

ABSTRACT

The purposes of this study are to enhance knowledge and understanding of available supply chain strategies and discover the most appropriate strategy that can minimize inventory days and cost in a fast moving consumer goods company. The fierce competition in the industry generates the need for effective and efficient management in all supply chain aspects, including inventory target and cost. In 2011, an analysis revealed that inventory days at the Japan market distribution center were off target. The study proved that push replenishment based on full speculation strategy is the root cause of the inventory problem. Logistics postponement was selected as a solution for the ABC Company supply chain. It proposes inventory storage relocation and replenishment based on logistics postponement. By restructuring the ABC supply chain, the central warehouse in Thailand is utilized as the inventory storage location, and replenishment is based on aligned inventory days. The inventory days for the Japan market reduced to 940 days with cost savings of 2.4 million USD. Furthermore, the logistics costs for the new supply chain structure have no negative impact on the total supply chain cost.

As a result, the researcher proposed that the ABC Company planning department should adopt logistics postponement to improve its replenishment and inventory storage execution, to improve inventory days at the Japan distribution center, and to achieve cost saving for the ABC Company supply chain.