



Methods of Inventory Management Assessment Answer Key

Name: _____ Date: _____

1. List the two classifications of inventory control systems.

push systems and pull systems

2. Which of the following is an advantage of a “push” system?

- A. Increased cost
- B. Increased inventory
- C. *Economics of scale*
- D. Increased safety stock

3. Which of the following is an advantage of a “pull” system?

- A. Maximum inventory
- B. Workers can order anything they want
- C. Lack of visibility between field warehouses
- D. *Better understanding of customers’ needs*

4. What is the purpose of Material Requirement Planning (MRP)?

Material Requirement Planning is a system that supports manufacturing organizations by controlling the release of production and purchase orders.

5. MRP is a (push/pull) system.

6. Explain the Just-in-Time (JIT) philosophy.

Just-in-Time is an inventory control philosophy which views production as a system in which all operations, including the delivery of materials needed for production, occur just at the time they are needed.



7. List four goals of JIT.
 - A. Reduce setup costs
 - B. Eliminate lead-times
 - C. Minimize safety stock
 - D. Strong QC program
 - E. Ensure high quality from customers
 - F. Optimize material flow
 - G. *Ensure JIT deliveries from suppliers*
8. Which one of the following refers to reordering systems?
 - A. One-bin or Two-bin
 - B. MRP & WIP
 - C. Safety Stock or Raw Material
 - D. *Fixed-time & Fixed-quantity*
9. List three advantages of the Kanban process.
 - A. It delegates responsibility to the line workers.
 - B. It is low-cost and easy to maintain.
 - C. It minimizes waste.
 - D. It avoids overproduction.
 - E. It provides a quick response to changes.
 - F. *It is a simple and understandable process.*
10. What are the two key factors that Kanban addresses?

Industrial re-engineering

Human factors of production.