

Factors Affecting Inventory Levels: 1. Inventory Control Techniques: Depending on the business type, inventory control techniques include: – Just-in-Time (JIT) systems – Economic Order Quantity (EOQ) models – ABC analysis for inventory categorization. Adapting to Changing Market Conditions: Anticipating market sentiment changes and stocking materials to mitigate non-availability or price spikes is essential for organizational agility. Nature of Business: Inventory levels vary based on whether the business is retail, wholesale, manufacturing, or trading. Management Attitude: Top management's philosophy influences inventory policies, whether supporting zero inventory or maintaining high levels. Understocking: Resulting in missed deliveries, lost sales, dissatisfied customers, and production bottlenecks, impacting profits. To Prevent Loss of Orders (Sales): Meeting delivery schedules at a 100% service level is crucial in a competitive environment to avoid missing schedules and potential sales loss, necessitating inventory maintenance. Other Reasons for Stocking Materials: Organizations may need to stock materials due to supplier conditions, seasonal availability, or sudden price fluctuations.