## **ABSTRACT**

PT. XYZ is a company engaged in the fulfillment of medication needs for employees of PT. EFG. PT. XYZ itself is a company providing medicines or pharmacies shaded by PT. EFG, which is a company that tackles electricity in Indonesia. In addressing the demand, PT. XYZ has an overstock of painkillers in its warehouse. This happens because ordering medicines to suppliers does not use policies, but only the intuition of a pharmacist.

PT. XYZ has 646 SKU painkillers with normal distributed demand patterns. The demand data is classified using ABC-VED analysis which will result in three categories namely Category I, Category II, and Category III. Classification results as Category I will be calculated using Continuous Review (s, S), then for Category II and Category III will be calculated by Hybrid System method. The calculation results using Continuous Review (s, S) and Hybrid System methods will be the result of the proposed inventory policy which will be calculated using sensitivity analysis to determine the effect of changes in variables related to the calculation of total inventory costs.

This research resulted in the classification of painkillers with 112 medicines classified as Category I, 339 medicines classified as Category II, and 195 medicines classified as Category III. Calculation using Continuous Review (s, S) method resulted in a total minimization of inventory costs up to 65% or Rp 44,804,512.41 of the total existing inventory costs. Hybrid System can minimize total inventory costs up to 18% or Rp 8,853,902.87 of total existing costs.

Keyword: Continuous Review (s, S), Hybrid System, medicines, overstock, inventory control.