



Australian Government

Department of Education, Employment and Workplace Relations

SIRXINV003A Plan inventory levels

Revision Number: 2

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Modification History

The version details of this endorsed unit are in the table below. The latest information is at the top.

Release	Comments
Second Release	Editorial updates

Unit Descriptor

This unit describes the performance outcomes, skills and knowledge required to plan and control inventory levels for a business.

Application of the Unit

This unit applies to team members who plan and implement inventory control systems to meet current and forecasted operational and customer demand, and monitor inventory control systems for improvement.

Licensing/Regulatory Information

No licensing, legislative, regulatory or certification requirements apply to this unit at the time of endorsement.

Pre-Requisites

Nil

Employability Skills Information

This unit contains employability skills.

Elements and Performance Criteria Pre-Content

Elements and Performance Criteria

Element	Performance Criteria
Elements describe the essential outcomes of a unit of competency.	Performance criteria describe the performance needed to demonstrate achievement of the element. Where bold italicised text is used, further information is detailed in the required skills and knowledge section and the range statement. Assessment of performance is to be consistent with the evidence guide.
1. Forecast inventory demands.	<p>1.1. Identify links between <i>enterprise planning</i>, sales <i>forecasts</i> and stock levels.</p> <p>1.2. Determine means to forecast <i>demands on inventory</i>.</p> <p>1.3. Establish importance of monitoring market trends and technology changes as part of managing inventory demands.</p> <p>1.4. Anticipate impact of <i>special events</i> on future inventory demands.</p>
2. Implement inventory control systems.	<p>2.1. Identify and describe the role of <i>inventory control systems</i> in inventory management.</p> <p>2.2. Establish operational <i>performance standards or benchmarks</i> to measure and control inventory levels.</p> <p>2.3. Manage scheduling to assist <i>logistics</i> planning and control inventory levels.</p> <p>2.4. Establish and manage relationship between distribution systems and inventory control.</p> <p>2.5. Compare and contrast different approaches to the management and control of inventory levels to achieve specific operational outcomes.</p> <p>2.6. Adopt operations management approaches to achieve wholesale business and inventory plans, including the use of material resource planning, manufacturing requirements planning and just in time.</p> <p>2.7. Devise maintenance plans or processes for <i>inventory equipment, tools and facilities</i>.</p> <p>2.8. Establish <i>purchasing systems</i>.</p> <p>2.9. Ensure <i>inventory supply arrangements</i> meets demand.</p>
3. Monitor and improve inventory plans.	<p>3.1. Determine relationship between inventory control systems and competitive advantage for the business.</p> <p>3.2. Regularly review existing ordering and inventory control tools and procedures.</p> <p>3.3. Improve industrial standards or performance benchmarks for inventory control systems.</p> <p>3.4. Review and improve stock control and monitoring systems.</p>

3.5. Identify strategies to improve inventory control systems and report to *relevant personnel*.

Required Skills and Knowledge

This section describes the essential skills and knowledge and their level, required for this unit.

Required skills

- interpersonal skills to:
 - report strategies to improve inventory control systems to relevant personnel through clear and direct communication
 - use language and concepts appropriate to cultural differences
 - use and interpret non-verbal communication
- evaluation and analytical skills to:
 - project market trends
 - plan inventory levels
 - project demands on inventory
 - evaluate inventory control systems
- literacy skills to:
 - generate reports
 - maintain inventory recording systems
- numeracy skills to assess, analyse and record inventory figures
- planning and management skills to implement inventory control procedures

Required knowledge

- inventory and operations management approaches including:
 - inventory control
 - systems and equipment for inventory recording and control
 - relationships between inventory and distribution
 - relationships between marketing and inventory management
 - forecasting as it affects inventory
 - special events affecting specific business operations or planning cycles
 - legal, administrative and business supply requirements
 - industrial or performance standards systems used to measure and monitor inventory levels and performance
- business policy and procedures in regard to:
 - inventory control and distribution systems
 - Work Health and Safety (WHS)

Evidence Guide

The evidence guide provides advice on assessment and must be read in conjunction with the performance criteria, required skills and knowledge, the range statement and the Assessment Guidelines for this Training Package.

Critical aspects for assessment and evidence required to demonstrate competency in this unit

Evidence of the following is essential:

- maintenance of accurate and appropriate inventory levels
- accurate forecasts of inventory demand
- plans for inventory required to meet special events or contingencies
- implementation of appropriate operations, inventory control and monitoring approaches
- ongoing review and improvement of inventory plans.

Context of and specific resources for assessment

Assessment must ensure access to:

- a real or simulated work environment
- relevant documentation, such as:
 - policy and procedures on inventory planning and control
 - industry codes of practice
 - WHS legislation and codes of practice
- access to:
 - a stock control system
 - stock control equipment
 - merchandise and supplier data.

Methods of assessment

A range of assessment methods should be used to assess practical skills and knowledge. The following examples are appropriate for this unit:

- observation of performance in the workplace
- third-party reports from a supervisor
- written or verbal questioning to assess knowledge and understanding
- review of portfolios of evidence and third-party workplace reports of on-the-job performance.

Guidance information for assessment

Holistic assessment with other units relevant to the industry sector, workplace and job role is recommended.

Range Statement

The range statement relates to the unit of competency as a whole. It allows for different work environments and situations that may affect performance. ***Bold italicised*** wording in the performance criteria is detailed below.

Enterprise planning may include:

- sales
- marketing
- strategic
- business
- purchasing and procurement
- disposal
- human resources
- public relations
- contingency
- risk management
- environmental.

Forecasts may be based on:

- database or internet searches
- modelling
- telephone
- fax
- mail
- formal discussions
- formal and informal correspondence.

Demands on inventory may vary according to:

- customer demand
- seasonal cycles
- selling approaches
- environmental factors
- quality demands
- advances in technology.

Special events may include:

- sales and discounting
- holiday periods
- product launches
- supplier and enterprise promotions.

Inventory control systems may include:

- manual or electronic inventory tracking systems
- stocktaking
- monitoring stock levels
- cyclical counts
- minimisation of out-of-date stock
- quality control.

Performance standards or benchmarks may include:

- Australian standards
- international standards
- professional standards

- industry standards
 - performance indicators
 - quality measures and criteria
 - planning milestones and timeframes
 - design brief
 - manufacturer and supplier standards.
- Logistics*** may include:
- phases or stages of the supply and distribution chain
 - timeframes
 - milestones
 - payment schedule
 - targets
 - outputs
 - infrastructural resources
 - levels of service.
- Inventory equipment, tools and facilities*** may include:
- electronic bar coding equipment
 - weighing machines
 - thermometers
 - climate control
 - cold storage units
 - storage fixtures
 - trolley return equipment
 - portable data entry
 - cutting equipment
 - protective clothing.
- Purchasing systems*** may include:
- requisitions
 - tenders
 - competitive bids
 - production schedules
 - electronic data interchange (EDI)
 - just in time
 - ordering
 - bills of materials
 - stock and supply agreements.
- Inventory supply arrangements*** may include:
- delivery of products
 - provision of services
 - maintenance and support agreements
 - leasing agreements and consultancies
 - research and development.
- Relevant personnel*** may include:
- employees
 - supervisors
 - human resources personnel

- team and area manager.

Unit Sector(s)

Cross-Sector

Competency field

Inventory