



Inventory Sales Control using M.A.M.A (Min and Max Analysis) Approach to Achieve Improvement in Sales

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Introduction

With the increasing demands of retail items in large quantity especially the Pharmacare outlets in hospital, the team struggled to find the magic number to manage the inventory level. Below are the issues and challenges encountered.



Staff is **confused** and **struggled** to meet the ordering quantity required and managing **customer reservation cases**.



Leads to **potential loss of sales** and not meeting department **sales target**.



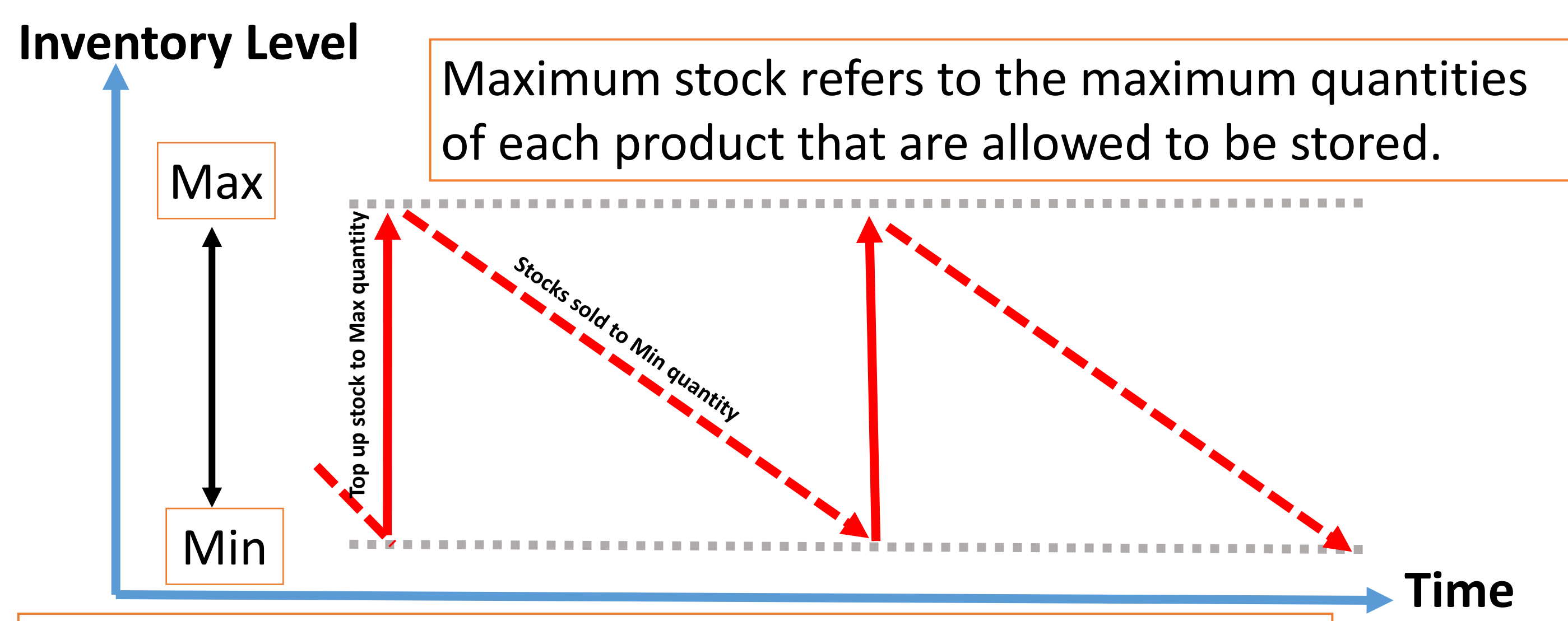
The need to adopt a more **systematic ordering process** to ensure products are **available** which result in **increase of sales**.

Pharmacare@SGH is the first outlet to pilot this project. If the pilot is proven effective, the same process will roll out to other Pharmacare outlets that locate in hospital.

Methodology



To find the elusive correct inventory level, we adopted the Min and Max Analysis to manage the ordering point. Sales data is used to determine the minimum and maximum stock level.



