

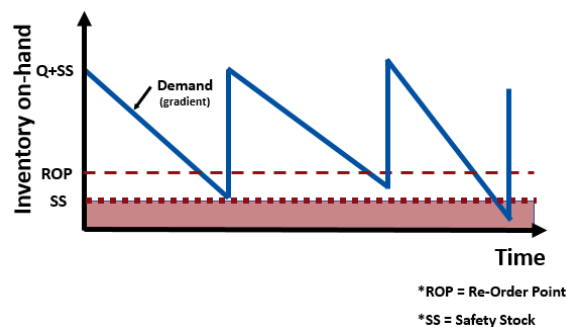
# Safety Stock – Inventory Management

## What Is Safety Stock – Why Do We Need It?

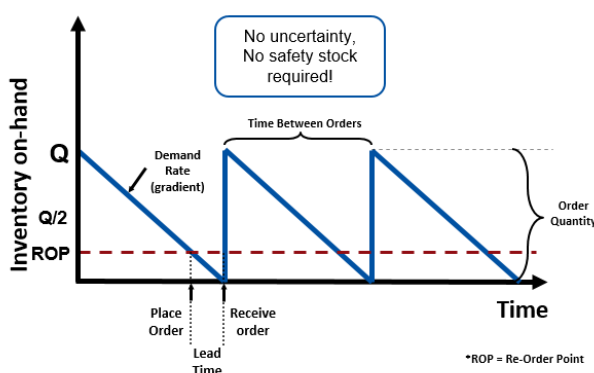
- Safety stock is sometimes called Buffer Stock.
- Safety stock is the quantity of inventory that is held to prevent us from having a “stock-out” due to variation in the demand rate and replenishment lead time.
- We can have safety stock for all kinds of inventory, for example: Raw Materials, WIP (Work in Progress) and Finished Goods.



## What Is Safety Stock?



## Why Do We Need Safety Stock?



“Lead Time Demand” (LTD) is different each time – it has variation.

