

ABSTRACT

The purpose of this research is to improve inventory cost and turnover of a wooden furniture manufacturer by applying manufacturing postponement strategy. Manufacturing postponement is one of the postponement techniques, which allows the firms to postpone the final manufacturing process until customer demands are realized.

The data, such as current production process and lead times, historical sales data, customer behaviors, and delivery lead time, are collected and analyzed in order to develop a new production process. In order to point out the results of the new production process, Excel worksheets are created to control overall inventory transactions and movements.

After completing the worksheets, the results of existing and new production processes when applying postponement strategy are compared, in order to indicate the improvements. The results of postponement application were satisfactory. The average inventory costs of two studied product categories could be reduced by 30.27% and 21.28% respectively, and the average inventory turnovers could be improved by 43.41% and 27.03% respectively.