INVENTORY MANAGEMENT:
A TOOL OF OPTIMIZING RESOURCES IN A MANUFACTURING INDUSTRY
A CASE OF THE EAST AFRICAN BREWERIES LIMITED, NAIROBI KENYA.

EGESA ERICK
L126/31231/2012

THIS IS A RESEARCH PROJECT SUBMITTED FOR PARTIAL FULFILMENT OF
THE AWARD OF DIPLOMA IN PURCHASING AND SUPPLIES OF THE
UNIVERSITY OF NAIROBI.

MAY 2014
DECLARATION

I, undersigned, declare that this is my original work achieved through personal reading, research and critical reflection. It has never been submitted to any University or Institution of Learning for academic award.

EGESA ERICK

Date signature

This work has been presented for examination with my approval as a University supervisor.

MR. PAUL NJENGA

Date signature
ABSTRACT

Inventory constitutes the most significant part of current assets of larger majority of Kenyan manufacturing industries. Because of the relative largeness of inventories maintained by most firms, a considerable sum of an organization’s fund is being committed to them. It thus becomes absolutely imperative to manage inventories efficiently so as to avoid the costs of changing production rates, overtime, sub-contracting, unnecessary cost of sales and back order penalties during periods of peak demand. The main objective of this study is to determine whether or not inventories in the East African Breweries Limited can be evaluated and understood using the various existing tools of optimization in inventory management. The study methods employed include the variance analysis, Economic Order Quantity (EOQ) Model and the Chi-square method. The answer to the fundamental question of how best an organization which handles inventory can be efficiently run is provided for in the analysis and findings of the study. Consequently, recommendations on the right quantity, quality and timing of material, at the most favorable price conclude the research study.