# Stock Control, Quality Control and Quality Assurance

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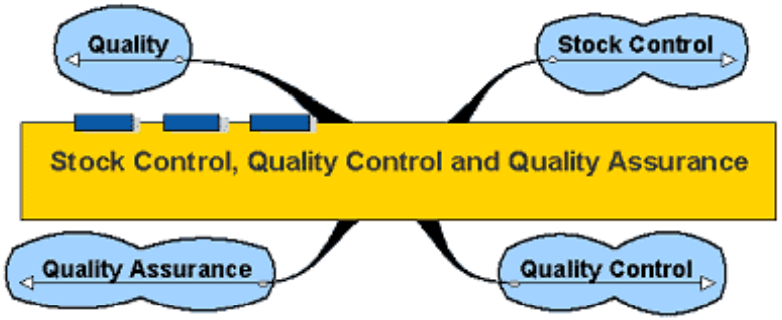
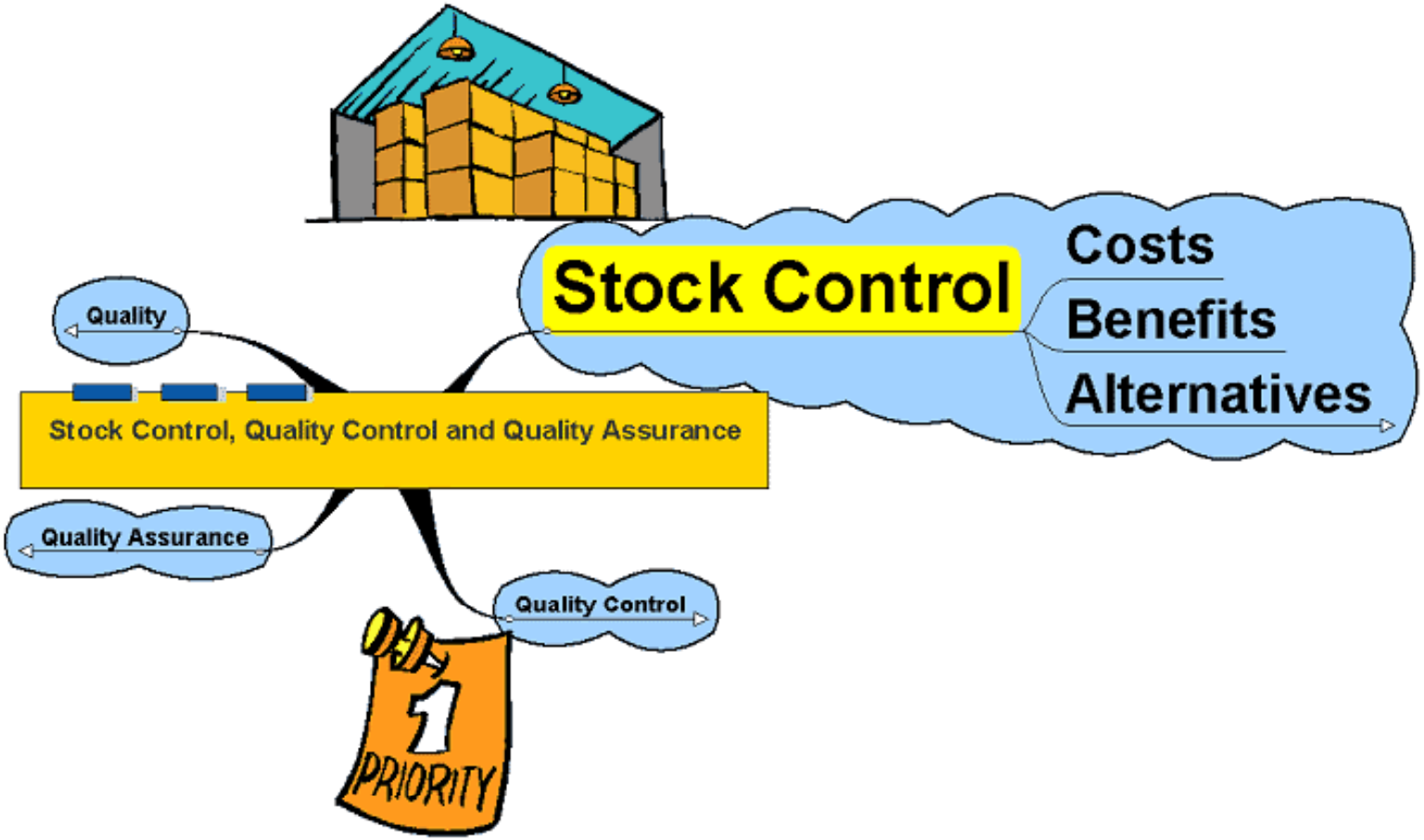



