

Case study of inventory management in Xueyuan Machinery Factory

Cui Bingxin

Xiangtan University

Abstract: Along with the rapid development of the market economy, as well as China's small business-related preferential policies have been introduced one after another, China's small enterprises have developed rapidly in recent years. However, many small enterprises have not improved their original internal management level to meet the needs of their rapid and sustainable development. Specifically, small enterprises in the inventory management problems are particularly prominent. The article specifically takes Xueyuan Machinery Factory in Heilongjiang Province as an example. Under the long-term influence of the family governance model, its inventory management has problems such as unreasonable procurement plan, sluggish informationization level and lack of management personnel. Through the analysis of these problems, the defects and deficiencies in inventory management of small enterprises are identified, and the implications for inventory management of small enterprises in China are summarized and reasonable countermeasures are proposed.

Keywords: small business; Xueyuan Machinery Factory; inventory management

I. INTRODUCTION

(i) Background and significance of the study

In recent years, China's economic development trend has been steady and positive, but it is still in the economic transition period. On the one hand, our government has introduced a series of favorable policies in order to alleviate the downward pressure of the economy. On the other hand, in recent years, our government has vigorously encouraged and supported the "mass entrepreneurship" and launched preferential policies for small businesses. In such an economic situation, many small enterprises have emerged. At present, China's inventory management theory system is almost

complete, but compared with large and medium-sized enterprises, the inventory management system of small enterprises in China still has great defects, which originate from small enterprises themselves.

From the perspective of small enterprises themselves, the optimization of inventory management can enhance their economic vitality, improve their business conditions and ensure their survival in the big wave of market economy. From the perspective of social development, the optimization of inventory management by small enterprises can improve their internal control level, form industry norms, and help promote the progress of small enterprises in the whole society.

(II) Review of domestic and international research

1、A review of foreign studies

Since the development of inventory management system, foreign experts and scholars have never stopped researching and discussing the theory of enterprise inventory management.

Edward A. Silver researched the inventory replenishment time and suggested that the replenishment quantity and replenishment time can be estimated by measuring the quantity of each inventory shipped within a specified period of time [1]. Flora Bernardel points out that the diversity of inventory items makes the inventory process more complex and that a simpler inventory process should be designed to improve the efficiency of production operations [3]. James P. Womack studied the level of inventory management in warehousing centers and distribution centers and concluded that more attention should be paid to transportation costs in such companies [5]. Vinita proposed an inventory information control system with periodic inventory checks, dividing the resupply mode in the system into fixed and emergency modes and proposing a procedure for parameter valuation in the system [6].

Edward A. Silver's point of view has some limitations, for seasonal production activities of the company, the measurement of the single bit time material out of the inventory is not relevant, Rudolph A. Jacob, Samir M. El-Gazzar and Flora Bernardel emphasize the importance of inventory management system, management process For the optimization of the inventory management process. For the optimization of the inventory management process, Tony's point of view emphasizes the improvement of information technology, while Leavins John and Ramaswarny Vinita optimize the inventory counting system based on information technology and the use of modern technology. The conclusions drawn by James P. Womack are of great importance for companies with logistics and transportation departments.

II. A REVIEW OF DOMESTIC RESEARCH

Compared with the research results of developed countries, there is still room for progress in the field of inventory management by scholars in China. However, by summarizing and comparing the literature of domestic scholars in recent years, the gap between China and developed countries in terms of inventory management research results is gradually narrowing. Experts and scholars in China have also put forward different opinions on some problems in inventory management of SMEs in China.

Gao Fan believes that most small and medium-sized enterprises in China simplify the enterprise inventory management process in order to reduce operating costs and labor expenses, and this practice will fundamentally hinder the development of enterprises [7]. Yang Lu's study argued that a reasonable inventory management system and advanced inventory management system can keep enterprises informed of the current status of inventory and facilitate better development of enterprises [8]. Su Junru's study concluded that small and medium-sized enterprises should reasonably determine the optimal inventory holdings of the enterprises according to their own operational characteristics. Modern technical means are used to track the changes of inventory quantity and try to make the sum of storage cost, management cost and shortage cost of inventory as the lowest as possible [9]. Xiaohong Shi believes that in order to reduce the inventory

backlog in SMEs, in addition to digesting and utilizing the existing inventory materials, it is necessary to standardize each step of the inventory management process and develop an effective solution to the inventory backlog [10]. Fengqiong Mai argued that if private SMEs want to improve the economic efficiency of their enterprises, they need to exclude the hindrances that affect the inventory management of SMEs, such as the unreasonable arrangement of procurement plan, the irregular process of stocking materials into the warehouse, and the loopholes in storage supervision [11].

