

ABC Inventory Classification & Criteria

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Inventory stratification is grounded in Pareto's law, which, according to the APICS Dictionary, states that a small percentage of a group of items represents the greatest impact or value. In the philosophy, ABC classification is used to create three distinct groups of SKUs, labeled A, B and C.





ABC Classification - Areas of Application

Inventory Classification

Inventory Valuation

Inventory Auditing

Inventory Replenishment

Order Fulfilment

Warehouse Zoning





ABC Classification - Areas of Application

Inventory Handling - MHEs

Inventory Movement

Supplier Classification

Customer Classification

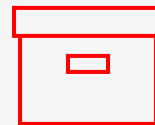




Where Do You Find ABC Classification?

Enterprise Inventory Policy

A compendium of all matters pertaining to inventory.



blog.fhysics.net/webinar





Are We Stuck with One Criterion?

Annual Dollar Volume

1987, Flores and Whybark

First propounded the idea of Multi-Criteria ABC Analysis





Why One Criterion?

Simple to Calculate

Lack of Computing Power

Less Complex Supply Chain





What We Are Loosing With ABC Analysis?

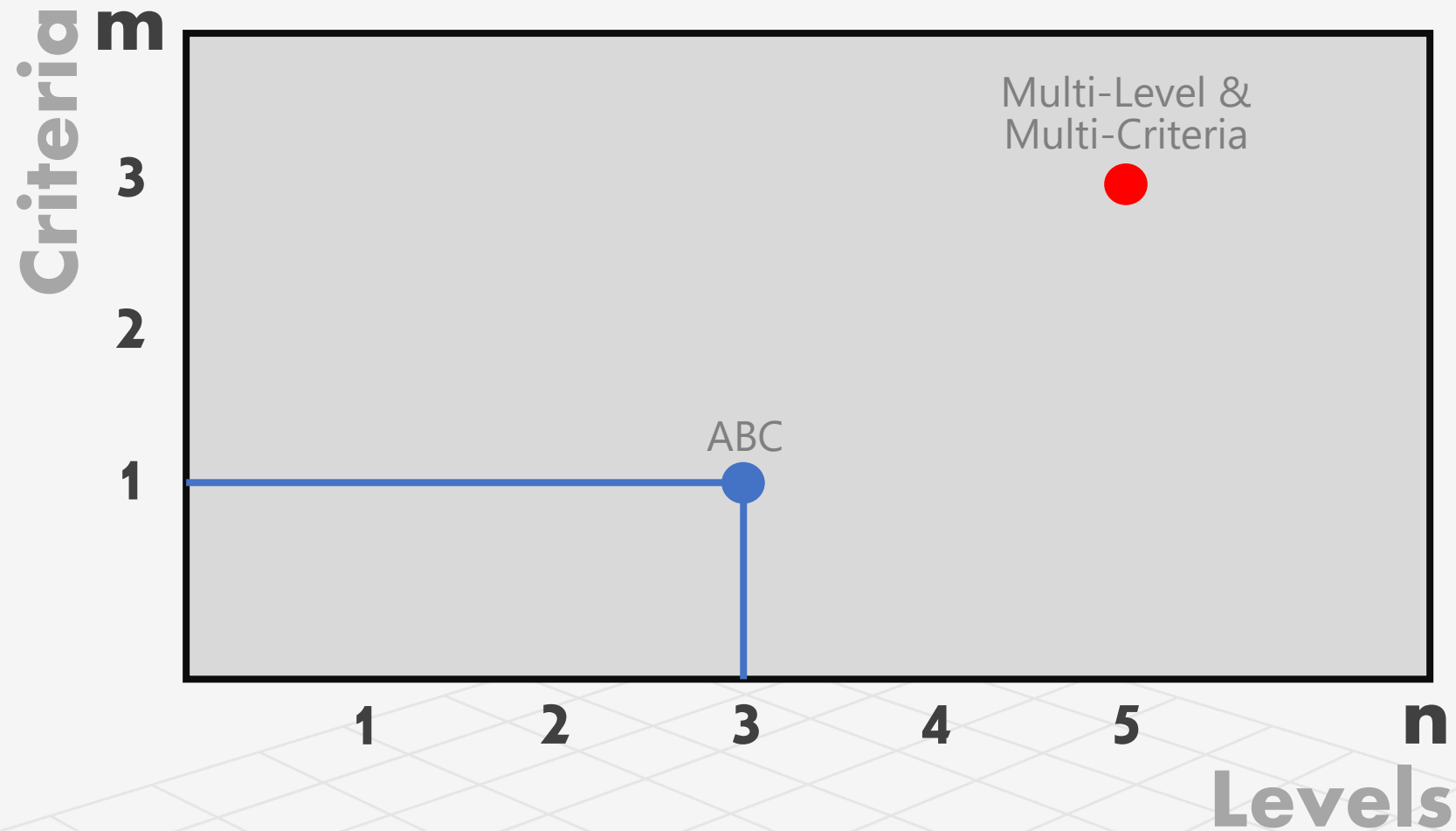
One Size Doesn't Fit All

Lack of Inventory Optimization





Multi-Level & Multi-Criteria Inventory Analysis





List of Possible Criteria

Lead Time

Item Criticality

Durability

Scarcity

Reparability

Stockability





List of Possible Criteria ...

Commonality

Substitutability

The Number of Suppliers

Mode and Cost of Transportation

The Likelihood of Obsolescence or Spoilage

Batch Quantities Imposed by Suppliers etc.





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