# Stock Control



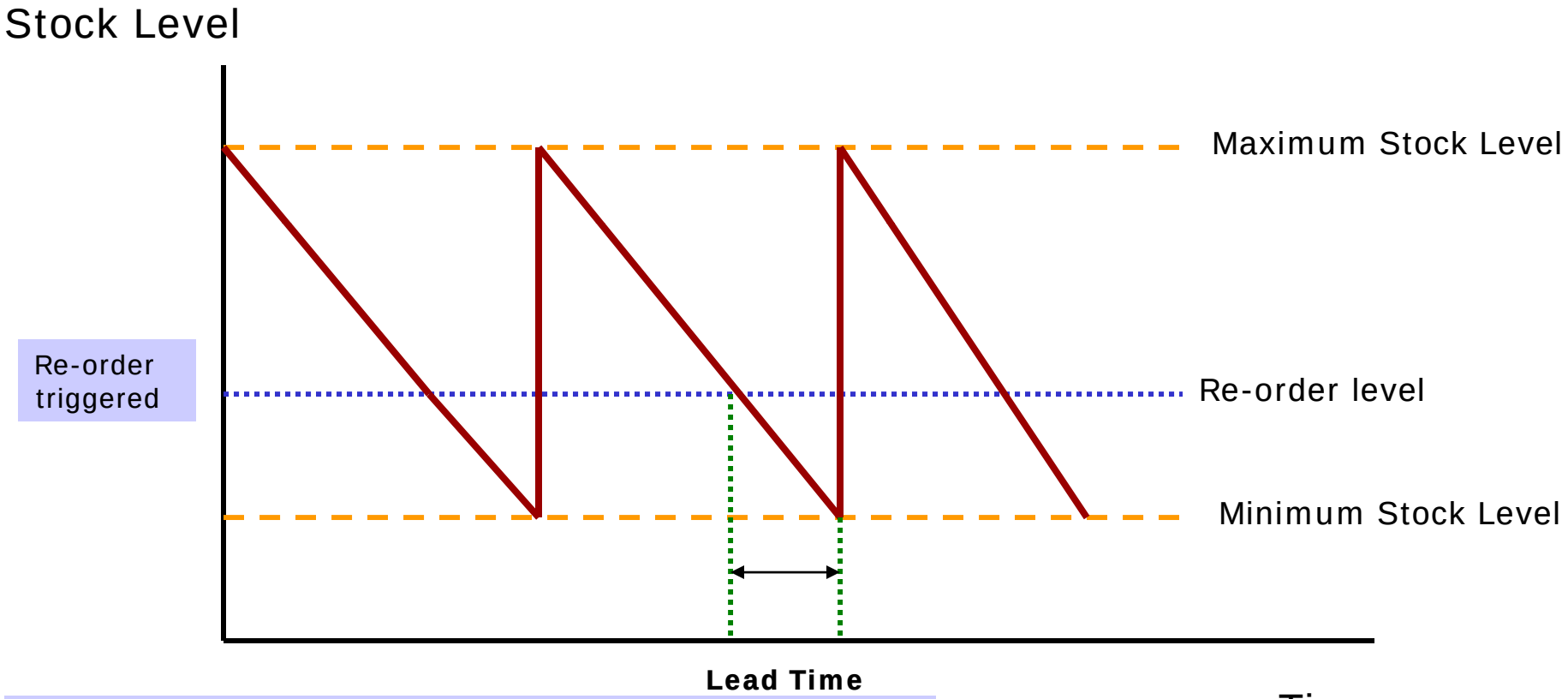
# Stock Control

- **Costs:**
  - Storage costs – warehousing, etc.
  - Depreciation costs – wear and tear, perishability, shelf-life, etc.
  - Opportunity cost – zero revenue earned on stocks sitting around!
  - Administration costs – monitoring stock levels, ordering and processing, etc.

# Stock Control

- **Benefits:**
  - Availability of stocks to meet customer needs
  - Buffer stocks help to cope with unplanned changes in demand
  - Smoothes out the volatility of lead times

