

**Inventory Control Systems and Procurement Cost Management Procurement at TPC
Limited Moshi, Tanzania**

**By
Salvatory Baltazary
Master of Arts in Procurement and Supply Management
Sokoine University of Agriculture, 2014**

The inventory control system of most business firms in Tanzania for the last three decades has been considered inefficient. While some firms such as TPC limited in the beverage subsector are considered better off, few efforts have focused on the relationship between inventory control systems and cost management performance in a business setting. Using a random sample of 30 respondents from 4 departments at TPC limited, in a time frame of 14 years from the year 2000, this study focused on the relationship between inventory control systems and procurement cost management performance. Specific issues such as lead time, issuing and receiving procedures and reorder points were evaluated on how they influence cost savings, stock theft and user satisfactions. A descriptive analysis of the aforementioned variables indicate that there is a relationship between inventory control system at TPC limited and procurement cost management performance. Notably, theft cases were increasing with the increase of stock reorder point levels and lead times. For example, as reorder points increased from 1 million to 20 million from the year 2000 to 2013, the then value increased from 10million to 52million. Similarly, the increase in lead time had a positive relationship with procurement cost savings and customer satisfactions. This study recommends that the management at TPC limited should give sufficient attention on inventory control in order to efficiently manage procurement costs. Specific efforts should last on lead time and reorder levels to minimize the then risks, increase cost savings and user department's satisfaction.