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Topic 1 | What you need to know about replenishing stock

Stock control is about the management of goods kept in a warehouse.

Stock control includes keeping accurate and reliable records of stock received and issued, stocktaking (checking stocks on a regular basis), and carrying out an inventory of stock at regular intervals to check the condition and location of goods and equipment in use and in stock.

Warehouse staff must ensure that stock is refilled and available to meet customer demands. Tasks may also include interpreting customer orders, price-checking items, taking receipt of stock, checking delivery items and preparing stock level reports.

To perform your role effectively, you need to know about the different rules and requirements that apply to replenishing stock, and how to carry out your work activities in a safe and efficient manner. You also need to know about the functions of inventory control equipment and systems, and how to operate these correctly.

**In this topic
you will learn
about:**

1A Workplace rules for replenishing stock

1B Inventory control systems and equipment



Activity 1

Question 1

Which of the following sentences is correct? Tick all that apply.

- ☐ Inventory must be closely monitored so the quantity of dangerous goods and hazardous substances does not exceed regulations.
- ☐ Inventory systems must ensure food products are not over-ordered, resulting in overstocking of perishable goods.
- ☐ Inventory systems have no impact on housekeeping standards and procedures.
- ☐ Inventory of perishable goods needs to be monitored to ensure stock levels align with outgoing orders so that stock does not exceed its use-by date.

Question 2

List one workplace procedure that could be used to replenish stock levels.

Question 3

Circle the correct answer.

Warehouse operators must provide practical tools to help identify hazards associated with replenishing stock, and develop appropriate risk controls.

* True

* False

Question 4

Provide one example of an inventory report and describe its purpose.

Fixed period ordering

This method orders stock at regular intervals.
It is used when regular stock is required but the quantity of stock changes.

First in, first out (FIFO)

Under FIFO, goods that have been kept in storage the longest are despatched first.
It is used in when stock is perishable or has a use-by date.

Inventory records and documentation

A database approach to inventory records simplifies stock information.

A database management system (DBMS) captures information that can be used to create, locate,

update and manage data. In a warehouse, the inventory database is an area where detailed information about the goods is stored.

Here are some reasons why a DBMS is used.

A manager can obtain inventory overview documentation.



Inventory can be tracked according to site location, serial number lot, date or pallet.





Read the following workplace example to see how the concepts you have learned are applied in a real-life situation.

Workplace example for Topic 1

Connor works for Manufacturing Warehouse Supplies, a large goods distributor. The warehouse has a computerised inventory system, carefully selected to meet the company's current and future requirements. A database management system was decided on to store information about the goods.

Manufacturing Warehouse Supplies has a great new product on the shelves, and it is selling fast. Every customer purchase means more profit for the business, but also brings inventory levels lower. Connor must reorder the new product before it goes out of stock, but if he orders too early he will need to spend more time storing excess items. If he orders too late, he will disappoint customers, who may go to competitors instead.

Connor uses the inventory system to produce a stock report, which identifies the current stock level and cost value of the new product. He then uses the reorder point calculator to work out exactly when it is time to place an order.



Summary of Topic 1

1. Warehouse staff must ensure that stock is refilled and available to meet customer demands.
2. An essential part of any logistics system is an accurate inventory system with inventory control equipment, software and systems that suit organisational requirements.
3. Inventory systems assist in maintaining housekeeping standards and procedures by monitoring inventory levels, creating work orders and tracking deliveries.
4. Policies for monitoring stock levels include a procedure requiring a reorder point to be set, which triggers goods to be ordered once stock levels fall below a certain amount.
5. Reordering policies and procedures are influenced by the volume of goods moved through the warehouse, the storage areas available and the shelf life of products.
6. Depending on the types of goods handled in the warehouse, discrepancies and variances in stock levels may require urgent action.
7. The size of the warehouse, type of stock it holds and type of customers it has will influence the stock control equipment, software and inventory systems used.
8. The function of inventory systems is to keep track of goods and predict the demand for them.
9. Site operational inventory systems use machine-readable bar codes to check the details of goods, assign storage locations, track outgoing goods and monitor delivery status.
10. A database management system (DBMS) captures information that can be used to create, locate, update and manage data. In a warehouse, the inventory database is used to store detailed information about goods.



Topic 2 | What you need to do to replenish stock

Inventory planning and stock replenishment processes establish the optimal stock levels that must be maintained to meet expected customer demands.

In this topic you will learn how to:

2A Apply workplace rules for replenishing stock

2B Rotate stock

2C Replenish stock

Each workplace has systems, procedures and processes in place for replenishing, adjusting, and rotating stock. Guidelines help you to check and monitor stock levels against appropriate documentation and update your inventory control system.

Apply safe work practices

Every worker has a role to play in making the workplace as healthy and safe as possible.

Safe work procedures document the risks associated with a work task and list the appropriate risk control measures in a sequence of steps for doing the task safely. Correctly following workplace instructions and procedures assists you to identify potential hazards and assess risks so that appropriate action can be taken.

Workplaces provide training on how to read, interpret and follow workplace instructions and procedures.

