

## **Abstract**

High inventory level with low service rate is one of the main issues in the supply chain management. Lifetime (Xiamen) Plastic product Ltd. Co., a big manufacturing company in Xiamen city, China, is also facing the same issue. In this thesis, we will first identify the key factors that affect inventory management. By using the theory of supply chain management, we will then try to figure out some good strategies (supply contract management, safety stock, VMI, postponement) which can help to reduce the overall cost, and maintain the service rate in a high level. Finally, we will point out and conclude the problems occurred during implementing those strategies in practice.

**Keywords:** inventory management; supply contract, safety stock, case study, VMI, postponement