

TABLE OF CONTENTS

APPROVAL SHEET	i
INTELLECTUAL PROPERTY STATEMENT FORM	ii
ABSTRACT	iv
PREFACE	v
TABLE OF CONTENTS	vi
LIST OF FIGURES	ix
LIST OF TABLES	x
LIST OF ABBREVIATIONS AND NOTATIONS	xi
TERMINOLOGY	xii
APPENDICES	xiii
CHAPTER I INTRODUCTION	1
I.1 Research Background	1
I.2 Problem Identification.....	4
I.3 Research Objectives.....	4
I.4 Research Limitations	4
I.5 Benefits of Research	4
I.6 Writing Systematics	5
CHAPTER II LITERATURE REVIEW	7
II.1 Inventory	7
II.2.1 Purposes of Inventory	7
II.2.2 Inventory Types	7
II.2.3 Relevant Cost	8
II.3 ABC Classification	9
II.4 Inventory Policy.....	10
II.4.1 Probabilistic Inventory Policy.....	10
II.4.2 Periodic Review (R, S).....	11
II.4.3 Periodic Review (R, s, S).....	11
II.5 Sensitivity Analysis	14
II.6 Method Selection	14

CHAPTER III RESEARCH METHODOLOGY	16
III.1 Conceptual Model.....	16
III.2 Problem Solving Systematics.....	16
III.2.1 Initial and Identification Stage	17
III.2.2 Data Collecting and Processing Stage.....	19
III.2.3 Analysis and Conclusion Stage	19
CHAPTER IV DATA COLLECTING AND PROCESSING.....	20
IV.1 Company Profile	20
IV.2 Data Collecting	20
IV.2.1 Medicine Demand.....	20
IV.2.2 Bill of Materials	21
IV.2.3 Raw Material Demand	22
IV.2.4 Raw Material Price.....	23
IV.2.5 Lead Time	24
IV.2.6 Holding Cost	24
IV.2.7 Order Cost.....	25
IV.2.8 Shortage Cost.....	25
IV.3 Data Processing.....	26
IV.3.1 Distribution Test of Raw Material Demand.....	26
IV.3.2 Raw Material Classification using ABC Analysis.....	27
IV.3.3 Existing Inventory Policy.....	30
IV.3.4 Existing Total Inventory Cost Calculation.....	30
IV.3.5 Proposed Inventory Policy of Periodic Review (R, s, S)	32
IV.3.6 Proposed Inventory Policy of Periodic Review (R, S).....	35
IV.3.7 Proposed Total Inventory Cost Calculation	37
CHAPTER V ANALYSIS	41
V.1 Chosen Method Analysis	41
V.2 Raw Material Classification Analysis.....	41
V.3 Comparison of Existing and Proposal Stock.....	42
V.4 Comparison of Existing and Proposal Total Inventory Costs	43
V.4.1 Holding Cost Analysis	43
V.4.2 Order Cost Analysis	44
V.4.3 Shortage Cost Analysis	45
V.4.4 Total Inventory Cost Analysis	45

V.4	Sensitivity Analysis	46
V.4.1	Sensitivity of Demand.....	47
V.4.2	Sensitivity of Order Cost.....	47
V.4.3	Sensitivity of Holding Cost.....	48
V.4.4	Sensitivity of Shortage Cost.....	49
CHAPTER VI CONCLUSION AND SUGGESTION.....		50
VI.1	Conclusion	50
VI.2	Suggestion.....	50
VI.2.1	Company	50
VI.2.1	Further Researcher	51
REFERENCES.....		52