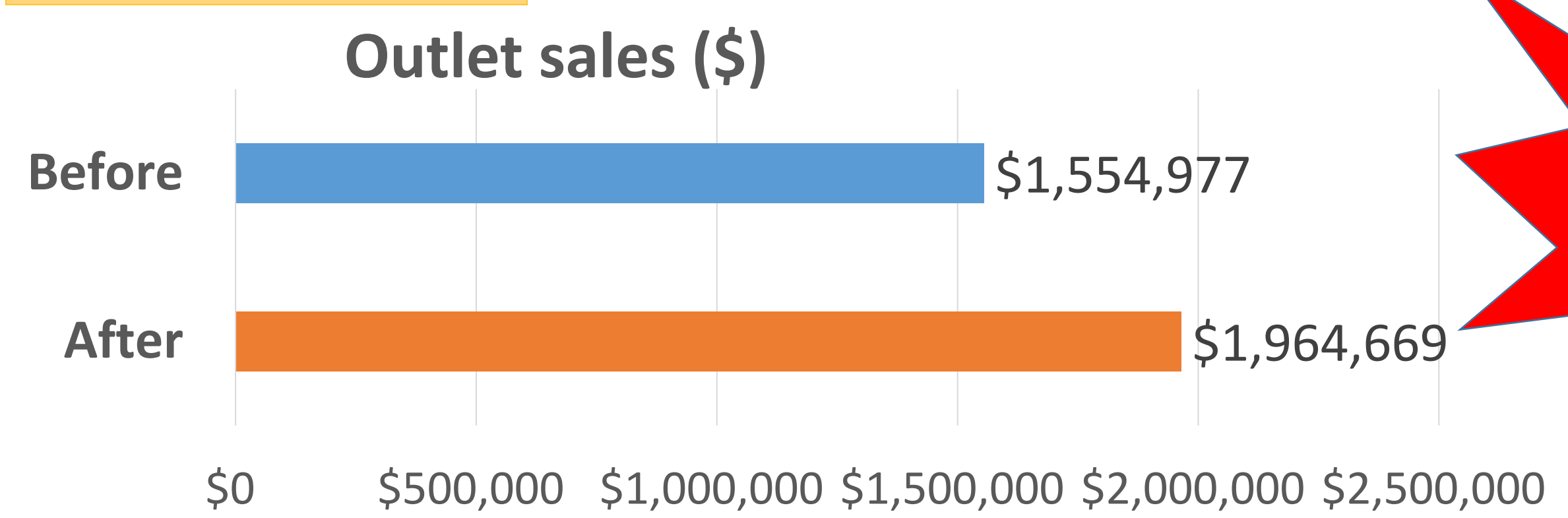
Minimum stock refers to the average period consumption and ordering point for each product.

When the product quantity reaches the Min Value, a reorder is triggered. The reorder quantity targets the Max value for the new stock level. The inventory level control within the range of min and max to maintain healthy stock level.

