

MODULE 3

BASIC QUALITY CHECK AND INVENTORY DOCUMENTATION

Lesson 09 Quality Check at Warehouse

Lesson 10 Inventory Check and Documentation

Lesson 11 Product Labels and Tags

Lesson 12 Technology in Inventory Picking

QUALITY CHECK AT WAREHOUSE

A firm can run its operating activities smoothly only when an applicable amount of inventory is maintained. Inventory affects all operational activities like manufacturing, warehousing, sales etc. The opening and closing inventory should be adequate so that the other business activities are not adversely affected. Thus, inventory plays a significant role in operations management. In this lesson let us find out more about these roles in operations management.



LEARNING OUTCOMES

After completing this lesson the Learner

- defines meaning and objectives of inventory;
- identifies the different types of inventories handled in the logistics industry;
- states the various basic quality inspection processes;
- explains the concept of product description match, brand match, manufacturing location match, damages etc.;
- summarizes the various stages of quality check at a warehouse.

9.1 MEANING

Inventory is an asset retained by a business with the express objective of being sold to a customer. Inventory implies the stockpile of the product a firm is recommending for sale and its components. The inventory is utilised to correspond to the cumulative of those items of tangible assets, which are:

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- Held for sale in the course of the business activity
- Before sale and in the production procedure.
- To be currently expended in the manufacture of goods or services to be available for sale.

9.2 DEFINITIONS OF INVENTORY MANAGEMENT

Inventory management is the practice of ordering, handling, storing, and using a company's non-benefit Inventory, described as the material which is either saleable in the market or usable immediately or indirectly in the manufacturing process. It also comprises the 187 material/items prepared for making finished goods in some other process or by evaluating them either by the concern itself or by outside parties.

9.3 QUALITIES OF INVENTORY

Inventory implies the material has any one of the following qualities.

1. saleable to the customer,
2. directly saleable in the industrial process of the business,
3. immediately usable in the manufacturing development of the undertaking

Different teams have indicated out lack of inventory scheduling in India but due to uncertainties in supplies, problem of timely receipt of railway wagons, lack of planning and unreliable suppliers the investment in inventories is quite high. The instability in demand impacts the inventory of finished products, of which cement industry has been a victim many times. rom assets. Usually, businesses involve raw materials and components, while others may only do business with finished stock items prepared for sale. This inventory management comes down to balance - getting the right amount of stock, in the right place, at the right time. This involves the management of raw materials, components, and finished products and the warehousing and processing of such items.

It is the practice of supervising and monitoring the ordering, storage and use of components that a business employs to produce the items it sells. The component of supply chain management, inventory management, supervises the flow of goods from companies to warehouses and from these services to the point of sale. Inventory control involves efficient management of capital invested in raw materials and supplies, work-in-progress and finished goods.



INTEXT QUESTIONS 9.1

Multiple Choice Questions

- Which of the following is not an inventory?
 - Machines
 - Raw material
 - Finished products
 - Consumable tools
- Activities related to coordinating, controlling and planning activities of flow of inventory are classified as
 - decisional management
 - throughput management
 - inventory management
 - manufacturing management
- Inventory control involves efficient management of capital invested in
 - Raw materials
 - work-in-progress
 - finished goods
 - All the above

9.4 TYPES OF INVENTORY

The inventory may be categorised into three categories:

- Raw material and supplies: It means incomplete items.
- Work in Progress: It belongs to the semi-finished goods
- Finished goods refer to the goods which are ready for sale.

(A) Raw Materials

It is also known as “Direct Inventory”. Raw materials or direct inventory are nothing but the materials awaiting to be used in the manufacturing process to make the final product out of it. Ex – Rubber, Synthetic Fabric, Leather, Iron, Steel are a few of the raw materials used in Bicycle production.



Fig. 9.1: Raw Materials



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(B) Work-in-Progress

Work in progress goods are *Partially processed* raw materials. They can also be called as *semi-finished goods*. Those are semi raw materials which have not been fully converted into the final product. Ex – In the same example of Bicycle production, the semi processed raw materials are converted into spare parts for bicycle production, as Frame.



