DETERMINING INVENTORY POLICY TO REDUCE DAMAGED GOODS
(Case Study at PT Sukanda Djaya)

FINAL REPORT

This is Submitted to Fulfill Prerequisite of Industrial Engineer of International S-1 Program

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INTERNATIONAL CLASBS PROGRAM
DEPARTMENT OF INDUSTRIAL ENGINEERING
FACULTY OF INDUSTRIAL TECHNOLOGY
ATMA JAYA YOGYAKARTA UNIVERSITY
YOGYAKARTA
2007
APPROVAL

Thesis of
International S-1 Program
Title:
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Dear

of Industrial Engineering faculty

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Rudianto, S.T., M.T.
Failure(s) make us grow, so don’t worry to make mistake(s)...

Life without knowledge is nothing. Life with too much knowledge means stress. Be happy “_.”

If you lost money, you can get it back. But, if you lost your time, you couldn’t turn it back. Be wise...

Especially for:
- My Lord, Jesus Christ
- My lovely Mom and Dad
- MY brother and sister: Indra and Marta
- TIKI Batch 2003, success for you all...
- My Darling (Who is her? You know la. (^_^))
FOREWORD

Thanks to the LORD Jesus Christ that has guided my paths so that this final report could be completed.

This final report is one of the prerequisite to finish the undergraduate study program in Industrial Engineering Department, Industrial Technology Faculty, Atmajaya Yogyakarta University.

I am so grateful to many people who encouraged me to finish this final report and helped me along my research. On this opportunity, I would like to thanks:

1. Mr. Paulus Mudijihartono, S.T., M.T., as the Dean of Industrial Technology Faculty, Atmajaya Yogyakarta University.
2. Mr. Parama Kartika Dewa SP, S.T., M.T., as the Head of Industrial Engineering Department, Industrial Technology Faculty, Atmajaya Yogyakarta University.
3. Mr. Hadi Santono, S.T., M.T., as the Head of International Class of Industrial Engineering who leads us to the “right” way.
4. Mrs. Yosephine Suharyanti, S.T., M.T., as the first adviser, who had spent her time to give guidance, direction, inputs and correction in writing this final report.
5. Mr. V. Ariyono, S.T., M.T., as the second adviser, who had spent his time to give inputs, guidance and correction in writing this final report.
6. To Mr. Sulistyod from PT Sukanda Djaya, thank you for the gathering data help during the research.
7. To my beloved parents who always support and encouraged me to compile this final report.
To all of my family who had given me a lot of advise and encouraged me to finish this final report. I love you all.

To my friends: Arden, Ansell, Billy, Dody, Endro, Jimmy, Nino, Oks, Richo, Ana kwee, Betzy, Citra, and Prinza who fight together with me to sail the Industrial Engineering 4 years together. Go 2003...!!!

The writer realize that this final report still has a lot of imperfections, so any criticize and inputs are really expected. Eventually, the analyst hopes that this final report can be useful and can be developed in a further research.

Yogyakarta, May 2007

The writer
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ABSTRACT

In a company, there are so many things to be considered. One of them is the inventory problem. The company must consider about this problem in order to reduce inventory cost such as set up cost, holding cost and damaged goods cost, so is the expense of the company decrease, surely the nett profit will increase.

In PT Sukanda Daya, the main problem is the amount of the damaged goods cost. It’s cost more than Rp 200,000,000.00 annually. This because there are some products that have very short time expire date. So the writer tries to propose a new inventory policy in order to reduce this cost.

Writer found that the biggest mistake taken by this company is the company always stock too much (it’s because the company doesn’t want dissatisfy the customers by stock out case). In this research, writer determines the order quantity and the reorder point of each product, and then simulates it by Microsoft Excel program to compare the result with the current policy.

After simulation, writer concludes that the proposed policy is better because it reduces more than 50% damaged goods in the first month of applying it. Writer is sure that the damaged goods will decrease again in next month, because when company applies the proposed policy in the first month the result is still affected by the current policy.