Results

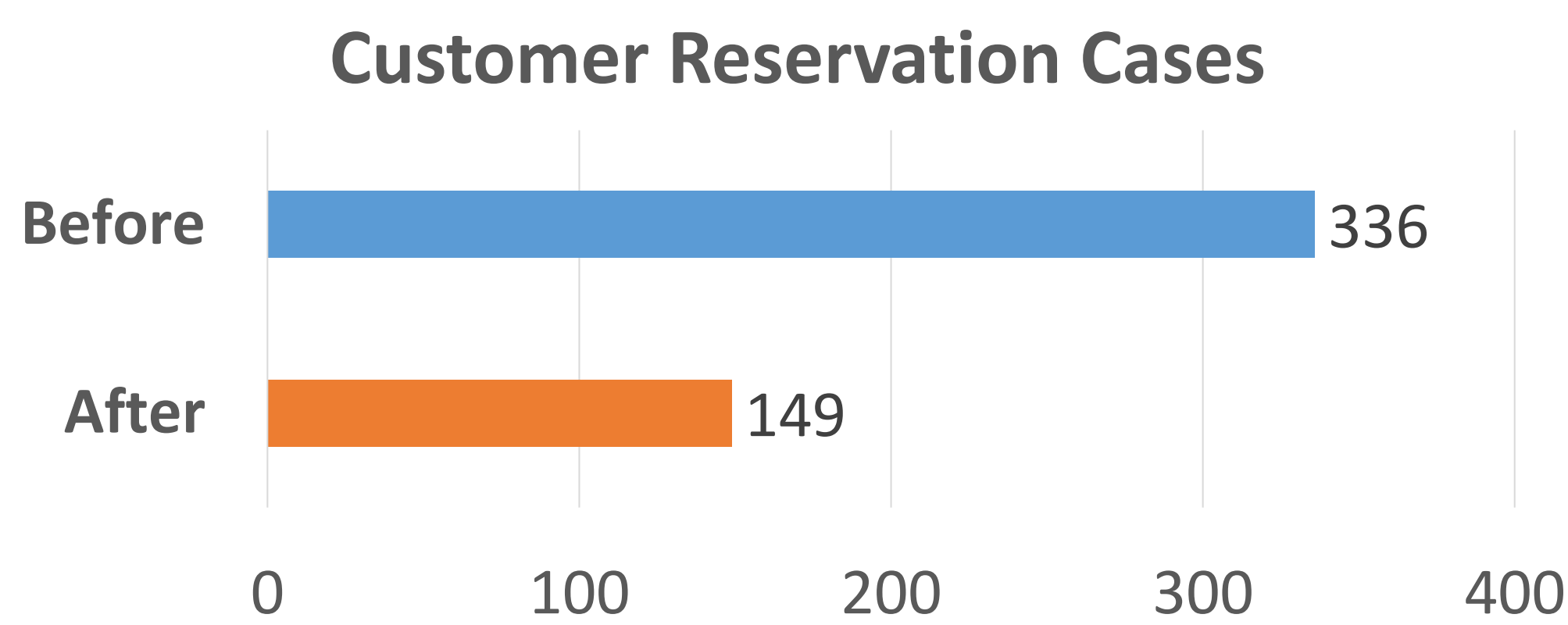
Adopting Minimum and Maximum approach, it has proven to be successful with multiple improvement in sales and processes. Below 6 months comparison before and after M.A.M.A approach (Data between Dec-21 to Nov-22).