Fig. 9.2: Work-In-Progress

(C) Finished Goods

Finished goods are the final products derived after manufacturing the raw materials and work in progress goods listed above. The products/goods are ready to be sold in the market. Ex - Bicycle



Fig. 9.3: Finished Goods



LET'S DO/ACTIVITY

Make the list of inventories used in the following,

- Cake Baking
- Mobile phone manufacturing

9.5 MEASURES INVOLVED IN THE INVENTORY MANAGEMENT

(A) Inventory Control

Inventory control is involved with the acquisition, storage, handling, and use of inventories to guarantee the readiness of inventory when needed, deliver adequate provision for contingencies, obtain maximum economy, and reduce wastage and losses.

Therefore, inventory control belongs to a system that guarantees the supply of necessary quantity and quality of inventory at the requisite time and prevents excessive investment in inventories. It is one of the most important phases of material management.

Reduction inventories without damaging operating productivity exempts working capital that can be effectively spent elsewhere. Inventory control can make or break into a company. The design of a perfect inventory control system is largely for balancing procedures.

Do you know

Inventory is the biggest asset to your company, so in order to save money and make money, you need to protect that asset and nurture it in the right direction. Without implementing inventory management techniques, you'll never get ahead.

(B) Budgetary Techniques:

For buying raw materials and stocks, we required a purchase Budget to be prepared in terms of numbers and values concerned. The sales required as per sales Budget of the corresponding period generally works out to be the key factor to decide the production significant through the budget period, which eventually decides the purchases to be made and the stocks to be scheduled.

(C) ABC Analysis of Inventories

The ABC inventory control method is cantered because a small portion of the items may usually represent the bulk of the total inventory employed in the production process. In contrast, many items may come from a small part of the money value stores. The money value is determined by multiplying the quantity of material of each item by its unit price. According to this methodology, high value items are more strongly controlled than low value items.



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Each inventory item is given A, B or C money depending upon the amount paid for that particular item. “A” or the highest value items should be under the tight control and accountability of the most qualified manager, while “C” or the lowest value may be under minimal physical control.

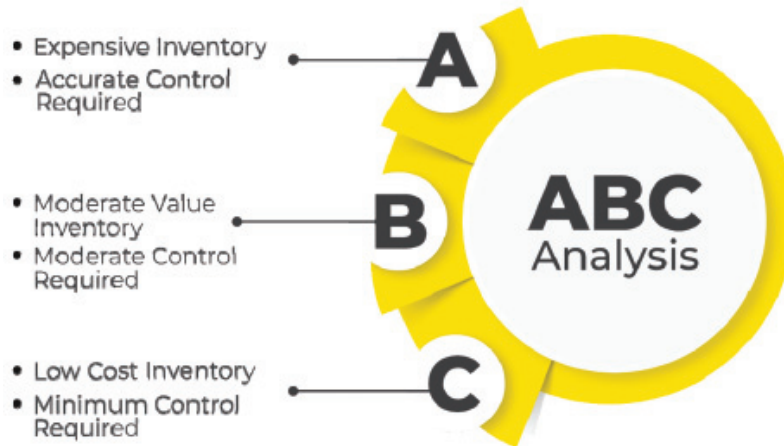


Fig. 9.4: ABC Analysis

The following examples will provide the assumptions more specifically,

- “A” Category – 5% to 10% of the items are 70% to 75% of the money value.
- “B” Category – 15% to 20% of the items are 15% to 20% of the money.
- “C” Category – The left number of the items are 5% to 10% of the money value.

(D) Advantages of ABC Analysis

- It ensures a closer and stricter control over such items, which have a substantial investment there.
- It distributes working capital, which would otherwise have been tightened up for a more profitable investment channel.
- It lessens inventory-carrying cost.
- It allows the relaxation of control for the ‘C’ items and makes it possible for a sufficient buffer stock to be created.



