

**Specification of Competency Standards**  
**for the Logistics Industry**  
**Unit of Competency**

Functional Area - Cargo Transport and Handling

Title	Determine optimum stock levels
Code	LOCUCT508B
Range	This unit of competency is applicable to logistics service providers. Practitioners should be capable of performing the tasks of stock control operations in accordance with the relevant regulations and workplace requirements.
Level	5
Credit	3 (For Reference Only)
Competency	<p>Performance Requirements</p> <p>1. Know about the requirement of inventory management</p> <ul style="list-style-type: none"> <li>• Know about principles of inventory management</li> <li>• Understand stock control in accordance with workplace requirements</li> <li>• Know about workplace procedures and business operations</li> </ul> <p>2. Assess demand for inventory</p> <ul style="list-style-type: none"> <li>• Analyse the stock movement data and sales forecast</li> <li>• Identify high and low volume periods from the analysis of stock movement data and sales forecast</li> <li>• Determine the seasonal nature of stock demand from the analysis stock movement data and sales forecast</li> <li>• Determine the required inventory levels at different stages of production and sales cycle</li> </ul> <p>3. Assess variables affecting optimum stock levels</p> <ul style="list-style-type: none"> <li>• Determine delivery lead times</li> <li>• Determine internal process and distribution</li> <li>• Calculate spoilage and obsolescence times</li> <li>• Assess the maximum stock carrying capacity</li> <li>• Assess the requirements of physical and human resources</li> <li>• Develop contingencies for unexpected distribution stoppages or delays</li> <li>• Determine replenishment strategies, time and quantity</li> <li>• Determine supply strategies</li> </ul> <p>4. Determine optimum inventory levels</p> <ul style="list-style-type: none"> <li>• Calculate safety stock levels</li> <li>• Identify optimum inventory levels in consideration of seasonal demands, regional requirement, company promotion strategies, etc. to ensure the best stock levels</li> </ul> <p>5. Monitor optimum inventory levels</p> <ul style="list-style-type: none"> <li>• Compare continually inventory benchmarks to current and future sales turnover/ production requirements</li> <li>• Make adjustments to inventory levels in accordance with reassessed sales turnover/production requirements, and workplace procurement processes</li> <li>• Record changes and requests for adjustments to inventory levels in accordance with workplace procedures</li> </ul>
Assessment Criteria	The integrated outcome requirements of this unit of competency are:

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	<ul style="list-style-type: none"><li>• Capable of assessing demand for inventory by analysing warehouse inventory up and down and sales forecast;</li><li>• Capable of assessing variables that affect optimum inventory level;</li><li>• Capable of determining optimum inventory level; and</li><li>• Capable of monitoring optimum inventory level</li></ul>
Remark	