You can effectively follow workplace procedures by:

- identifying instructions relevant to your job role
- following work instructions when undertaking tasks
- seeking advice from relevant personnel to clarify work instructions when appropriate
- recording and reporting workplace incidents according to workplace procedures.

Complete reports

Warehouse staff may need to complete reports as part of workplace procedures.

The types of goods handled, the purpose of the warehouse and the type of activities undertaken determine reporting requirements.



Examples of reports

Loss/damage report



Used to compile a loss claim register showing inventory loss or damage.

Notification of dangerous goods storage and handling



If dangerous goods exceed the legal limit, this must be reported to the appropriate state or territory authority within 14 days.

Severe health hazard



These hazards include aspiratory or respiratory hazards (from breathing in), and hazards that are carcinogens (causing cancer) or mutagens (causing mutations).

Health hazards may be a virus or a toxin that can cause illness or death.

Safety measures to take include:

- following special instructions before use
- using correct PPE
- following decontamination procedures
- using a hand-washing procedure
- keeping the area secure
- avoiding breathing in dust, fumes, gases, mist, vapours and spray
- having adequate airflow in the work area.

Gases under pressure



Substances with this symbol may explode if they are heated.

Safety measures to take include:

- using correct PPE
- keeping the substance away from heat, sparks and open flames
- protecting the substance from sunlight
- storing the substance in a well-ventilated area
- keeping the container tightly closed
- using non-sparking tools.

Health hazards



Substances with this symbol may cause an allergic skin reaction.

- Safety measures to take include:
- using correct PPE
- avoiding breathing in dust, fumes, gases, mist, vapours and spray
- leaving contaminated work clothing in the workplace.

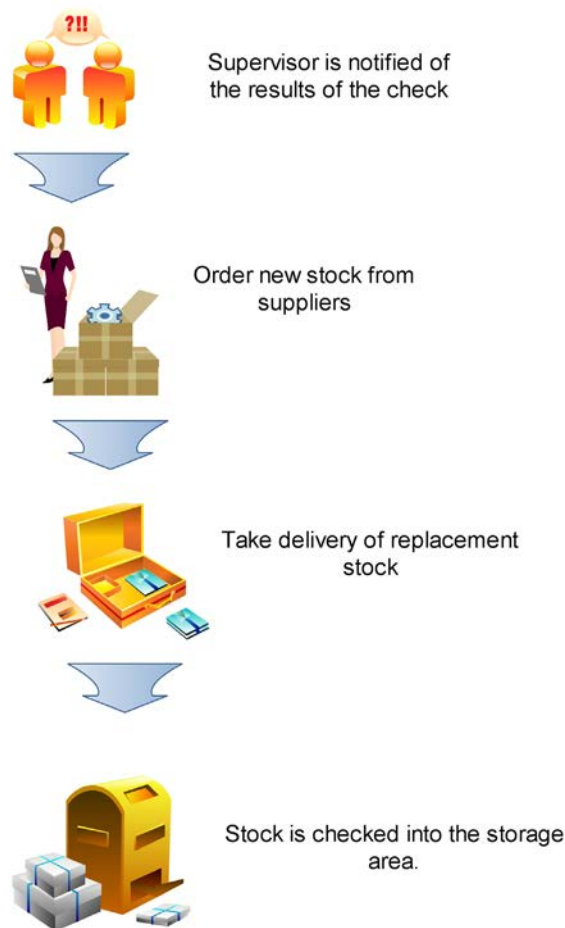
Source: www.unece.org/trans/danger/publi/ghs/pictograms.html

Follow stock replenishment processes

Once stock has been physically checked, the next step is to replenish the stock that has been used, sold or damaged.

It is important that you comply with workplace policies and procedures. If you are unsure of what is expected of you or how to carry out your work activities, speak to your supervisor.

Here is a simple process for replenishing stock.



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Manage risk situations

Staff working with products and stock need to work together to ensure all parts of the inventory system work effectively.

Risk situations occur when stock is over-ordered, under-ordered or stored incorrectly, or when staff do not understand procedures and instructions for managing inventory. When this occurs, contingency plans and modifications to routine operations need to be made.

Modifications may include:

- ordering stock ahead of the order cycle
- cancelling scheduled deliveries
- increasing or decreasing current orders.

Reporting procedures need to be followed. These outline:

- who needs to receive the report
- what adjustments were made
- why the adjustments were needed
- what actions were taken to minimise the need for future adjustments and modifications.

If a modification is needed due to a fault or malfunction of equipment, it must be reported immediately.



Examples of managing risk situations



Situation

Perishable goods have arrived ahead of schedule. John, who works in the receiving area, is busy with his task of clearing the temporary storage area of hazardous goods. Because the goods have arrived ahead of schedule, John does not immediately notify Terry, the inventory manager.

Risk

Perishable goods sitting in a non-temperature-controlled environment for a long period of time.

Management

Terry uses clear communication methods to make sure John understands his task priorities.

Terry gives John instructions about how and when to notify him if stock arrives ahead of schedule.

Terry clarifies John's misunderstanding about prioritising the task of moving hazardous goods from storage and tells him they can be held there for five days.