CHAPTER 2

LITERATURE REVIEW

The main aim of a company is to get profit as high as possible. Many researches have been done to determine what costs can be eliminated or what resource of company that have not been maximize to reach optimum condition. The research in such field has been done by many researchers.

Artana (2002) has done the research at UD Sidikara. This is a fried oil production company. The main purpose of this research is to know the general inventory system behavior. This research used Monte-Carlo simulation model to solve the problem.

Wijaya (2003) has done the research at PT Prestige Furniture. The aim for this research is to determine number of order and reorder point of an inventory system which will minimize total inventory cost. This research used probabilistic EOQ methods with back order.

Setiawan (2005) has done the research at PT Jui Fa International Foods, Cilacap. The main purpose of this research is to analyze the inventory of tuna fish by deciding when and how much the tuna fish should be ordered to get the minimum total cost. This research used dynamic system approach by POWERSIM software.

Richi (2006) has done the research at PT Ekadharma Tapes Industries. The aim is to determine the reorder point and how much to order to minimize the inventory

cost. This research used simulation to get the most optimum solution.

This research studies about inventory on a distribution company, PT Sukanda Djaya. This company is a branch office of the PT Diamond Cold Storage, Jakarta. This company handles distribution for Central Java and Yogyakarta area. The aim of this research is to determine the better order quantity and when to order, so the damaged goods cost is decrease.

The similarity of this research with the previous research is: the aim of his research is to get optimum condition of inventory system to minimize inventory cost. The difference between this research and the previous ones is: this research uses excel program to calculate the EOQ and the reorder point of every critical product (means has quick expired date), and then simulate the result and compare it with the current condition.