

VI. WAREHOUSE OPERATION

1. Definition

Warehousing is a space providing function for the custody of materials that are not in use.

It is a materials management responsibility to create value in time and place for the materials that are carried in storage to justify their continued existence in stock.

2. Facilities

Stores section should have proper physical facilities and equipment as to allow for good housekeeping and preservation of materials and prevent loss through waste, pilferage, confusion and deterioration.

3. Controls

1. Systematic classification of stocks.
2. Adequate facilities for close supervision.
3. Accurate record keeping.
4. Periodic stock checking.
5. Continuous analysis of inactive items to determine their disposition and avoid accumulation of dead stocks.
6. Efficient stock locator system.
7. Sensible security system.
8. Effective materials preservation practices.
9. General good housekeeping.

VII. MATERIALS HANDLING

Materials handling is the application of the principle of minimum handling of materials at the least cost as being the best policy.

Handling adds no value to materials but on the contrary, increases their cost.

VIII. INVENTORY ADMINISTRATION

Materials department should exercise advisory responsibility, if not direct responsibility, over user department in respect of:

- a. Standards for conservation and preservation.
- b. Reporting procedures for retirement from service or scrapping.
- c. Inventory control measures.
- d. Details for performance records of equipment.

Such control is essential bearing in mind that it is Materials Department's responsibility to enforce guarantees and process claims in cases of failures of equipment or materials in service.

IX. SURPLUS MANAGEMENT

Profitable disposal does not necessarily mean resale of surplus or scrap materials at a profit. It means handling and disposal of these materials should not continue contributing to costs.

Classes

- a. Excess Stock - Good materials normally used in operations but in excess of established maximum quantities.
- b. Dead Stock - Good materials of which there is no further use in the company.
- c. Scrap - Deteriorated materials of no further use -- junk.

Principal Modes of Disposal

- a. Retention for future use.
- b. Transfer to other user points.
- c. Downgrade for use in lesser specifications.
- d. Sale.
- e. Donation.
- f. Destruction.