

# The Impact of Stores Management on the Operations of the Manufacturing Companies

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## **Abstract**

*It has been described in many business platforms that stores management have had positive impact on the operations of the manufacturing companies. This has compared the manufacturing companies to consider stores management as strategic function than just a clerical function. Due to strategic transformation in the business world, stores is now regarded as strategic function for cost saving and profit maximization. Stores as part of supply chain management, is one of the best techniques for purchasing goods, services and works which also guarantee value for money spent. The methods used for the research were documents reviewed and content analysis. The study established that stores has positive impact on manufacturing companies provided positive attitude is geared towards and this will usually enhance cost saving and improve profit maximization. The positive attitude is as follows: Stores need to be considered as a strategic function, qualified stores personnel need to be engage. From the research, it can be concluded that stores management has positive impact on the operations of the manufacturing companies, despite huge operational cost associated with it.*

**Key Words:** Stores, Management, Strategic Function, Cost Saving and Profit Maximization.

## **1. INTRODUCTION**

Stores refers to an organization as an area within the company in which all kinds of materials needed for production, distribution, maintenance, packaging etc. are kept received and issue (Carter and Price, 1993). Management refers to the function that coordinates the efforts of people to accomplish the goals and objectives by using available resources efficiently and effectively. This includes planning, organizing, staffing leading or directing and controlling an organization to accomplish the goal or target (Wikipedia). Keeping a large amount of perishable inventory on hand risks the possibility that you will be unable to sell some of the inventory in time before it goes bad which can force you to throw away product. Again, certain goods might not sell due to shifts in market. Carrying too few goods on hand can also be harmful to a business. If you run out of certain product, you could miss out on potentially profitable sales and this could cause customers to give their business to your competitors. It would be reasonable to argue that, the most important aspect of stores operations are concerned with adequate supply of materials and parts consistent with economic inventory. In such circumstances, it would receive the right goods in the right condition, in the right quantity, at the right time and at right place and at the right time (Lysons, 2003). According to Emmett et al (2005) explain that stores management make sense if the following contributions is provided: To make available balance flow of materials, tools, equipment and stationary necessary to meet operational requirement.

- To provide maintenance materials, spare parts and general stock that is required.
- To accept and store scrap and other discarded materials as it arises.
- To account for all receipts.
- To issue goods in bulk and break bulks.

Jessop and Morrison (1994) argue that no matter the strategy that organization may employed, stores management is always crucial in manufacturing or production of the organization. By adopting proper

stores management some firms have enhanced profitability. However, by the same strategy, other firms have experienced high cost of production leading to low level of profitability. The aim of the study revealed that the, impact of stores management on the operations of the manufacturing industries enormous. The study would add to knowledge and also serve as a guide to manufacturing industries.

## **II. METHODS**

The section throws light on the methods used in the study. Basically, content analysis and document reviewed were used in the study. Previous works on stores management were reviewed. Secondary data was obtained from the library and the internet were analyzed. Furthermore, papers on profitability and stores were reviewed to understand how stores management can impact positively on the manufacturing industries.

## **III. RESULTS**

The study revealed that despite the numerous benefits that emanate from stores management to manufacturing industries it, can also bring about some challenges as it follows: Kenneth Lysons (1994) noted that in stores management, if strategic consideration is not taken, the industries will ends up investing about 60-70% of its working capital (capital tied up). This sometimes has serious implications on the business. Especially responding to new technology and eventually lead to customers switching to the rival competitors.

Secondly, Jessop and Morrison (1994) stated that keeping stock is a cost. This is because acquiring a space or storehouse needs some capital investment and this sometimes slowdown business from start. Jessop and Morrison (1994) observed that when a company stores item in refrigerator he ends up paying the same amount of purchasing cost as storage cost in terms of electricity cost. In a situation where there is unstable power supply, either the company will spend good money to acquire generator or some of the items will go waste because of their perishable nature.

In addition, to the above, Lysons (1994) stated that through storage, some items can become obsolete. This occurs when there a particular items is bought for the future use. The loss occurs when there is a change in demand and technological advancement. When the item become less important to the company. The research revealed that stores management is cost reducing strategy that enhances profitability of manufacturing industries if it is well handled. The study continue to revealed that, stores management can improve manufacturing responsiveness and gaining competitive advantage over its competitors by ensuring continuous production.

Nonetheless, stores management helps to create bulk due to the fact that goods are produced in small quantities in a variety of locations and brought together into larger variety lots for economic shipment to the market users. The accumulation and aggregation of these smaller supply quantities is another way in which stores can add value.

More so, stores impact on manufacturing by reserving items as much as possible for future demands irrespective of timing. It is done as a way value adding to their performance in order not to disappoint user department as well as customers.

Lastly, stores does something called combining. This is a process where a variety of goods or products are stored where production department and customers can have access to product according to their choice in order to avoid time constraints of getting the choice of item at different point of location.

#### **IV. CONCLUSION**

The aim and objective of any manufacturing industry is to become more expand and gain larger market share and in return getting more profit. This implies that, the cost of production must be less than revenue over the period of time. This objective can only be achieved if stores management will be considered as strategic function and pay more attention to it. It can be concluded that the impact of stores management has the key to enhance the profitability of the manufacturing industries despite the cost and challenges associated with it if, it is handled strategically.

#### **V. RECOMMENDATION**

Based on the above discussions and conclusion, the following recommendations could be made. Stores management should be considered as strategic function. Qualified personnel need to be employed.

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