

## **ABSTRACT**

*PT. XYZ is one of the manufacturer company that produce the drug and available in Bandung. In producing the drug, PT. XYZ is inseparable from the name of raw material. Now, the policy inventory of material in PT. XYZ is not good. PT. XYZ not classify raw material based on value and critically before, so PT. XYZ cannot determine the inventory policy of raw material. It result, PT. XYZ experienced over stock because the raw materials ordered from supplier don't have the size of the nail, and there is no maximum inventory of raw material for sure.*

*From those problem, in this study will be classified the raw material using ABC analysis. Result from ABC analysis are raw material with A category will be calculated using Continuous Review (s,S) method, and raw material with B and C category will be calculated using Continuous Review (s,Q) method.*

*Based on calculated of inventory policy raw material using Continuous Review (s,S) method saving the total inventory cost 49%, and raw material using Continuous Review (s,Q) method saving the total inventory cost 65%.*

*Keywords : raw material, inventory, over stock, ABC analysis, Continuous Review (s,S), Continuous Review (s,Q)*