# Stock Control



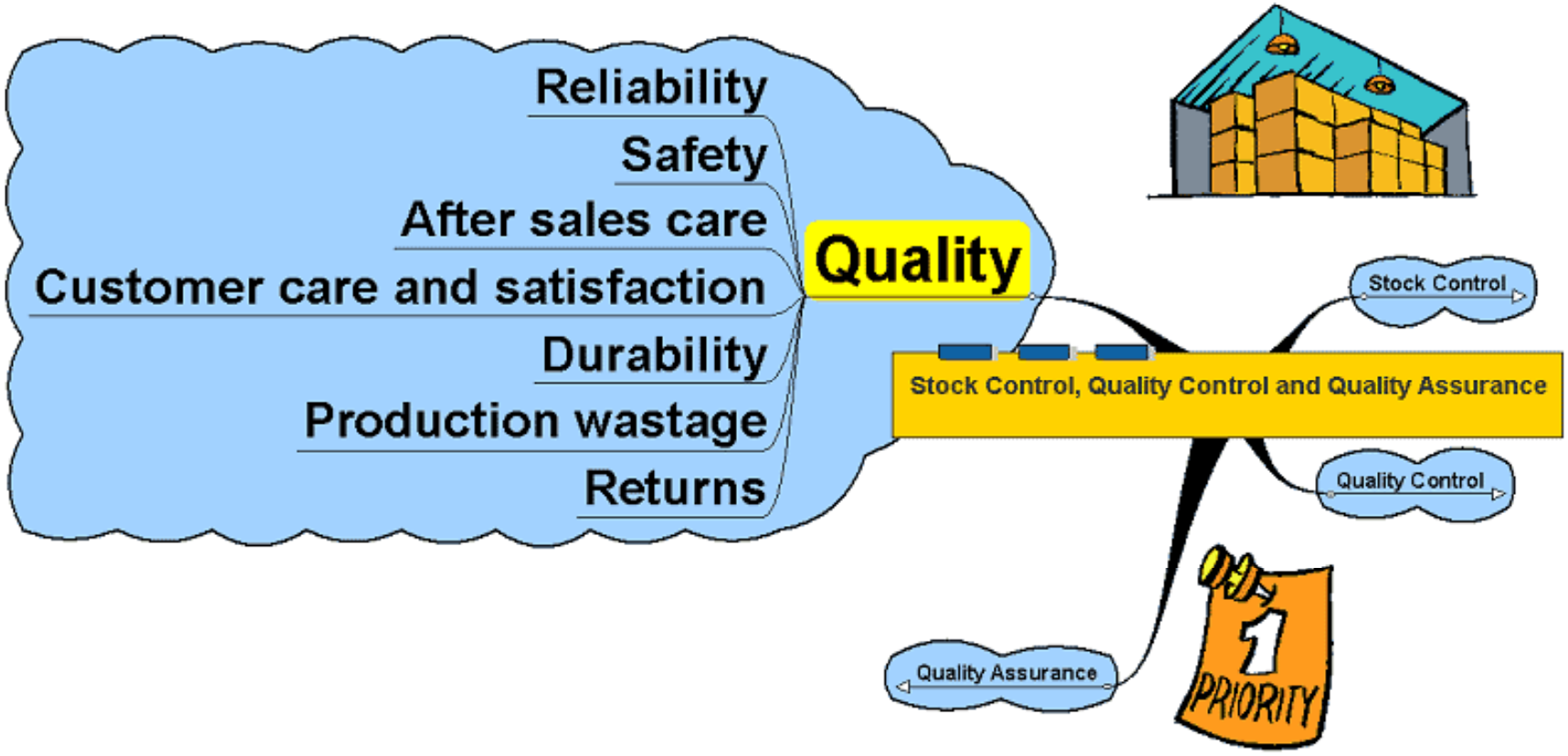

When the stock level reaches the re-order level, it triggers a new order. The difference between the time of re-order and delivery is the 'lead time'.

# Alternatives

- **Computerisation** – The functionality and power of computers allow companies to be able to keep accurate stock control processes in place.
  - Use of bar codes has facilitated this. Allows constant flow of information to distribution centres.

- **Just-In-Time** – Minimise the amount of stock held – in pure systems the stock arrives as it is needed.
  - JIT – relies on excellent relationships with suppliers
  - JIT – requires excellent communication and infrastructure links between suppliers and businesses

# Quality



# Why is Quality a Concern?


If quality control breaks down the cost can be severe.

Title: Cumbrians Continue to Cope With UK's Foot and Mouth Epidemic.

Source: Getty Images, available from Education Image Gallery (http://edina.ac.uk/eig)

- Gives competitive advantage
- Encourages return purchases
- Provides customer with information and builds consumer confidence in the brand
- Reduces costs incurred in solving post sales problems
- Helps improve efficiency