INTEXT QUESTIONS 9.2

Multiple Choice Questions

1. The basis for ABC analysis is
 - (a) interests of Materials manager
 - (b) interests of the top management
 - (c) Pareto's 80-20 rule
 - (d) None of these
2. ABC analysis depends on the
 - (a) Quality of materials
 - (b) Cost of materials
 - (c) Quantity of materials used
 - (d) Annual consumption value of materials

9.6 MATERIAL REQUIREMENTS PLANNING (MRP)

Material Requirements Planning is an inventory control technique in which the manufacturers order the inventory when considering the sales forecast. MRP system incorporates data from various areas of the business where inventory exists. Based on the market data and demand, the manager would carefully place new inventory orders with the material suppliers.

Steps involved in MRP system

- Step 1. Exploding:** How the MRP system is reached using the Bill of Materials (BOM) how many components are needed to make one production item.
- Step 2. Netting:** Net quantity of material is determined by computing the difference between the stock existing in the factory and the overall gross obligation.
- Step 3. Offsetting:** Lead time is projected for the entire operation that helps consultants calculate the anticipated manufacturing time. It also advises when the manufacturing process should begin so that items are available on the promised date.

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Advantages of MRP

- MRP system is commonly accepted for playing a vital part in reducing factory inventory.
- It also supports in manufacturing industrial products that are more complex
- MRP emphasises what materials are necessary and when they need to be obtained.
- It is also beneficial in product customisation

9.7 JUST IN TIME (JIT)

Just in Time inventory control technique, the business maintains only as much inventory as it needs during production. With no additional inventory in hand, the business saves the cost of storage and insurance.

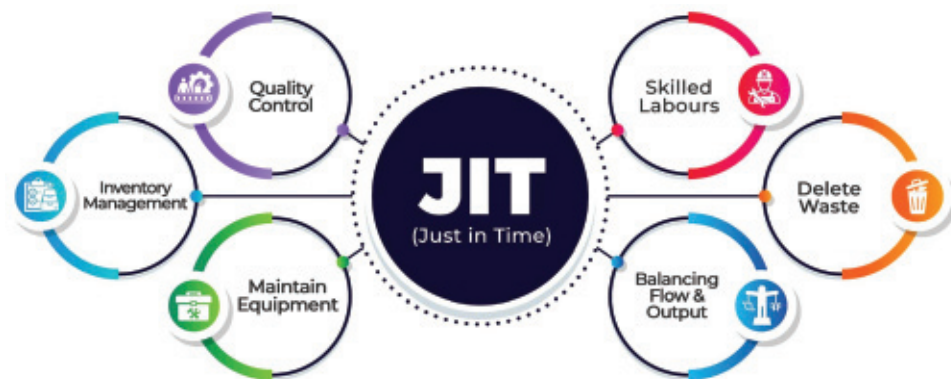


Fig. 9.5: JIT

The company orders further than inventory when the old inventory stock is close to replacement. This is a risky inventory management technique because a little delay in ordering new inventory can lead to stock out. Thus, this method involves proper planning so that new orders can be timely placed.

? Do you know

JIT - Background and History

JIT is a Japanese management philosophy which has been applied in practice since the early 1970s in many Japanese manufacturing organisations. It was first developed and perfected within the Toyota manufacturing plants by Taiichi Ohno as a means of meeting consumer demands with minimum delays. Taiichi Ohno is frequently referred to as the father of JIT.

Toyota was able to meet the increasing challenges for survival through an approach that focused on people, plants and systems. Toyota realised that JIT would only be successful if every individual within the organisation was involved and committed to it, if the plant and processes were arranged for maximum output and efficiency, and if quality and production programs were scheduled to meet demands exactly.

1. Concept of JIT

There are strong cultural aspects associated with the emergence of JIT in Japan. The Japanese work ethic involves the following concepts.

Workers are highly motivated to seek continuous improvement upon that which already exists. Although high standards are currently being met, there exist even advanced standards to achieve.

Companies **focus on group effort**, which involves combining talents and sharing knowledge, problem-solving skills, ideas, and the achievement of a common goal.

Work itself takes **precedence over leisure**. It is not unfamiliar for a Japanese employee to work 14-hour days.

Employees tend to endure with one company throughout the course of their career span. This allows them to hone their skills and abilities at a constant rate while offering numerous benefits to the company.

