ABSTRACT

XYZ is a company founded to carry on business in the field of agro business. The operations are owned by PT XYZ is the cultivation, processing / production, and sales of products by PT XYZ. PT XYZ has several distributors who always does the demand to PT XYZ. Due to demand change often then XYZ often suffer lost sales due to stockout occurring in the warehouse XYZ. This is because XYZ yet have the right inventory policies and not classify tea based on the absorption of funds from the tea. This causes the appearance of their stockout cost inventory shortage at the expense of XYZ.

To overcome these problems, in this study the classification of the ABC analysis. Priority I is a first class tea, which is calculated using the Continuous review (s, S) and the second priority is a tea class II and class III Continuous calculation method (s, Q). Based on calculations performed inventory policies, the total cost of supplies for tea priority I experienced a decline from the cost of inventories of existing conditions by 3%. As for the tea priority II decreased from existing condition inventory costs by 40%.

From these results, the necessary implementing policies teabag in XYZ and also raw calculation is then performed every year so stockout can be reduced and the cost of deficiencies did not reappear every month.

Keywords : *Inventory*, *Lost sales*, *Stockout*, ABC analysis, *Continuous Review* (*s*,*S*), *Continuous Review* (*s*,*Q*).