Gao Fan's conclusion points out the root causes of inventory management loopholes in SMEs in China, and Yang Lu's view complements it and advocates the establishment of a reasonable inventory management system. Both Su Junru's and Shi Xiaohong's viewpoints elaborate on the correlation between inventory quantity and inventory cost, and Shi Xiaohong also proposes solutions for inventory backlog. Fengqiong Mai provides a more specific analysis of the problems of inventory management in private SMEs.

The research on inventory management, both domestic and foreign, is mainly focused on large and medium-sized enterprises, but there is less research on inventory management of small enterprises. This paper tries to take the research on inventory management of large and medium-sized enterprises from domestic and foreign scholars as the starting point, and takes Xueyuan Machinery Factory, a small-sized enterprise in China, as a case study, and tries to analyze and study the inventory management level of small-sized enterprises in terms of procurement planning arrangement, absorbing management talents and accelerating information construction. In addition, we will also point out the negative impact of family management model on inventory management of small enterprises, taking into account the unique characteristics of small enterprises.

III. RESEARCH PERSPECTIVE AND METHODOLOGY

The main point of view of this paper is that small companies should improve their inventory management system in the case of breaking the family governance model. The main research methods are inductive method and case study, by

summarizing the domestic and foreign literature review, and then applying the derived theories to the selected case objects for research and analysis. The innovative idea of this paper is to propose the idea of single-day limit for receiving materials in the production shop, which is of long-term value for the development of small enterprises.

II .Xueyuan Machinery Factory inventory management status

(I) Overview of Xueyuan Machinery Factory

At the beginning of the founding of New China, China's industrial development level was uneven from north to south, and the old industrial base in northeast China was called the cradle of Chinese industry at that time. However, with the reform and opening up and modernization, the country formulated the development strategy of taking the old industrial base in Northeast China as the radiation point. In order to respond to the national policy, many management talents, technical talents and advanced equipment have gone south, resulting in the aging of the equipment and technology of the old industrial base in the northeast. However, in such a heavy environment, there are still many scattered manufacturing enterprises in the three northeastern provinces, Xueyuan Machinery Factory is one of them.

Xueyuan Machinery Factory is located in Heilongjiang Province, was established in the late 80s, is a collection of product development, production, sales as one of the old machinery manufacturing enterprises. The plant adheres to the "save as much as you can" business philosophy, constantly cutting operating costs, but no matter how hard it tries, it can not slow down the increasing cost of inventory due to poor management, coupled with the huge proportion of inventory in its asset structure, greatly limiting the cash flow of Xueyuan Machinery Plant. On the other hand, the production situation of small low-end manufacturing and serious pollution has begun to force the state to guide its upgrade and transformation. 2013, Xueyuan Machinery Factory began to upgrade and transformation, no longer focus on mechanical parts casting, but according to the seasonal development of local agricultural products manufacturing agricultural machinery, such as pine nuts threshing machine, fungus cleaning machine, stevia leaf removal machine. But because the original plant covers a small area, since then Xueyuan machinery is divided into two

factories, the old and new. Old plant mainly for the new plant production of agricultural machinery assembly of castings. Therefore, the Xueyuan machinery factory in the process of agricultural machinery production can achieve self-sufficiency in most parts, resulting in the procurement of raw materials relatively uncomplicated categories.

With the revitalization of the old industrial base in the northeast of the strategy put forward in recent years, the country continues to improve the system, promote structural adjustment, encourage innovation and entrepreneurship. These have greatly contributed to the success of the transformation of the private enterprise Xueyuan Machinery Factory, but its management still exists in a large defect.

(II) The current inventory management status of Xueyuan Machinery Factory

1, The current situation of purchasing link in Xueyuan Machinery Factory

Xueyuan Machinery Plant material procurement is primarily the responsibility of its warehouse custodian, who estimates material purchases based on the inventory level at the end of each quarter. As the Xueyuan Machinery Factory's warehouse staff and procurement staff are not separated, the custodian in the procurement process to select the order quantity, usually based on its warehouse remaining capacity, which makes the Xueyuan Machinery Factory in the procurement process to form a "more inventory is less order, less inventory is more order" non-scientific ordering purposes. And Heilongjiang Province is divided into four seasons, so the production of machinery products also has a strong seasonal, and different seasonal product supplies and differences, so this unscientific ordering purpose eventually led to the Xueyuan machinery factory at the end of the season usually have a backlog or shortage of the situation.