9.8 OTHER MEASURES

1. VED Analysis

VED stands for Vital Essential and Desirable. Companies mainly use this technique for controlling spare parts of inventory.

2. FSN Analysis

FSN stands for Fast Moving (F), Slow Moving (S) and Non-Moving (N). Highest control is kept over fast-moving items, medium control is exercised over slow-moving items and least control is inferred on non-moving items

3. Economic Order Quantity (EOQ)

Economic Order Quantity technique focuses on deciding how much inventory should the company order at any point in time and when should they place the order. In this model, the store manager will reorder the inventory when it reaches

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the minimum level. EOQ model helps to save the ordering cost and carrying costs incurred while placing the order. With the EOQ model, the company can place the right quantity of inventory.

Maximum Level

The upper limit away from which the quantity of any item is not usually granted to rise is known as the “Maximum Level”. It is the sum up total of the minimum quantity, and EOQ. The fixation of the maximum level depends upon several factors, the storage space available, the kind of the material i.e. chances of deterioration and obsolescence, capital cost, the time necessary to acquire fresh supplies, the EOQ, the cost of storage and government restriction.

Minimum Level

The minimum level of stocks of their reorder point may be settled on the following bases:

1. Consumption during lead-time.
2. Consumption during lead-time plus safety stock.
3. Stock out costs.
4. Customer’s annoyance and loss of goodwill and production hold costs.

To resume production during Lead Time it is important to retain some inventories. Lead Time has been described as the period between placing an order (with a supplier) and the period at which the supplies are accessible to meet customer needs. Occasionally, there are fluctuations in the lead-time and/or in the consumption rate.

1. Maximum inventory level: the largest number of items to be stored on-site (500).
2. Minimum inventory level: the lowest number of items to be stored on-site (100).
3. Re-order quantity: the amount of stock ordered to restore inventory levels to their maximum point (400).

Re-order level: the level of inventory at which new stock is ordered (300). 400 items are ordered, and it takes two weeks for the ordered stock to arrive.

Lead time is the time taken between ordering stock and the stock being delivered.

Minimum Safety Stocks

The minimum safety stock is the level of inventory which an organisation maintains to avoid the stock-out situation. When we place the new order before the existing inventory is over, it is the level. For example, if the total inventory is 18,000 units, they place a new order when the inventory reaches 15,000 units. Therefore, the 3,000 units of inventory shall form part of the minimum safety stock level.



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9.9 EFFECTIVE INVENTORY MANAGEMENT SHOULD

1. Maintain sufficient stock of raw material in short supply and anticipate price changes.
2. Ensure a continuous supply of material to the production department facilitating uninterrupted production.
3. Minimise the carrying cost and time.
4. Maintain sufficient stock of finished goods for smooth sales operations.
5. Ensure that materials are available for use in production and production services as and when required.
6. Ensure that finished goods are available for delivery to customers to fulfil orders, smooth sales operation, and efficient customer service.
7. Minimise investment in inventories and minimise the carrying cost and time.
8. Protect the inventory against deterioration, obsolescence, and unauthorised use.
9. Maintain sufficient stock of raw material in a period of short supply and anticipate price changes.
10. Control investment in inventories and keep it at an optimum level.

9.10 CALCULATION OF CLOSING INVENTORY

Inventory levels are constantly changing as goods are purchased or produced. Inventories increase. As goods are sold, inventories decrease.

Closing inventory stock is calculated as follows: Opening inventory + Additions during the period – Deductions during the period = closing inventory.

For example, a consumer durable retailer has 150 television sets as inventory on 1st April. During the month, 40 units of television sets were sold, and 30 units were purchased.

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The closing inventory will be calculated as follows:

Closing inventory = Opening inventory + Additions during the period – Deductions during the period
Closing inventory = 150 + 30 – 40 = 140 units

9.11 QUALITY INSPECTION -MEANING AND IMPORTANCE

Quality of the material is critical for customer experience and the manufacturing process. When the Finished goods are delivered to the final customer no company can afford a damaged or a defective product. Similarly, during the manufacturing process, the Raw Material and parts have to be of the right quality and specifications to ensure right final product.

