

## **ABSTRACT**

*PT XYZ is the official company as a provider of spare parts from the world's largest automotive company. PT XYZ distribute spare parts for regional areas in West Java for the company's official provider of spare parts as well as companies that are not official. Inventory products in PT XYZ has not been well managed, especially for the chemical product category. On the category of the product, the amount of supply of existing products in storage exceed its policies. This led to the total cost of the inventory and overstock are high.*

*To resolve the problems, then this will do the research classification using ABC analysis as a step first. From the classification will then be calculated inventory policy for A classification using Continuous Review (s, s) method and the B and C classification using Continuous Review (s, Q) method with the results getting the optimum lot size of quantity, reorder point, and safety stock with the aim of overcoming the problem of overstock and can minimize the total cost of the inventory.*

*The results of the calculation of the policy proposal for the classification of A product using the Continuous Review (s, s) method provides savings total cost of inventory against the existing conditions by 88% and for classification of products B and C by using the of Continuous Review (s, Q) method inventory total cost savings to 93% against the existing conditions.*

*Keywords: Inventory, ABC analysis, Overstock, Continuous Review (s,S) , Continuous Review (s,Q)*