

ABSTRACT

The supply of raw materials is one of the most crucial factors in ensuring smooth production process. Especially for big companies who are producing more and more demand each time periods. PT Hidup Baru which is located in Palembang is one of the coffee beans processing industry. The main customers of this company are Coffee Factories located at Palembang, Jambi and Bangka. PT Hidup Baru had been applying intuition method from the owner in re-stocking raw materials; It has been proven that this method has affected the capability of the company in fulfilling customers demand. From the year 2013 to 2014, it was estimated that there were 200 ton demand that was unable to be fulfilled by the company. The figures from the calculation have shown that Rp 44.214.861.100 was expensed just to deliver the goods to the customers. Hence, the company needs a method in controlling their raw materials so that they will be able to fulfill the demands of the customers and reduce the overall operational costs that were expensed before. The suitable method would be EOQ Probabilistic that could reduce the cost to Rp 44.214.519.530. The calculation from the new method has proven that PT Hidup Baru would be able to further maximize their profit if they are using the suggested method.

Key Words: Raw Materials, EOQ Probabilistic, Total Cost.