2, Xueyuan machinery factory materials into the warehouse, out of the warehouse link the current situation

Xueyuan machinery factory for the purchase of materials into the warehouse, usually first by the treasurer to count its number, and then review its quality. For the acceptance of qualified materials, by the warehouse staff in a timely manner into the warehouse, for the acceptance of unqualified materials,

then immediately reject and do the relevant records, and finally by the warehouse staff to fill out the materials into the warehouse single. Xueyuan machinery factory in the material into the warehouse on the inventory and record of the implementation of control, but by the warehouse personnel responsible for control is greatly weakened the significance of acceptance into the warehouse. For the material out of the warehouse, the control system is even weaker, under the supervision of the warehouse staff by the production plant workers directly in the warehouse to receive, without filling out the receipt. In general, Xueyuan Machinery Factory has a record of the annual purchase of materials in stock and the amount of inbound, but the amount of outbound is not monitored, so it is difficult to grasp the relationship between the rate of inbound and outbound flow of materials.

3, The current situation of sales link of Xueyuan Machinery Factory

The sales model of Xueyuan Machinery Factory is to provide the finished machinery products to various agents in different regions, and then the agents will sell these products to users. The plant each year by referring to the sales performance of each agent agent in the same year to develop their own sales

plan, the production plant and then refer to this sales plan to develop a workshop production plan. According to the survey, the Xueyuan machinery factory in the spring of 2017 product sales plan is unreasonable ultimately led to a backlog of inventory, due to seasonal factors, the backlog of finished products until the spring of 2018 sales, this long backlog both in terms of capital flow and equipment maintenance, have brought a lot of pressure on the operation of the Xueyuan machinery factory.

4, Xueyuan Machinery Factory inventory accounting link status

According to the requirements of the accounting system and accounting standards, for the enterprise procurement and payment, the accounting personnel should develop relevant accounting documents, in the accounting through the relevant accounting accounts. However, Xueyuan Machinery Factory adopts the traditional manual recording method in accounting, and its accounting staff's professional level is limited, only a simple record of the enterprise's procurement of materials.

5, Xueyuan Machinery Factory inventory quantity and inventory turnover rate statistics for all years

Xueyuan Machinery old factory inventory amount table for the past years

(unit: million yuan)

Year	2016	2017	2018	2019	2020
Inventory amount	3050.00	4150.00	4110.00	4090.00	4030.00

Xueyuan Machinery old plant mainly for the new plant processing parts for the new plant assembly and installation, so the old plant inventory materials are mainly plates, pig iron, round steel, etc.. This kind of inventory materials of the need for larger storage space, so that in the storage link consumed in

the warehouse costs, maintenance costs are higher. 2020 snow original machinery old plant inventory occupied funds amounted to 40.3 million yuan, compared with 2019, 2018, although there is a reduction, but the reduction is not significant.

Xueyuan Machinery new factory inventory amount table for the past years

(unit: million yuan)

Year	2017	2018	2019	2020
Inventory amount	100.7	110.4	140.3	220.8

Xueyuan machinery new plant is mainly responsible for the assembly of machine products, inventory materials are mainly spare parts, paint, welding rod, etc.. Although this kind of inventory materials do not need a large storage space, but different machines need different spare parts, so this kind of inventory categories, managers need to spend a lot of time inventory inventory, and there is ah, widespread use of waste phenomenon. 2020 Xueyuan machinery new plant inventory occupied funds amounted to 2.208 million yuan, compared with 2019, 2018, there is a significant increase.

Inventory turnover ratio is the proportion of sales expenses to the average inventory of a company over a period of time. It is a comprehensive indicator that reflects both the

sales level and the inventory management level of an enterprise. It is a comprehensive indicator that reflects both the level of sales and the level of inventory management. It is usually used by companies to determine the speed of inventory turnover and thus the flow of inventory and the utilization of capital. The formula for calculating inventory turnover ratio is:

$$\text{Inventory turnover ratio} = \text{cost of main business} / \text{average inventory}$$

$$\text{Average inventory} = (\text{beginning of the year inventory} + \text{end of the year inventory}) / 2$$

The inventory turnover rate of Xueyuan Machinery Factory is now analyzed.