Quality from ISO definition: “The totality of elements and characteristics of a product or service that take on its ability to satisfy indicated or implied needs”. The service has good quality as it “fulfils the requirements specified by the client”.

There are three stages,



Fig. 9.6

Quality Management is the management of all processes aimed at producing quality by companies of various kinds.

Quality Assurance in ISO definition: The assembly of all planned and systematic actions necessary to provide adequate confidence that a product, process, or service will satisfy given quality requirements. “Independent Quality Assurance Officer should audit the result of these actions to produce quality. In case of special project, customers may require special quality assurance measures or a Quality Plan

Quality Control defined by ISO as “the operational techniques and activities used to satisfy quality requirements. “An important part of the quality control is the

Quality Assessment. Quality control is primarily aimed at the prevention of errors. Yet, despite all efforts, it remains inevitable that errors are made.



Fig. 9.7: Five W's of Quality Control

9.12 TYPES OF THE QUALITY INSPECTION PROCESS

What is a quality inspection?

An inspection measures, examines, and tests one or more of the characteristics of products and evaluates the results with the specific conditions to establish whether compliance is accomplished. Inspection also refers to checking products, whereas an audit applies to analysing the manufacturing process. A quality inspector usually follows a pre-designed checklist, which is based on the requirements of the product. The inspected products are then fit to be used for production, as semi-finished goods and finished goods ready for shipment to customers.

Objectives of Inspection

1. Inspection separates defective components from non-defective components to maintain adequate quality.
2. Inspection finds defects in the process or raw material, which otherwise cause's problems at the final stage.
3. It prevents further than working on spoiled semi-finished products. It helps the product to be more economical.
4. The inspection identifies the weak position and trouble in the weak position by verifying the design.

9.13 TYPES OF INSPECTION METHODS

1. Revolving procedure, patrolling or floor inspection,
2. Fixed inspection,
3. Key-point inspection,
4. Final inspection.



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9.14 REVOLVING INSPECTION

The inspector goes across the workplace floor and checks machine to machine, samples of the work of many workers and machines.

The revolving inspection facilitates finding errors before the final product is ready. It is more effective and does not need to move the product to another department for checking.

1. Fixed Inspection

Fixed Inspection finds faults after the job has been complete. It is used when inspection equipment and tools cannot be brought to the workplace. With a smaller number of inspectors the process can be functioning with less cost.

2. Key-point inspection

A key point is a phase of production beyond which it requires an costly operation or may not be reworked. It has a key point in its method of manufacturing. Inspection at key points separates faulty products and prevents them from further processing.

3. Final Inspection

In the final inspection, the inspector verifies the implementation and development of the product before delivery.

9.15 VARIOUS STAGES OF THE QUALITY CHECK

The inspection of the material at the warehouse involves the following stages:

1. Quantity Tallying
2. Physical Inspection
3. Legal Metrology Inspection
4. Sampling
5. Quality Inspection
6. Managing rejections

9.16 QUANTITY TALLYING

The first step in material inspection is tallying the physical quantity with the quantity on the documents.

For the inbound shipment, many warehouses follow the system of blind count sheet. The security at the entry gate of the warehouse carries a blind count sheet.

They will count the material as it is unloaded from the vehicle. When conducting the blind count, they have no clue on the total quantity expected or as per documents.

Once blind count sheet has been filled, it is tallied with the quantity as per documents. In case they match, next steps are taken, in case of any discrepancy; the physical material is counted again to check. If the discrepancy persists, all the steps related to the short receipt are initiated.

An alternate to blind count sheet is the tally sheet. For example, once the picker has picked the material for an outbound shipment, a supervisor or a security guard can count the material and check with the pick list or the tally sheet. If there is a discrepancy, then further steps are taken to correct it.

Using warehouse technology such as barcode scanners or RFID integrated with the Warehouse Management System (WMS) helps speed up counting and reduces errors.

9.17 VISUAL/PHYSICAL INSPECTION OF THE MATERIAL

Visual inspection of the goods to check the physical condition of the material. The material incoming/outgoing products should be free from any dents, damages, leaks etc. In the case of packaged products, ensure to check if the packaging is proper and not mutilated.

