ABSTRACT

PT. XYZ is a manufacturing company that produces finished products which are building materials such as *coil sheet*s and spandek roofs located in Bogor City, West Java. PT. XYZ has one retail located in Bogor City, but the production process itself is carried out in a factory located in Surabaya, East Java. During this time the inventory of products that are in the warehouse owned by PT. XYZ has not been managed well, resulting in a shortage or *stock out* which subsequently has an impact on consumer *demand* that cannot be met which results in a shortage cost, so that the total inventory cost is very high. The purpose of this study is to determine the proposed inventory policy for finished products. Inventory policies are used using the *continuous review* method (s, Q), because product *demand* is probabilistic. The results of the *continuous review* model probabilistic method (s, Q) can find the optimal *reorder point*, order quantity and minimize the total inventory cost. The use of inventory policies using the *continuous review* method (s, Q) can reduce the total inventory cost of PT. XYZ from Rp 145.121.188 to Rp. 35.490.410 with a percentage of 75,54%.

Keywords: Inventory policy, *Stock out*, *Continuous review* (s, Q).