Xueyuan Machinery Factory's main operating costs for the past years

(unit: RMB million)

Year	2016	2017	2018	2019	2020
Cost of main operations	6040	7150	8060	9070	9260

The average inventory of Xueyuan Machinery's new and old plants over the years (unit: million yuan)

Year	2016	2017	2018	2019	2020
Inventory amount	3050.00	3653.50	4240.50	4228.50	4245.50

Inventory turnover rate of Xueyuan Machinery Factory over the years

Year	2016	2017	2018	2019	2020
Inventory turnover rate	1.98	1.96	1.90	2.14	2.18

Through the above data analysis, it can be seen that the inventory turnover rate of Xueyuan Machinery Factory is not high, so the current inventory level should be planned and adjusted to reasonably arrange the occupancy of the funds held, to improve the efficiency of its use, so that the enterprise's short-term solvency can be strengthened, and thus ensure the smooth operation of the production sector of the enterprise.

In addition, the above data were obtained through consultation with the financial officer in charge of the Xueyuan Machinery Factory, and are all year-end account statistics, it should be noted that the above data are rough values as the

Xueyuan Machinery Factory is still using the traditional manual bookkeeping method. At the same time, since the plant only started to upgrade and transform at the end of 2016, the new plant only has the recorded value of the inventory amount for the last 4 years.

III. the problems in the inventory management of Xueyuan Machinery Factory

(I) Impact of family governance model on the number of subscriptions

In China, 90% of small businesses are deeply influenced

by the culture of family governance, with loyalty and trust in the selection of trusted people for internal control, but the family governance model has its own limitations, as the company grows, this management model gradually can not adapt to the complex business environment. This was an effective system choice for the relatively small Xue Yuan Machinery Factory, which had the same person in charge of purchasing and storage of materials before the transformation, and this "one person in two positions" system greatly saved its management costs. However, with the success of the later transformation, the drawbacks of this family governance concept and employment system also emerged, which was more evident in the inventory management of small enterprises in terms of the number of orders.

As the competition intensified, the director of the Xueyuan Machinery Factory strived to "win in stability" in the development of the company. Under this development ideology, in order to live up to the family culture of "loyalty and trust" and the existence of the "gratitude" sentiment of the employees, the company appointed "relative managers" in the Inventory management process is more about how to avoid inventory risk rather than the long-term perspective of the overall scientific planning of the enterprise inventory, which led to the Xueyuan Machinery Factory in some materials on the order quantity is too cautious. In addition, this "one person in two positions" system makes the procurement process more or less by the influence of storage duties, can not objectively according to the seasonal products on the inventory of the expected consumption plan to purchase materials, when the storage space is abundant, too much order quantity will cause part of the backlog of materials.

(II) Lack of reasonable material procurement plan

Xueyuan Machinery Factory lacks a reasonable purchasing plan when making purchases. The purchasing personnel judged the quantity of raw materials needed to produce the seasonal products based on their personal experience, and then combined with the storage capacity of the warehouse to determine the final order quantity. This procurement arrangement is highly subjective and does not scientifically and rationally determine the actual order quantity required by the factory, and the procurement method requires

strong professionalism of the procurement personnel. However, for a small enterprise with extremely conservative development, its procurement staff does not have such strong evaluation and analysis ability, which increases the procurement risk of the enterprise to a certain extent and blurs the real demand for the quantity of materials purchased by the enterprise, leading to backlog or shortage of goods.

(iii) Inventory backlog due to neglect of customer needs

The sales model of Xueyuan Machinery Factory, which sells products through distributors, does not allow the factory to communicate directly with users and understand the changing needs of users in real time, and cannot develop scientific sales plans. The production plant is through the plant's sales plan to develop the workshop production plan, so the sales plan of the estimated deviation directly affect the plant to develop the best production plan. For a machinery factory, the development of more than the market demand for production plans caused by the inventory backlog both in terms of capital reversal and storage maintenance will bring great pressure on the enterprise, and with the renewal of science and technology, this part of the backlog of seasonal machinery products in the next year is likely to be replaced by advanced products, which will undoubtedly bring huge losses to small businesses.