The warehouse may also check the following during the visual verification process:

1. Description of goods matching the documents
2. Product Code,
3. Batch/Lot number,
4. The temperature in case of temperature-controlled cargo
5. Labeling,
6. Weight of the cargo and
7. Condition of cargo – whether damaged, dented or leaking or not.

At times warehouses are required to verify the weight and dimensions of the incoming cargo. In such case, all the incoming cartons/pallets are weighed on the weighing scale before being moved inside. The actual weight is tallied with the documented weight to identify any discrepancies. At times, weight checking also highlights any theft or loss during transit to the warehouse.



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One of the most time-consuming, labour-intensive, and critical tasks is counting and verifying damaged cargo. It is essential to maintain a record of all missing and damaged cargo and its supplier and carrier. Once data has been collected, receiving supervisors will use this data to make these companies, suppliers, and carriers aware of the problem.

For companies needing to prove to their suppliers the state and way cargo was received, the use of digital cameras or CCTV cameras installed at unloading bays can help capture the cargo's images and lodge a claim with the supplier or carrier in case of any damage or short received. The images may also be integrated with the WMS system.

9.18 LEGAL METROLOGY INSPECTION OF THE MATERIAL

Legal Metrology is the compliance of legal requirements for measuring instruments. Legal Metrology's objective is to ensure public guarantee from the point of view of security and accuracy of the weights and measurements.

If the Warehouse is storing pre-packaged goods, they need to verify all incoming and outgoing products as per the Legal Metrology (Packaged Commodities) Rules. Besides the above contents of the label on the products, there are rules regarding the font size and size of the labels also.

The warehouse also needs to verify if there has been any alteration, obliteration, and smudging on MRP declared on the packages.

9.19 SAMPLING

If a large quantity of particular parts or material arrives at the warehouse, not every part needs to be checked. The quality department generally instructs to do random sampling and only check the samples. As determined by the quality department, the sample size could be a function of the vendor's past performance, the nature of the material being received, the criticality of the part being received, and the quantity of the shipment being received.

Samples selected from the inbound shipment may undergo visual inspection or detailed quality check based on the quality department's instructions.

9.20 QUALITY INSPECTION OF THE MATERIAL

Quality is important during manufacturing and Supply Chain, whether monitoring the quality of material from the suppliers, checking the quality during the production line or checking the quality before it is delivered to the final customer.

In case of manufacturing the raw materials, one important area in examining quality is the inspection of items that arrive at the capacity from suppliers. Ensuring that the parts and raw materials are of correct quality or specifications before the item even enters the plant are key to ensure the total quality of the finished goods.

In the case of trading, too, the quality of the incoming shipment needs to be checked before it is supplied to the customer to avoid any claims and adverse effects on the client's relationship.

Though the quality department is responsible and equipped to check the quality of the material in terms of Chemical analysis, testing of physical properties and measurements, testing of mechanical properties and Regulatory testing, however, some part of quality checking may be allocated to the warehouse as it is the first point of contact of the material being received.

1. Some of the quality aspects that the warehouse may verify:
2. The description and specifications of the material on the carton match the one given in the Purchase Order.
3. The packaging of the product matches the packaging specifications given in the Purchase order
4. Any damage or leak in the product
5. The expiry date of the incoming material
6. Any infestation or rotteness in case of Agriculture products

The quality department will provide the warehouse with instructions on how to deal with incoming materials. Not all parts incoming shipments need to be inspected. Some low-cost standard items may not require inspection at the time of receipt.

9.21 FAILING INSPECTION/MANAGING REJECTIONS

In case of rejection, the products may be returned to the supplier or reworked inside the warehouse based on the material's possibility and criticality. In some instances, poor quality may lead to credit notes from the supplier as compensation for poor quality.



