

2.3: Types of Inventory

Identifying Types of Inventory

Organizations typically manage several types of inventory, including:

1. **Raw materials or purchased parts:** These are the basic components or materials required for production or assembly processes.
2. **Work in process (WIP) or work in progress:** These are semi-finished or partially completed items found in the middle of assembly lines and manufacturing facilities.
3. **Finished goods or merchandise:** These are the final products ready for sale and distribution to customers, commonly found in retail stores and warehouses.
4. **Spare parts, tools, and supplies:** These are additional inventory items required for maintenance, repair, and operational purposes within the organization.

Understanding and effectively managing these different types of inventory is crucial for organizations to ensure smooth operations, meet customer demand, and maintain optimal inventory levels. The inventory management models discussed in this chapter will provide insights and techniques to help organizations make informed decisions regarding order quantities and timing, ultimately leading to improved customer service and cost efficiency.

Source

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