

The Enterprise theory

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Purchasing and inventory management



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PURCHASE

- one of the basic corporate functions
- it is implemented by all types of businesses
- ensures trouble-free operation of production and non-production processes in the company
- organizationally secured by the purchasing department



Stages of the buying process

- purchase initiation
- specification of requirements (necessity, nature, scope)
- market analysis of possible suppliers
- selection of a suitable supplier
- wording of the order
- implementation of logistics activities associated with the entry of the delivery into the company
- delivery payment
- supplier performance evaluation



STOCKS

- current assets of the business
- the result of a purchase or business activity
- they always bind themselves with funds
- To have or not to have? Can you do business without inventory?



Types of supplies

I. CLASSIFICATION OF STOCKS BY SPECIES

- **production stocks:**
 - raw materials, basic material, operating substances, spare parts, packaging
 - tangible assets whose consumption period is less than 1 year
- **work in progress inventory**
- **stocks of finished goods**
- **goods**



II. BREAKDOWN OF STOCKS ACCORDING TO FUNCTIONAL COMPONENTS

- **current stock** – to ensure expected consumption in the period between two deliveries
- **insurance stock** – to cover possible deviations in supplies or consumption
- **technological stock** – if the material needs to be modified before it is released for consumption, its amount results from the production technology



- **seasonal (occasional)** supply – compensates for expected fluctuations in supply or consumption
- **speculative stock** - to achieve an extraordinary profit by a suitable purchase
- **emergency stock** - ensures the survival of the business in the event of unforeseen events



III. BREAKDOWN OF STOCKS ACCORDING TO CAPACITY CALCULATIONS

- **minimum stock** – stock status at the moment before a new delivery
- **maximum stock** – the highest stock level reached at the time of a new delivery
- **immediate stock** :
 - actual physical inventory - the actual stock level in the warehouse
 - disposition stock – actual stock reduced by already applied requirements for delivery (goods ready for dispatch)
 - balance stock – disposition stock increased by the size of stock deliveries ordered but not yet received (material on the way)



- **průměrná zásoba – ideálně aritmetický průměr denních stavů fyzické zásoby za určité období:**
 - **průměrnou běžnou zásobu Z_b , kterou v případě rovnoměrné spotřeby vypočítáme ze vztahu:**

kde D je velikost dodávky v naturálních jednotkách

- **celkovou průměrnou zásobu Z_c , která je dána jako součet průměrné běžné zásoby a relativně stálých složek zásob**



CREATING A PURCHASE PLAN

- balance principle *Resources = Need*
- resources:
 - initial stock – IS = inventory
 - supplies *D* the relevant material items = delivery
- need:
 - total material consumption MC in the given planning period
 - the required amount of inventory at the end of the monitored period - RI

$$IS + D = MC + RI$$



The hotel is planning shopping activities for the next month of November. On average, 600 liters of juice are consumed in the hotel per day. Juices are stored in 0.5 l bottles. At the end of November, the hotel plans to have a stock of 2,500 bottles. At the beginning of November, this stock will be 2,600 bottles. How many bottles of juice must the hotel order for November?



Resources = Needs

No. inventory + purchase (delivery) = consumption + ending inventory

$$2600 + x = 36000 + 2500$$

Purchase = 35,900 pcs