# Quality Control

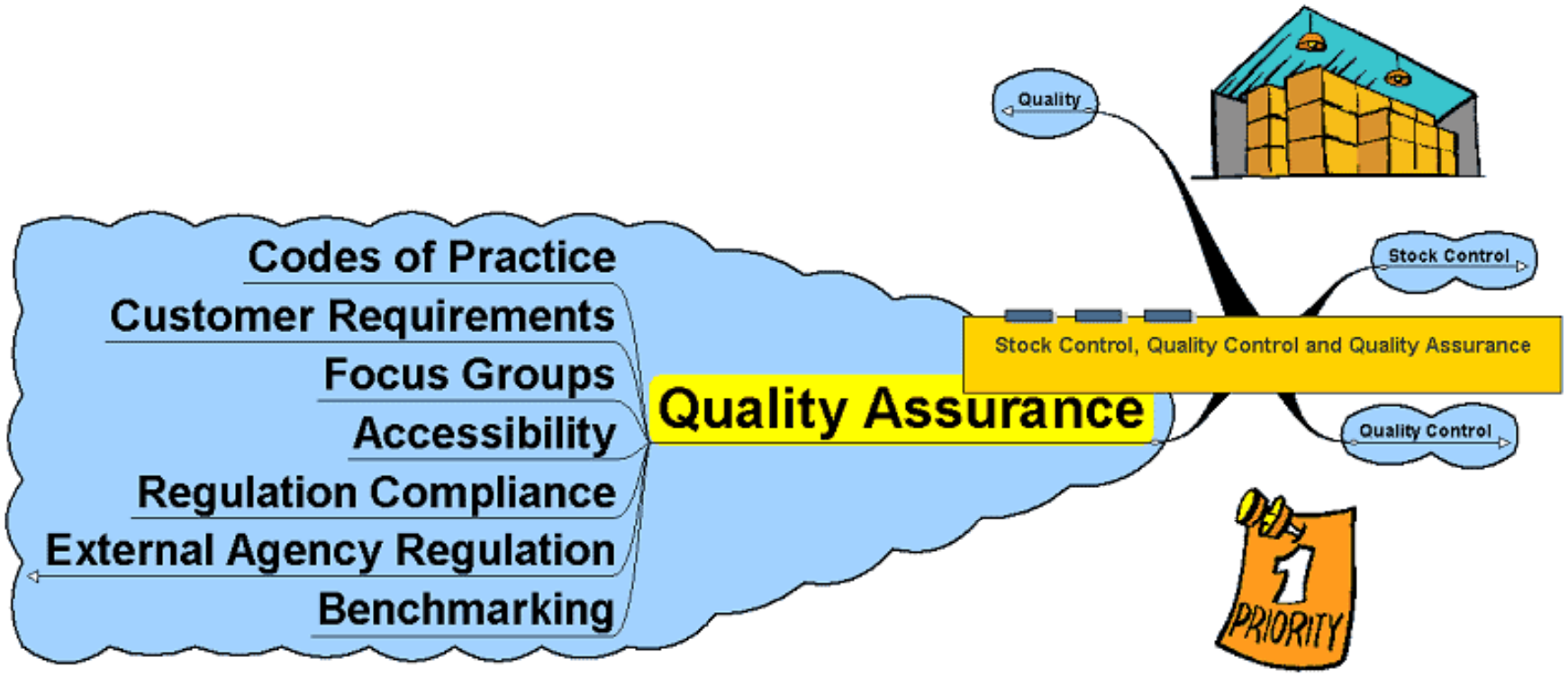
# Quality Control

- The responsibility of every member of the workforce for the quality of products and services provided by the business.
- Emphasis on reducing defects, etc. before it gets to the final stage of production and certainly to the consumer.

# TQM (Total Quality Management)

- Name given to quality control
- Features of TQM:
  - **Quality Circles** – meetings of relevant workers to discuss issues relating to maintenance and improvement of quality in the business – may also double as a form of empowerment and motivation.
  - **Statistical Process Control** – statistical data generated to inform the evaluation of processes within the business.
  - **Zero defects** – systems in place to ensure that no product leaves the business with a defect – important in building supplier relationships, image, reputation.

# Quality Assurance



# Quality Assurance

- The process whereby quality is at the forefront of every stage of the development, design, marketing, manufacturing and selling process.
- 'Quality' is influenced by the internal philosophy of the business and the external influences -

# External Agency Regulation

- **ISO** – International Organisation for Standardisation – ensure compatibility, quality and conformity. ISO 9000 and ISO 14000 set standards on quality and the environment.
- **Consumers Association** – produces the magazine 'Which' and provides surveys to inform consumers about quality and value for money of competing products.
- **British Standards Institution (BSI)** – The Kitemark and the CE mark are both important standards of quality. The CE mark confirms the product meets EU directives.

# External Agency Regulation

- **Trade Associations** - Draw up codes of practice for its members to adhere to – membership of such an association is an indication of quality. e.g. Corgi gas suppliers, British Soft Drinks Association, National Federation of Builders, etc.
- **Health and Safety Executive** – Responsible for health and safety in the workplace.