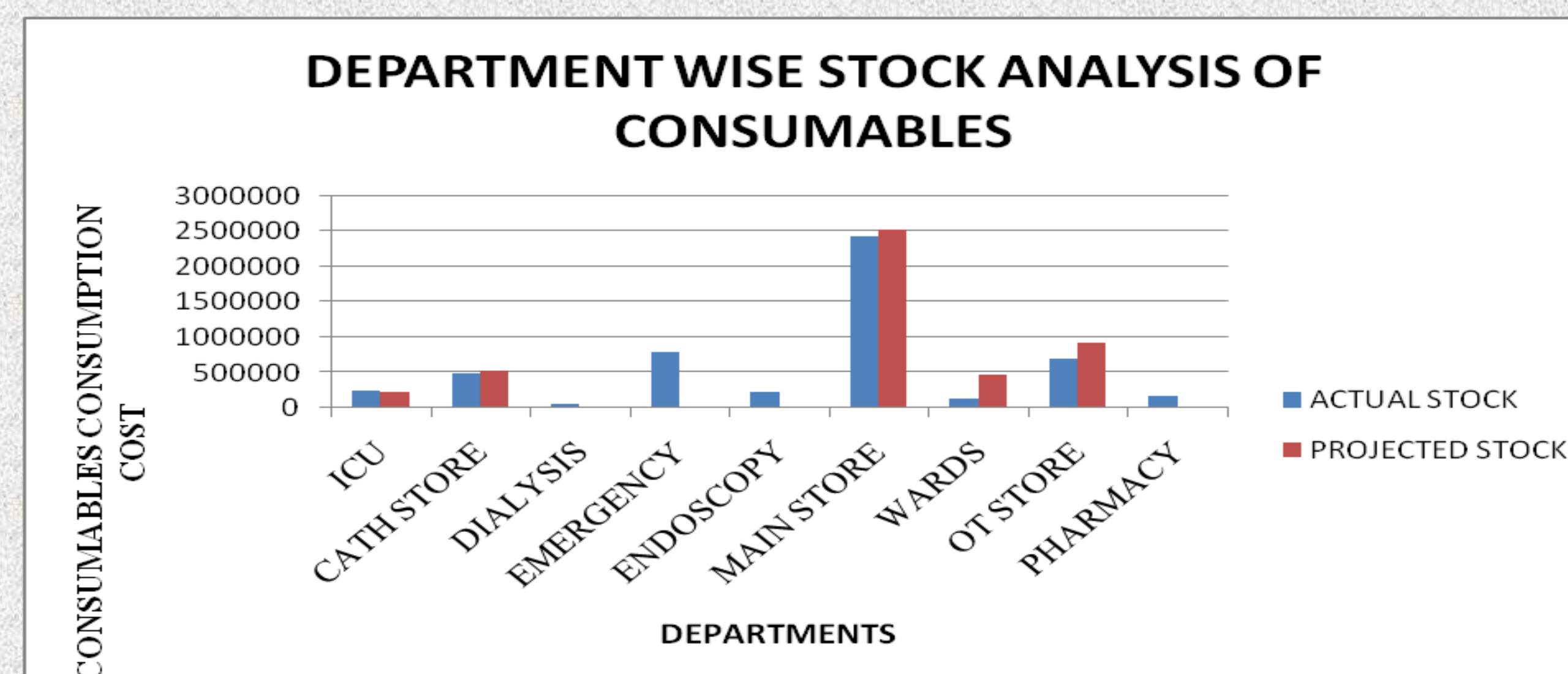
REORDER LEVEL

Reorder Level (or Reorder Point) is the inventory level at which a company would place a new order or start a new manufacturing run.

formula:

Reorder level = Minimum level (safety level) + (Lead time * Per day consumption)

The 3 months data was analyzed and reorder level of all the drugs and consumables of the Main store and sub store was set in the HIS system of the hospital .The list is quite large so I am showing a part of it how I calculated it of the used frequently.