(iv) Inventory accounting level is backward

The deficiencies of Xueyuan Machinery Factory regarding inventory accounting are mainly reflected in two aspects, on the one hand, the valuation of inventory issued, and on the other hand, the accounting of inventory. For the valuation of inventory issued, because the inventory issued by the Xueyuan machinery factory does not need to fill out the bill of material, so it will certainly affect its subsequent accounting of cost accounting, because there is no guarantee that the consumption of some semi-finished products and other inventory, and thus the cost of finished goods may not be accurate. In addition, the bill of material is the voucher for the issuance of inventory, and also the voucher for accounting, and the absence of the bill of material will make the inventory that does not match with the account quantity at the later stage lack of inquiry basis. For the accounting of inventory, since it is

simply a running record of the materials purchased by the enterprise, it is impossible to grasp the specific destination and practical application of inventory materials through checking the accounts. The factory's annual statistics of annual inventory materials are through the big inventory in December at the end of the year, and the materials lost before the inventory cannot be fully considered.

(v) Lack of talent leads to backward inventory management level

The lack of talent is the most direct reason for the backward level of inventory management, and backward management will invariably increase the management costs of enterprises. The same as most small enterprises in China, Xueyuan Machinery Factory's employees have an overall low level of cultural literacy, most of them are junior high school or even below junior high school education. Compared with other contemporary enterprises engaged in personnel, this part of the population may have a wealth of production, practical experience, but their level of education often limits their understanding of advanced management systems. Therefore, even though Xueyuan Machinery Factory is keen to implement a scientific inventory management system and enter into a scientific management phase, the management capabilities of its practitioners hardly enable it to achieve the desired level of inventory management.

(vi) Low inventory turnover rate due to backward production methods

In recent years, although China's mechanization level is constantly improving, but for the northeast region of the enterprise mechanization is not high. This is mainly manifested in two aspects, one is the enterprise's machinery and equipment is not advanced enough, the second is the enterprise has advanced machinery and equipment, but lack of technical personnel to guide the use. Xueyuan Machinery Factory belongs to the former, still using the traditional way of manual blast furnace iron casting, this backward production method is difficult to achieve the production plan of the enterprise within the specified time, resulting in high inventory, to a certain

extent, reducing the inventory turnover rate of the enterprise.

(vii) Inventory loss or backlog due to delayed development of information technology

At present, Xueyuan Machinery Factory, like most small enterprises, has begun to use the local area network, the degree of information technology has slightly improved, but the inventory management of information technology process is still unable to promote the original management model of change. Due to the size of the production plant, the Xueyuan Machinery Factory is divided into two factories, the old one and the new one, and the parts produced in the old factory are transported to the new factory by freight. However, the information level of Xueyuan Machinery Factory is not high, for this aspect of material management, only in terms of information sharing, rather than production control level, so the receipt and delivery of the warehouse is difficult to adapt to the changing needs of the production plant. The Xueyuan Machinery Factory uses hired transportation, and in order to reduce transportation costs, it does not return the surplus or wrongly collected parts from the new factory to the old factory, which causes a backlog of inventory in different places. Since this part of the inventory is not in bulk, it is not easy for the administrator to manage in the storage process, which can easily cause the loss of inventory and increase the cost of inventory management.

IV.the Xueyuan Machinery Factory to China's small enterprises inventory management inspiration

(i) Break the family governance and guarantee the separation of the two positions

The family governance model has its advantages as the only choice for the initial accumulation of capital at the beginning of the business, but if small enterprises want to go further in the big wave today, they must break the shackles of this conservative concept of over-emphasizing human feelings and neglecting management, and arrange more professional people in some important positions. In addition, it is not possible to let several operations be handled by one person because of re-trust, and in the process of inventory

management, this is shown by the fact that the person who approves the entry of materials cannot also hold the position of purchasing, guaranteeing the separation of the two positions, and integrating the purchase orders of previous years to make scientific estimates of the quantity of raw materials and supplies to be purchased .

(ii) Enterprise subscription alliance, scientific and rational procurement

"The fire of a star can start a prairie fire". In today's increasingly competitive world, small enterprises in China should give full play to the accumulation effect and organize small enterprises to carry out joint ordering to realize the relative concentration of resource allocation. Through the EOQ model, each small enterprise estimates and calculates the economic ordering lot, and then determines the final order quantity of the small enterprise alliance through analysis and aggregation. The purchased materials are stored by the centralized warehouse, and each small enterprise sets the inventory purchase point that meets its own situation, and then receives from the centralized warehouse when the inventory drops to that point. This method of joint ordering requires a high level of planning ability, but it can greatly reduce the cost of small businesses' warehouses, and at the same time, it can disperse the risk of out-of-stock or pressure risks brought about by small businesses' improper order quantities.