INTEXT QUESTIONS 9.3

1. A material-handling system is selected on the basis of volumes to be handled, speed of handling, distance of movement, product characteristics, capital investment and



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Quality Check at Warehouse

- (a) productivity
 - (b) customer service
 - (c) payload
 - (d) automation
2. Well-designed material storage systems will ensure
 - (a) space efficiency
 - (b) productivity
 - (c) speed to market
 - (d) low product damages
3. The ABC analysis of inventory control is based on
 - (a) usage pattern
 - (b) usage value
 - (c) inventory movement
 - (d) criticality in application
4. Logistical packaging will ensure productivity in the logistical system through ease in handling, space utility and
 - (a) cost reduction
 - (b) damage reduction
 - (c) manpower reduction
 - (d) weight reduction
5. Supply chain mapping means the study of
 - (a) logistics network
 - (b) activities sequence
 - (c) value and non-value-added activities
 - (d) cost reduction area



INTEXT QUESTIONS 9.4

State whether the following are True or False

1. The reordering level lies between the minimum level and maximum level.
2. The stock levels are also called inventory control.
3. A bin card is software that tracks the amount of stock or inventory.
4. Stock levels are not required for efficient and effective material control.



WHAT YOU HAVE LEARNT

- Inventory is an asset retained by a business with the express objective of being sold to a customer. Inventory implies the stockpile of the product a firm is recommending for sale and its components.

- Inventory control involves efficient management of capital invested in raw materials and supplies, work-in-progress and finished goods.
- Inventory control is involved with the acquisition, storage, handling, and use of inventories to guarantee the readiness of inventory when needed, deliver adequate provision for contingencies, obtain maximum economy, and reduce wastage and losses.
- The ABC inventory control method is centered because a small portion of the items may usually represent the bulk of the total inventory employed in the production process. In contrast, many items may come from a small part of the money value stores.
- Material Requirements Planning is an inventory control technique in which the manufacturers order the inventory when considering the sales forecast.
- **Steps involved in MRP system**
 1. Exploding
 2. Netting
 3. Offsetting
- **Just In Time (JIT)** Just in Time inventory control technique, the business maintains only as much inventory as it needs during production. With no additional inventory in hand, the business saves the cost of storage and insurance.
- Economic Order Quantity technique focuses on deciding how much inventory should the company order at any point in time and when should they place the order. In this model, the store manager will reorder the inventory when it reaches the minimum level.
- **Quality Inspection** Quality of the material is critical for customer experience and the manufacturing process. When the Finished goods are delivered to the final customer no company can afford a damaged or a defective product. Similarly, during the manufacturing process, the Raw Material and parts have to be of the right quality and specifications to ensure right final product.
- **Types of Inspection methods**
 - Revolving procedure, patrolling or floor inspection
 - Fixed inspection



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- Key-point inspection
- Final inspection
- The warehouse may also check the following during the visual verification process: Description of goods matching the documents, Product Code, Batch/Lot number, The temperature in case of temperature-controlled cargo, Labeling, Weight of the cargo and Condition of cargo – whether damaged, dented or leaking or not.



TERMINAL EXERCISE

1. What is EOQ?
2. Why quality inspection is important?
3. What are the types of quality inspection? Explain any two of them.
4. What is Material Requirements Planning (MRP)?
5. Explain the Types of Inventories?
6. Define Inventory Management and explain the different types of Inventories handled in logistics industries?
7. What do you understand by the term ABC Analysis of inventory? Explain with the help of Diagram?
8. Explain the Quality inspection process and Mention the types of Inspection method?
9. Identify and explain the various stages of the quality check of material at the Warehouses?



ANSWER TO INTEXT QUESTIONS

9.1

1. (a) 2. (c) 3. (d)

9.2

1. (c) 2. (d)

9.3

1. (a) 2. (a) 3. (b) 4. (b) 5. (c)

9.4

1. True 2. False 3. True 4. False

GLOSSARY

1. **EOQ:** Economic Order Quantity
2. **MRP:** Manufacturing Resource Planning
3. **ABC Analysis:** ABC (Always Better Control) analysis is one of the most commonly used inventory management methods
4. **Labeling:** Labeling or using a label is describing someone or something in a word or short phrase
5. **Sampling:** sampling technique in which researchers choose samples from a larger population using a method based on the theory of probability.
6. **JIT:** Just In Time



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