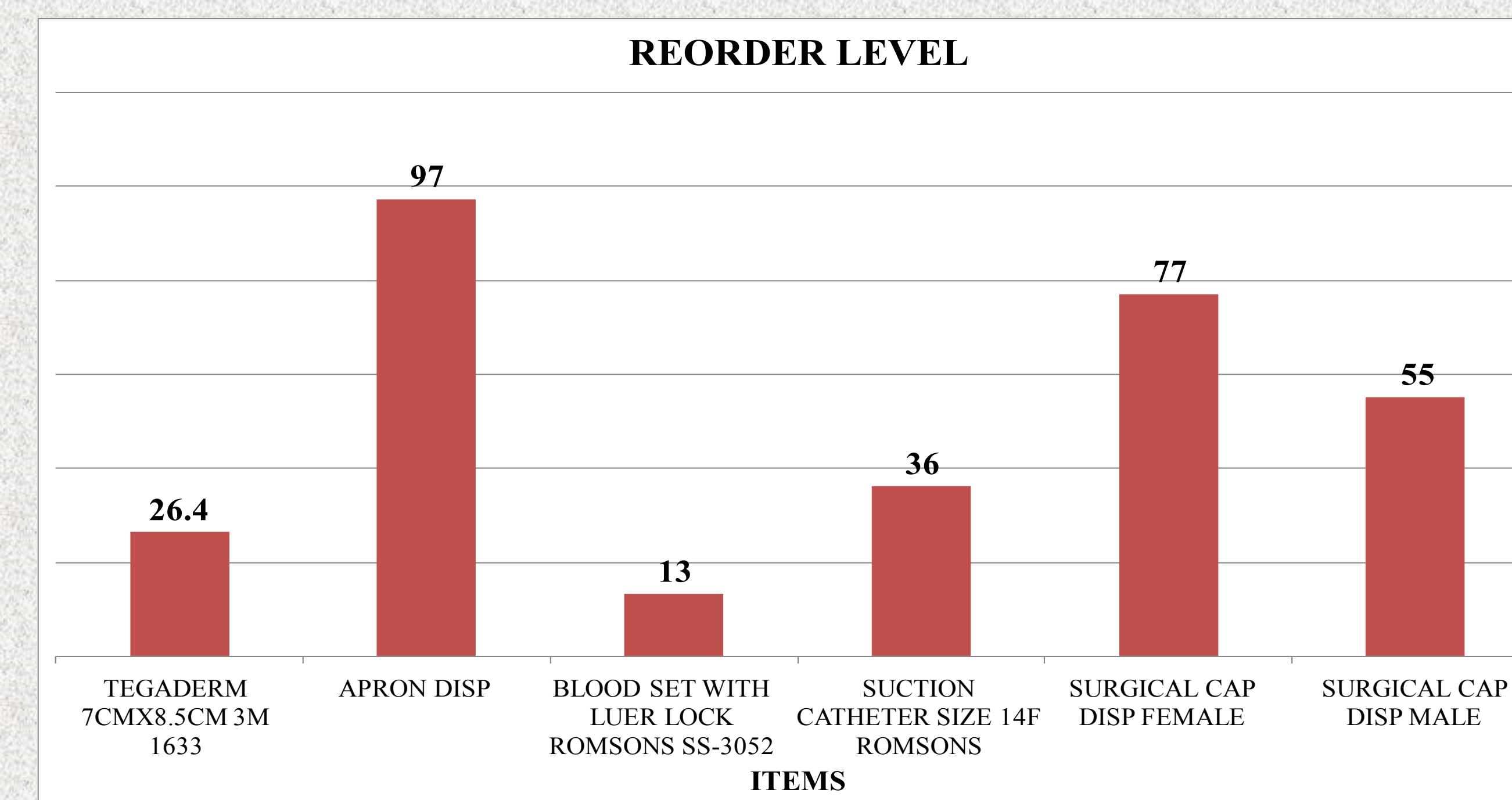
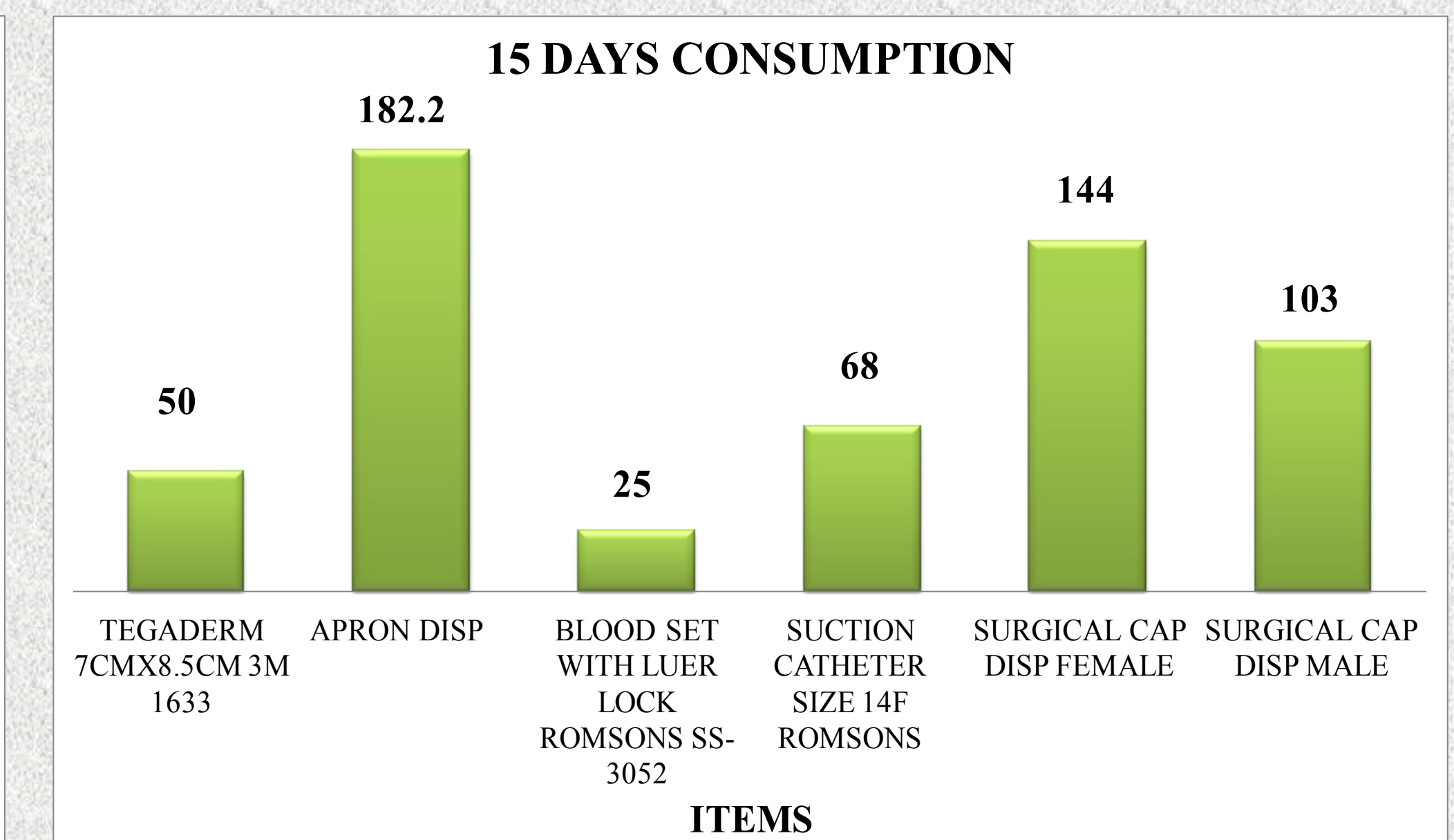
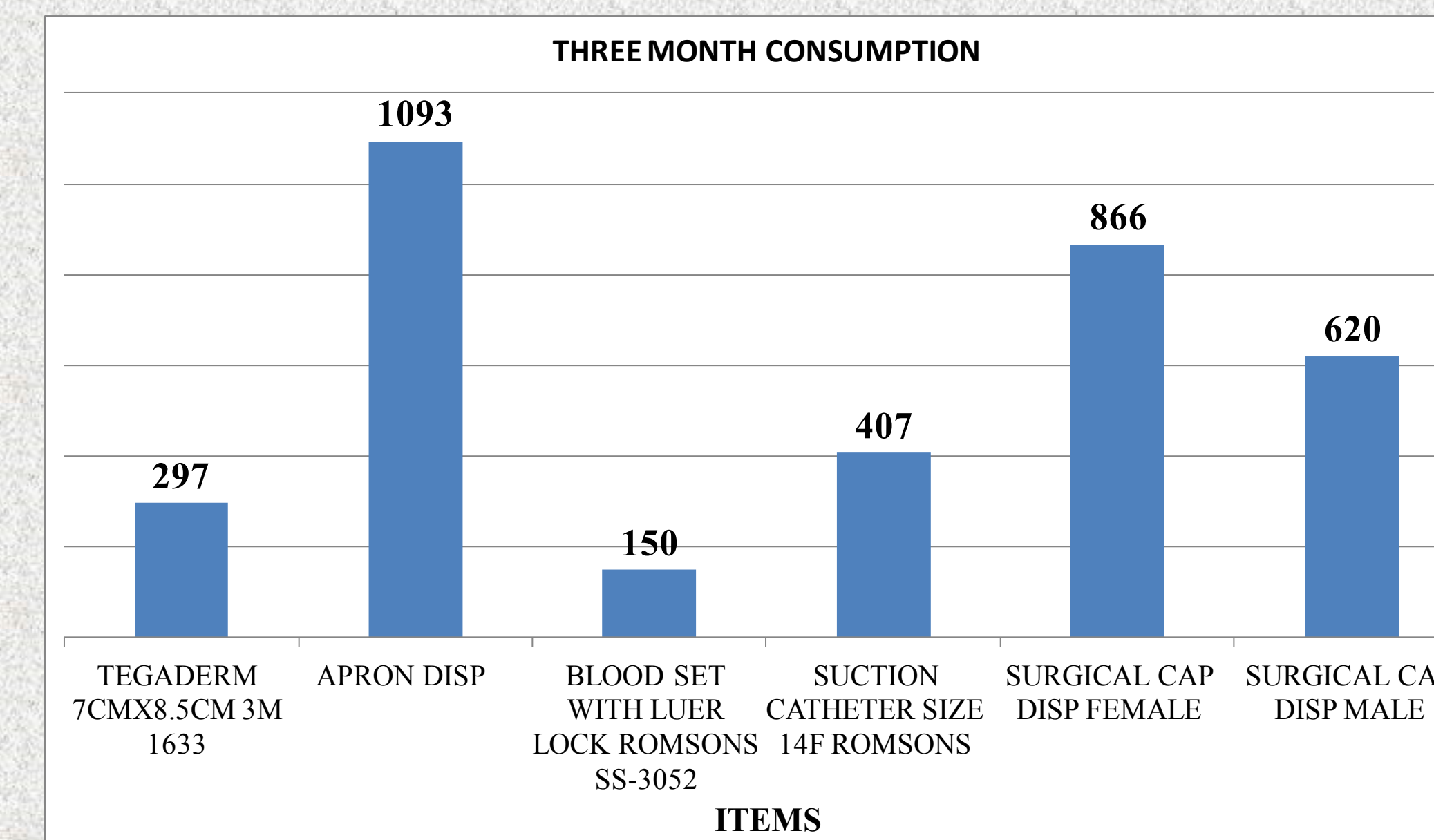


The numbers highlighted mainly depicts that the stock present in the Main Store, OT store, Wards and Cath Store is less. So appropriate reorder level must be set in these store to avoid stock outs and for smooth running of the organization

To overcome this problem the reorder level of each item was set in Material Management System of the Hospital.

Maximum (15 days consumption) and minimum level was calculated and further the reorder level was calculated using the formula.

Departments like ICU, Endoscopy, Emergency, and Pharmacy the actual stock was quite high in value in compared to the projected stock required in the store. This means that stock was quite high and the appropriate method was not used for ordering the items



The calculation for reorder level was done using the formula

For above table:

3 months consumption of Tegaderm 7 cm X 8.5 cm 3M 1633 is = 297

1 month consumption = $297/3 = 99$

Per day consumption= $99/30 = 3.3$

15 days consumption= $3.3*15 = 50$

Reorder level= Minimum level (safety level) + (Lead time * Per day consumption)
 $= 3.3*7+3.3*1 = 26.4$

RECOMMENDATIONS

- A items** should have tight inventory control and should be closely monitored.
- B items** is an intermediate between A and C so it should be monthly audited
- C items** reordering should be less frequent and it should be quarterly audited.
- Indent should be done on 15 days basis rather than weekly basis to reduce workload.

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