ABSTRACT

This project study is concerned with the inventory management for the Auto Parts Shop which sells the BMW automotive parts. The inventory management is one of the critical factors that people in every organization should consider. The ABC Method of Inventory Classification can be applied to this study.

A study is conducted by gathering all possible existing theories, interviewing the shop owner about the automotive parts, and classifying the automotive parts into groups according to the Activity Based Costing (ABC) Method of Inventory Classification.

Since there are hundreds of BMW automotive parts, we can classify the BMW automotive parts according to the model. There are 4 models of BMW cars: E 28, E 30, E 34, and E 36. As for the category models, they are classified by their importance with the ABC analysis technique. In this study, E 30 model is selected to emphasize on because this model is the best seller. However, the method for classifying the ABC classification can be used for any other models because of the same methodology. There are 4 automotive parts in class A, 38 automotive parts in class B, and 53 automotive parts in class C. Moreover, there are 4 automotive parts that should be stocked in class A. For Class B, there are 15 automotive parts that should be stocked, and 23 automotive parts that should not be stocked and there are 4 automotive parts that should be stocked and 49 automotive parts that should not be stocked in class C.

This study can be further applied to any other automotive parts models and other automotive parts shop because of having the same methodology of calculation and most of automotive parts shops use the manual system in doing the inventory management. Therefore, this study can be used as a guideline to any other models and other automotive parts shops.