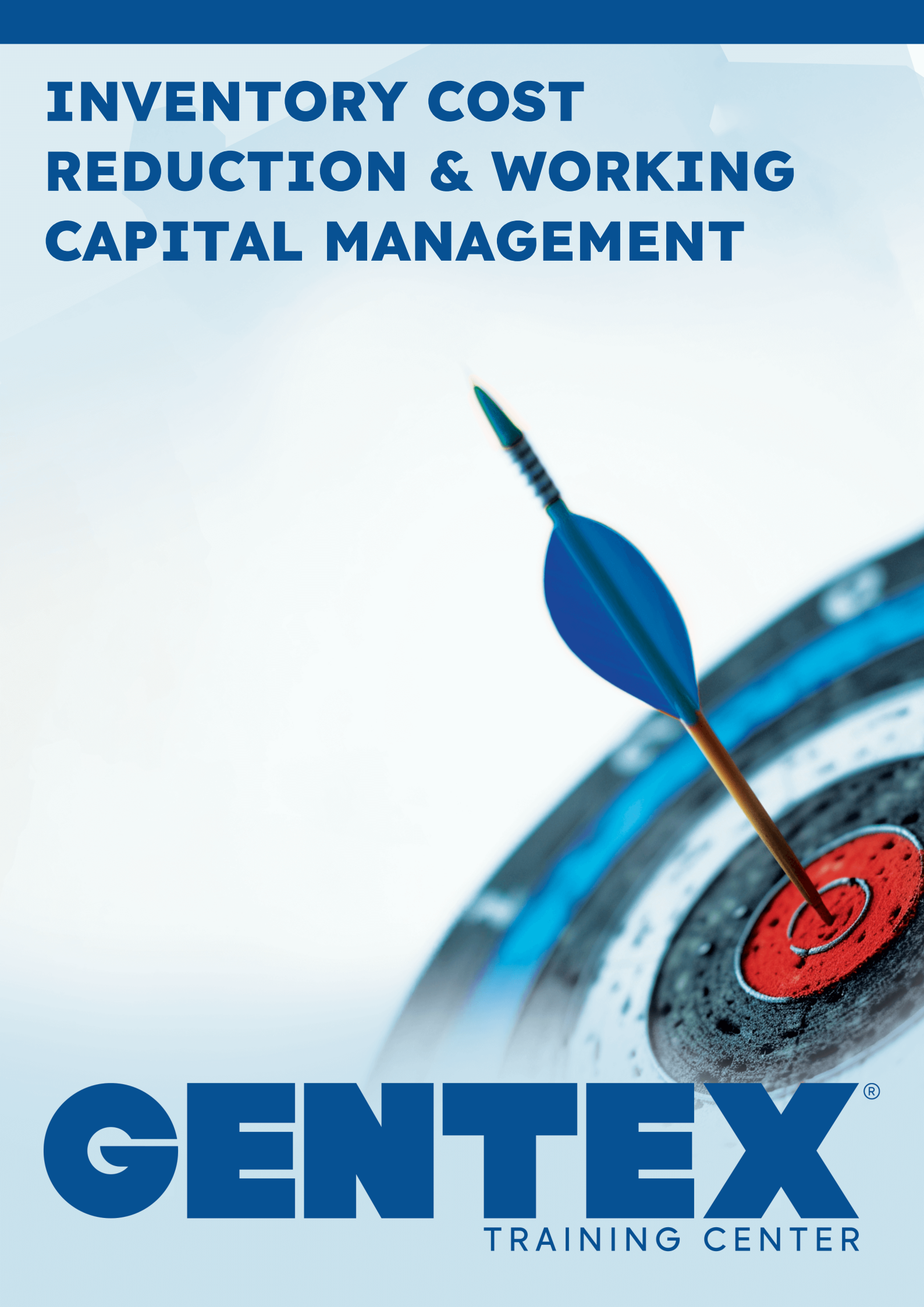
INVENTORY COST REDUCTION & WORKING CAPITAL MANAGEMENT



GENTEX®
TRAINING CENTER

GENTEX Training Center LLC | Orlando - FL, USA
Info@gentextraining.com

Introduction

Inventory is the largest current asset on most balance sheets, and the hardest to defend. Excess stock ties up cash, raises carrying cost, and turns into write-offs when demand shifts. This Inventory Cost Reduction & Working Capital Management Training Course gives finance, supply chain, and inventory professionals a practical method to cut inventory cost without damaging service. Participants learn how to measure the true cost of holding stock, model the cash cycle, apply ABC and XYZ classification, set safety stock and order quantities, and negotiate supplier terms that reduce the cash tied up in goods. Furthermore, the course connects stock decisions to cash flow forecasting and treasury planning, so inventory policy becomes a financial lever rather than an operational habit.

Inventory Cost Reduction & Working Capital Management Course Objectives

- Calculate the total cost of inventory, including carrying, ordering, and shortage cost.
- Map the cash conversion cycle: days inventory, days receivable, and days payable.
- Free cash from stock using ABC and XYZ classification and policy resetting.
- Apply economic order quantity and safety stock models to reduce holding without raising risk.
- Reduce obsolete and slow-moving stock through ageing analysis and phase-out plans.
- Improve supplier terms with consignment stock, vendor-managed inventory, and extended payment.
- Cut lead time and variability through supplier collaboration and delivery performance measures.
- Build inventory budgets and cash flow forecasts tied to replenishment cycles.
- Measure working capital performance using turnover, cash-to-cash, and return on inventory.
- Govern inventory reduction with targets, accountability, and monthly review routines.

