

## ABSTRACT

*Telekomunikasi Indonesia (Telkom) Co. is a service company that specialized its service in telecommunication with widespread variation of service in the frame of information technology and communication. The company goals are to be the leading information technology and communication company in Indonesia. Telkom is fully understand that the competition in this business is very tight and it needs strong effort to maintain the chance to compete with other companies. But Telkom is still facing a big problem that is the distribution channel which carries a big burden to the marketing effort. Its poor performance showed by the unfulfilled target is the main problem that happens because Telkom use external distribution channel so the authority to make change to the condition is very difficult and the calculations for the optimum inventory level still cannot be done. Every part seeks for its own profitable activities so its even harder to meet every intention that every part of distribution channel have and make the same profit that they want. Telkom itself still cannot control and evaluate the optimum stock that every distribution channel should have, they just try to fulfill the demand from the next level of distribution channel with some criteria that have been written before. Telkom surely need the ideas to improve its distribution channel and especially calculate its inventory level to reach an optimum value of it using lean distribution approach.*

*Lean distribution is a lean and effective distribution channel forming method with several points that empowers it, that is customer service based decision, operation and sourcing capabilities from lean, buffer strategy, replenishment cycle and pull technique approach. In customer service based decisions the activities that involve here is identification on management intention and customer service level, then in operation and sourcing capabilities from lean the activities that involve here is identification on distribution channel operation and channel of distribution strategy, the last one for buffer strategy, replenishment cycle and sourcing from lean the activities that involve here is identification on safety stock level, average inventory level and fill rate level to know the optimum point from all of that attribute.*

*Based on this observation that been done in coverage of 22 cities in East Java on 1<sup>st</sup> semester of 2005 until 1<sup>st</sup> semester of 2007 we know that Flexi Trendy physics voucher distribution channel is facing a problem in authority boundaries between the distribution channel participants that make the company strategic decision on distribution channel often stops, control on sales and stock optimum points is weak and still cannot be done, the customer service level that still not a part of distribution channel performance indicator and distribution channel forming that still counting on others showed by Telkom that selecting full external distribution channel as the main line. This thing can be improved with the improvement ideas based on observation results that made for helping the company to optimize its performance for facing the tight competition ahead and based on the optimum value of inventory level that they should follows.*

*Keywords : inventory level, distribution channel, physics voucher, lean distribution*