Outlet Sales



Increased Sales 26.35%

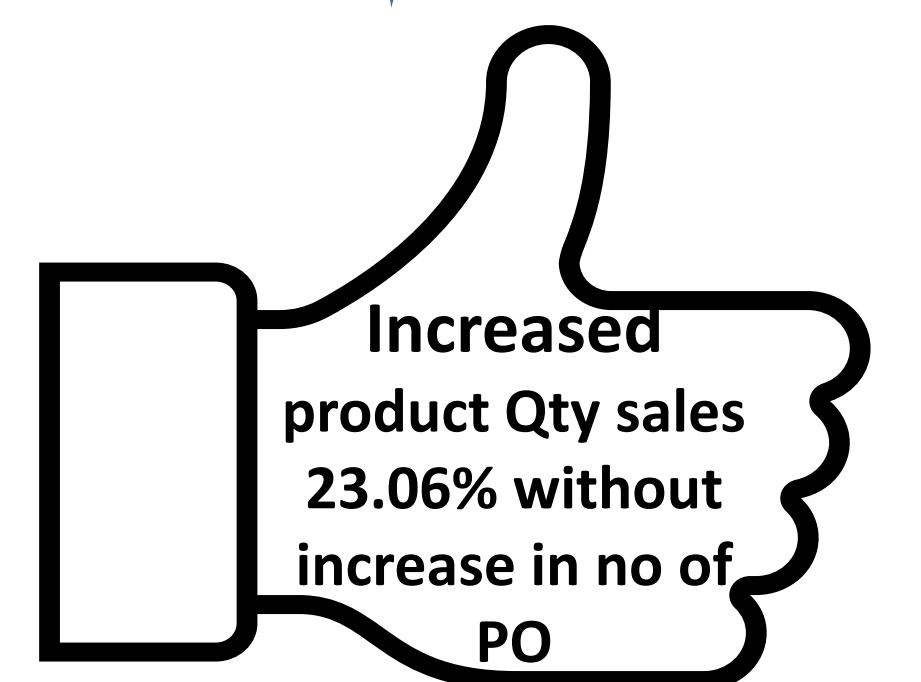
Customer Reservation Cases



Reduced Managing Cases 55.65%

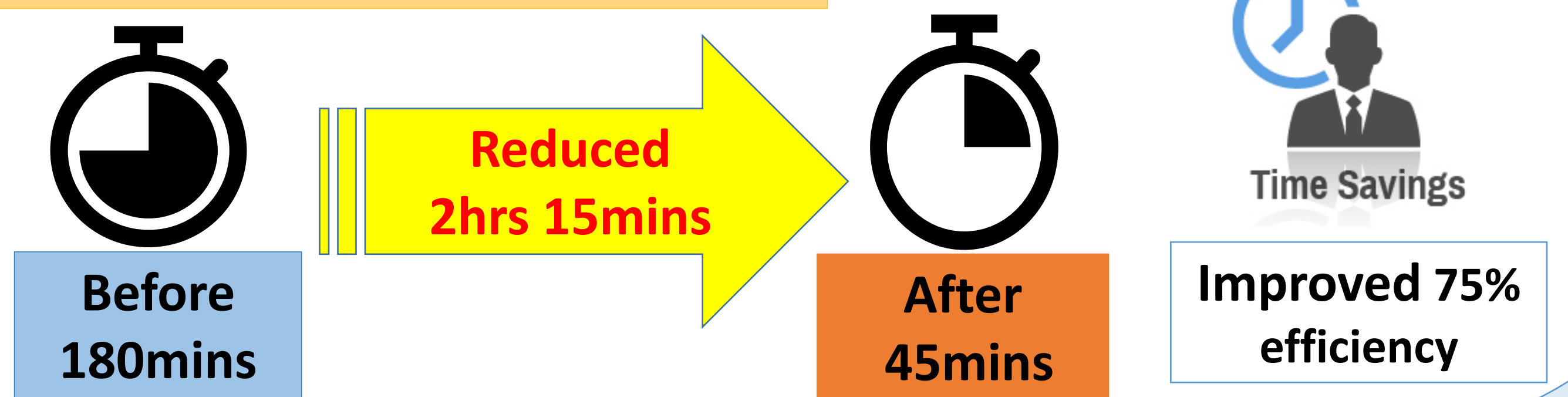
Product demand forecast

Before	After
Product Qty sales: 285676	Product Qty sales: 351559

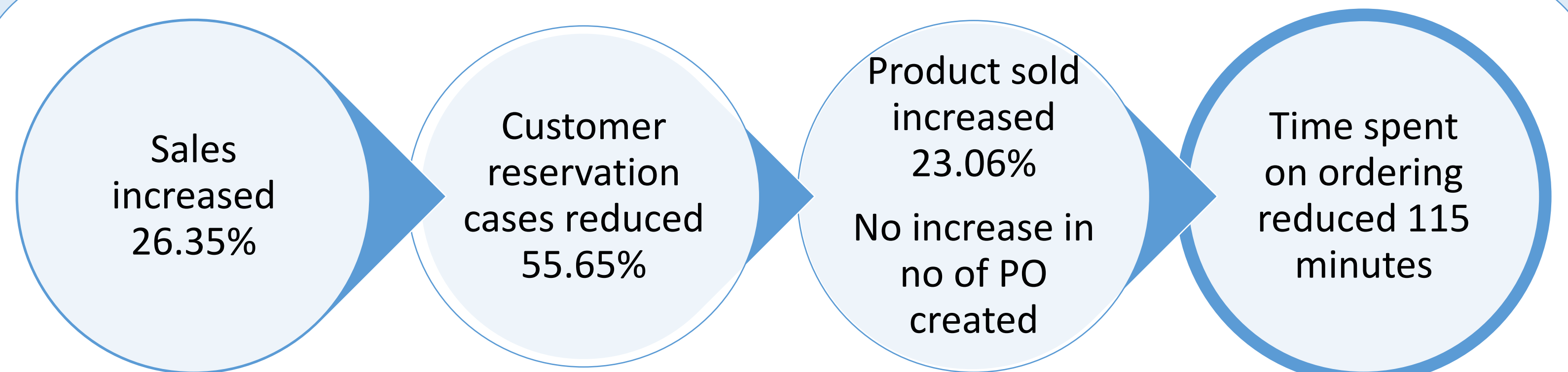


On usual circumstances, PO Creation should increase due to higher product sales. However, we are able maintain the PO creation with no changes.

Time spent on ordering (Daily)



Conclusion



M.A.M.A approach increased outlet sales significantly with a better demand forecast to reduce insufficient stock. This approach also help to reduce customer reservation cases and streamlines the time spent on stock ordering process.

Acknowledgement

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