GENTEX Training Center LLC | Orlando - FL, USA
Info@gentextraining.com

Course Methodology

- Facilitated sessions built on real balance sheet and stock ageing extracts.
- Spreadsheet models on carrying cost, EOQ, safety stock, and cash conversion cycle.
- Case workshops on inventory reduction programmes and supplier term negotiation.
- Simulation of a working capital review meeting with target setting.
- Group exercise on an inventory reduction plan with cash release targets.

Who Should Take This Course

- Finance managers, controllers, and treasury officers.
- Inventory and supply chain analysts.
- Procurement and category managers.
- Demand and replenishment planners.
- Warehouse and operations managers.
- Internal audit staff reviewing inventory and working capital.

Inventory Cost Reduction & Working Capital Management Course Outlines

Day 1: Inventory Cost Structure and Financial Impact

- Components of inventory cost: capital, storage, handling, insurance, and shrinkage.
- The cost of shortage: lost margin, expediting, and production stoppage.
- Inventory on the balance sheet and its effect on reported profit.
- Carrying cost rate calculation and its use in decisions.
- Inventory valuation methods and their cash implications.

- Excess and obsolete stock as a hidden liability.
- Linking inventory policy to return on capital employed.

Day 2: Working Capital and the Cash Conversion Cycle

- Working capital components: inventory, receivables, and payables.
- Days inventory outstanding and its drivers.
- Days sales outstanding and collection performance.
- Days payable outstanding and supplier credit use.
- The cash conversion cycle and cash-to-cash performance.
- Cash flow forecasting linked to replenishment and payment terms.
- Funding cost of working capital and the treasury view.

Day 3: Demand, Classification, and Policy Reset

- Demand review basics and forecast error measurement.
- ABC classification by value and XYZ classification by variability.
- Setting differentiated service levels by class.
- Safety stock calculation and the cost of over-buffering.
- Economic order quantity against supplier minimum order quantities.
- Reorder point and min-max settings for cash efficiency.
- Parameter review cycles and approval governance.

Day 4: Supplier Collaboration and Lead Time Reduction

- Total cost of ownership in supplier selection.
- Consignment stock, vendor-managed inventory, and supplier hubs.
- Extended payment terms and their pricing consequences.

- Lead time reduction through scheduling agreements and delivery windows.
- Supplier performance measurement and scorecards.
- Long-term agreements and volume commitment trade-offs.
- Early supplier involvement and standardisation of items.

Day 5: Obsolescence, Performance, and Governance

- Ageing analysis, slow-mover identification, and disposal options.
- Phase-out planning, substitution, and write-off decisions.
- Inventory KPIs: turnover, days of inventory, fill rate, and stockout rate.
- Working capital KPIs: cash-to-cash cycle and return on inventory.
- Budgeting inventory levels and cash release targets.
- Monthly review routine, accountability, and escalation.
- Building an annual inventory cost reduction roadmap.

Conclusion

By successfully completing the Inventory Cost Reduction & Working Capital Management Training Course, participants will have acquired a solid working knowledge of inventory cost structure, cash conversion cycle analysis, classification-based policy design, safety stock and order quantity models, supplier collaboration levers, obsolescence control, and working capital performance measurement. They will leave able to release cash from stock, defend service levels, and present inventory decisions in financial terms that management and treasury accept. Gentex Training Center delivers this programme with finance and supply chain practitioners who manage these levers in live organisations.

LEARN BOLD. **LEAD BEYOND**
GENTEX Training Center LLC | Orlando - FL, USA
Info@gentextraining.com

FAQs for the Inventory Cost Reduction & Working Capital Management course

Q1 What is the "Inventory Cost Reduction & Working Capital Management" course about?

It is a five-day programme on reducing the cost of holding stock and freeing cash tied up in inventory. It covers inventory cost structure, the cash conversion cycle, ABC and XYZ policy design, safety stock and order quantity models, supplier collaboration, obsolescence control, and working capital measurement.

Q2 What are the key benefits of the "Inventory Cost Reduction & Working Capital Management" course?

Participants release cash from excess and obsolete stock without harming service, lower carrying and storage cost, and negotiate supplier terms that improve the cash cycle. They also gain inventory budgets and cash release targets that finance, treasury, and operations all accept.

Q3 What skills will I gain from the "Inventory Cost Reduction & Working Capital Management" course?

You will gain inventory cost and carrying cost analysis, cash conversion cycle and working capital management, classification-based inventory policy design, and supplier collaboration and obsolescence control with working capital performance measurement.

GENTEX® TRAINING CENTER

GENTEX Training Center LLC | Orlando - FL, USA
Info@gentextraining.com

Q4 What tools, methods, or standards are covered in the "Inventory Cost Reduction & Working Capital Management" course?

The course works with carrying cost rate calculation, the cash conversion cycle with days inventory, days sales outstanding and days payable outstanding, cash-to-cash metrics, ABC and XYZ classification matrices, safety stock formulas and economic order quantity models, reorder point and min-max settings, consignment stock and vendor-managed inventory arrangements, supplier scorecards, ageing analysis and disposal planning, and inventory turnover and return on inventory reporting.

Q5 How is the "Inventory Cost Reduction & Working Capital Management" course applied in real-world practice?

Teams apply it when building the annual inventory reduction target, resetting safety stock after a cost review, reviewing slow-moving stock before year-end, negotiating consignment terms with a supplier, and preparing the working capital section of a treasury forecast. It also guides monthly inventory governance meetings and obsolescence write-off decisions.