CHAPTER 5
STORE MANAGEMENT

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INTRODUCTION

Proper coordination between stores, purchase and manufacturing departments is necessary for uninterrupted manufacturing. J.M. Apple states that both the storage and warehousing functions involve:

1. The determination of what items to store,
2. The quantity,
3. The amount of space required,
4. Control of the overall activity, and
5. A system for co-ordinating the operations and facilities.

The stores function is a vital part of the management of materials in cement factories as well as other organisations. According to Gopal Krishnan "The concept of store keeping is not a new one in India. In certain parts of the country, traditional surnames, such as Kothari, Bhandari, have been derived from the type of work such families have been dealing with, namely, stocking and controlling goods and merchandise."

The cement industry is labour intensive and labour cost is about 20 to 30 percent of the total production cost.

5.1 Stores Management

Definition and Importance

Stores play a vital role and the most important purpose served by the stores is to provide uninterrupted service to the manufacturing division.
According to B.Ananthakrishnan "store keeping is the function of receiving, storing and issuing of material ....it is concerned with the physical handling and wellbeing of the stocks"  

According to ICWAI "by storage is meant holding in custody of all kinds of stores and materials, including components, spare parts, accessories and semi-processed and fully processed products"  

5.2 Functions

Store-keeping function starts with clearing and forwarding operations to make the necessary arrangements for receiving, storing and issuing of inventories.

The functions and responsibilities of stores can be classified as follows:

(a) To receive, check and arrange all incoming materials and supplies.

(b) To keep inventories as low as possible but consistent with the market conditions.

(c) To meet the demands of consuming department by proper issues against authorised requisitions, and account for the consumption.

(d) To forecast market conditions of the supply and availability of various items.

(e) To minimise obsolescence, surplus and scrap through proper codification, preservation and handling.
(f) To highlight stock accumulation, discrepancies and abnormal consumption and to effect control measures.

(g) To ensure good store-keeping so that inventory handling, materials preservation, stocking, receipt and issue can be done adequately.

(h) To maintain accurate records.

(i) To assist in verification and provide supporting information for effective purchase action.

(j) To ensure that various documents and reports relating to storage functions are sent to required departments without delay.

(k) To receive components, tools, equipments and other items and account for them.

The storage function covers receiving, storage and issue of all types of materials in stores.

5.3 STORE ORGANISATION

Organising the stores is the most important function in business for the smooth running of production. Effective set-up of stores, its situation and layout of store-room, ability and number of store-keepers and security measures are the foundation on which the efficiency of inventory keeping depends. In the case of the companies studied, it was found that the organisational structure of stores has been devised to define clearly the operating tasks and to delineate responsibilities associated with each task.
In G.S.C. it was observed that in most of the store-rooms, the space for keeping inventory items was not sufficient. It was inconvenient in this case to handle materials in the already packed store-room. It is therefore, suggested that more spacious rooms with necessary facilities for stocking and handling the inventories should be provided.

In S.D.C., individual jobs of store-keepers are not specialised so that they are not monotonous and boring. But for the control purpose, there is a demarcation of responsibilities and duties of each store-keeper. The day-to-day supervision and intensive guidance on the job is provided by stores supervisors.

In a store-room, store-keeper acts as a trustee of inventory items kept under him and, therefore he should be highly reliable and of good character, efficient and intelligent. His job is full of responsibilities since he is answerable for all kinds of delays, damage, spoilage, thefts, etc. But the position of such a responsible person is not satisfactory in most of the cement plants under study. But even then their advice to the management with regard to physical verification, inspection, replenishment, obsolescence, disposal of inventory items etc. is considered. It is suggested that facilities for training of store-keepers from time to time should be provided.

The store items in the cement plants under study, included materials like coal, clay, limestone, oil drums, grinding media, tools, etc., and these were all stored in stock yard mostly under
tin sheds to provide protection against climatic and other effects.

Although the system of codification and kardex for store items is practised in all the cement plants in the state, it is not satisfactory in most of the cases. No further classification or coding was used to differentiate the items used by different machines or departments. Therefore, it is suggested that systematic methods of codification should be evolved to facilitate the process of issue and inventory control.

The security measures are quite adequate in the plants which are under study, still it would be better if the staff working in stores as well as in plants are trained in fire fighting techniques also.

5.4 SPARE PARTS MANAGEMENT

The major problem with spare parts is the uncertainty with regard to demand and this problem is not only in India but all the developing countries have been facing it. In spares inventory there are two types of cost involved:

(i) Cost of stock out (break down)
(ii) Cost of maintaining the part where there is no stockout.

Every management should calculate the requirements of spare parts, the probability of shortage, extent of intensity of demand, the average lead time and the number of spares to be held and stored.
We are facing many problems in maintaining the spares—stocking and there may be difficulties relating to the plant location, nature of the spare parts, nature of machines and plants and reliability of spare parts.

There are three types of spare parts called M.R.O and it is important that all these three types should be available in the plant when needed.

A) Maintenance Spares

The spare parts should be always readily available and should be replaced frequently. Spares are generally divided into two categories:

1) Fast Moving: In this case, there is a definite pattern of consumption and they are required during routine maintenance such as oil, grease, etc.

2) Slow Moving: These are required usually during break-down maintenance or a major overhaul. The frequency of usage of these items is usually most uncertain.

B) Required Spares

This type of spares is called emergency or capital spares. These are functional parts of the machine. Their life is very nearly the same but often a little less than the operating life of the whole machine.
C) Rotable Parts:

This name came from the air force. The part is removed from the aircraft after a specified number of hours of use or on its failure. It is sent for repair or for being overhauled, then certified and again brought back into stock. In cement factories, the establishments of the rock roller bits are reconditioned after that their useful life is completed.

Approaches to Spares Stocking

ABC analysis is the most important technique to be applied in spares management. Normally we see that bulk of capital is locked up in item A. Concerted efforts will be required to reduce this inventory. The items can be subjected to further classification in terms of VED (Vital, Essential and Desirable), FSN (Fast Moving, Slow Moving and Non-Moving), SDE (Scarce, Difficult and Easy to Obtain) and GOLF (Government, Open, Local and Foreign sources).

Monitoring the stock level of spare parts constantly is desirable, because to have 100 per cent guarantee against stock out would be a very costly process.

5.5 Stocking Management

At the end of the receipt and inspection stage stocking follows. According to Gopalkrishnan "This is the most under-rated function in stores management". Unscientific and improper stocking causes losses to the company as well as to the nation. "BSTD has estimated an annual loss of around 400 crores of industrial
registered with it". Stocking is very important for easy location, proper identification and speedy issue to the user department.

5.5.1 Spares Management in practice

The S.D.C. has established a proper system for spares management and a disposal system for obsolete and unserviceable spares and components.

The S.A.C. has a very effective and scientific system of spares management. The planning and purchasing of spare parts and components is based on past experience, and there is a perpetual verification system based on standardisation and variety reduction.

In the S.S.C. umpteenth of tools and spare parts have been lying surplus with the stores due to wrong forecasting and improper disposal of obsolete and unserviceable spares.
REFERENCES


