**Plenary Worksheet answers**

# True or false?

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| --- | --- |
| Question | True or false? |
| Excess inventory can lead to increased storage costs. | True |
| Poor asset maintenance can result in equipment failures and downtime. | True |
| Lack of stock control can lead to stockouts and lost sales. | True |
| Three signs of poor stock control are:   * high-cost goods; * accurate stock levels; * obsolete items in inventory; * effective forecasting; * shipping errors. | * True * False * True * False * True |

# Summary questions

A manufacturing company is experiencing frequent stockouts, leading to production delays and customer dissatisfaction.

**1. List two potential causes of these stockouts.**

Demand forecasting: Inaccurate demand forecasting can lead to stockouts.

Supply chain issues: Disruptions in the supply chain, such as shortages of materials, production delays or natural disasters, can cause stockouts.

Inventory management: Errors in inventory management, such as inventory shrinkage, can lead to stockouts.

Demand surges: Unanticipated increases in demand can lead to stockouts.

**2. How would poor stock management impact the company’s profitability?**

Poor stock management can significantly impact a company’s profitability by leading to increased costs like storage fees for excess inventory, lost sales due to stockouts, higher rush order fees to replenish stock quickly and potential damage to customer relationships due to unreliable product availability, ultimately reducing profit margins and overall revenue.

**3. What strategies could be implemented to improve stock management?**

Strategies that could be implemented to improve stock management include:

* accurate demand forecasting
* establishing safety stock levels
* utilising inventory management software
* implementing a just-in-time (JIT) system
* conducting regular inventory audits.