(iii) Comprehensive review of deficiencies and attention to customer needs

In the inventory management decision-making process, some small enterprises in China tend to focus only on some financial information and ignore the role of some non-financial information in management decisions. However, the management model of modern enterprises has changed from production-driven in the past to customer-driven today. Therefore, small businesses should focus on their core competencies to meet the needs of customers. For some small enterprises that can communicate directly with customers, the person in charge of sales should pay more attention to the changing needs of customers, establish a complete tracking service and after-sales return visit system, and grasp the new direction of the market in real time. For some small enterprises

that cannot communicate with customers directly, they should regularly send relevant staff to the agent's distribution office to collect customers' opinions on products and understand the changes in customer demand for feedback.

(iv) change the management concept and improve the accounting level

Because most small businesses in China have a "reduce costs, reduce procedures" business philosophy in inventory management, many small businesses still do not have a formal accounting officer and accounting process. On the surface, this business philosophy saves labor costs and speeds up the receipt and delivery of inventory, but in the long run, the disadvantages of this conservative business philosophy far outweigh the cost savings for small businesses. If a company wants to grow steadily, it must have a clear accounting interpretation of its own asset level, so small businesses in China should change their outdated business philosophy and improve their accounting. According to the accounting system and accounting standards, small enterprises can fill in the corresponding accounting vouchers for material purchase, material warehousing, purchase payment, inventory issuance and product sales, and then register the books according to these vouchers, and the status of inventory can be clearly reflected through different accounting accounts.

(v) strengthen the production technology, innovation management mode

Small enterprises in China generally have a low level of technology and insufficient investment in innovation. Improving the production technology level of small enterprises is an important step to improve product performance and enhance the core competitiveness of enterprises. By strengthening the production technology, the production rate of the enterprise can be improved in the whole line and the consumption of raw materials in stock can be accelerated [14]. While accelerating the consumption of inventory materials in the raw plant shop, small enterprises should refer to the quarterly inventory count results and can adopt the JIT inventory management model for materials that are still

seriously backlogged. This model requires suppliers to supply small businesses according to the specified time and quantity, and small businesses can arrange supply orders according to their actual needs, which can ensure that some infrequently used materials are in a "zero inventory" state. The combination of enhanced production technology and JIT inventory management mode not only accelerates the consumption of inventory, but also reduces the backlog of uncommon materials at source, which can greatly reduce the quantity of enterprise inventory, speed up the turnover of inventory materials in small businesses, reduce the occupation of capital in small businesses, and promote the flow of funds in small businesses.

(vi) Improving welfare and attracting management talents

Small companies in China are limited by their profitability and do not offer good salaries and benefits to their employees, so it is difficult to attract managers with management talent and abilities. However, in order to optimize the internal control and strengthen the inventory management of the enterprise, the level of benefits should be improved in order to attract management talents. A good inventory manager can pay more attention to the changes of inventory and make reasonable decisions, and use more advanced scientific methods to manage inventory, such as ABC classification, JIT, zero inventory model, etc. Although these methods are not fully applicable to small enterprises, they still have significance for their inventory management, so as to find a way to reduce inventory management costs for small enterprises. This is the way to reduce inventory management costs for small businesses.

(G) accelerate the construction of information, solid management system

Small businesses in China still manage their inventories by manual records, which are not only prone to errors, but also difficult to quickly reflect the rate of inventory changes and track inventory. Contemporary ERP systems are nearly complete, and their inventory control modules can be integrated with the needs of the production floor to make immediate adjustments to inventory and accurately reflect the inventory status of the business. For small enterprises, the

threshold of using ERP information systems is too high, but they can approach the direction of their field, gradually penetrate from the information sharing level to the production control level, gradually achieve the information management of inventory, and reduce the costs arising from the untimely feedback and tracking of material information .

IV. RESEARCH CONCLUSION

This paper takes the inventory management model of Xueyuan Machinery Factory as a model, describes the current situation and problems of its current inventory management model and analyzes and researches it, and proposes suggestions for improving inventory management in small enterprises by taking a point by point approach.

The main conclusions include.

(1) The pros and cons of family governance in small enterprises should be re-examined to avoid nepotism, and incompatible positions should be separated.

(2) Small firms can make joint purchases to disperse the risk of stock-outs and stock-outs caused by improper quantities when purchasing individually.

(3) Encourage small businesses to recruit and nurture management talents, and use scientific methods to complete inventory management systems.

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