Inventory Centralization Decision Framework for Spare Parts

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Within the current literature, there is a lack of a holistic and multidisciplinary approach to managing spare parts and their inventory configuration. This paper addresses this research gap by examining the key contextual factors which influence the degree of inventory centralization and proposes a novel holistic theoretical framework, the Inventory Centralization Decision Framework (ICDF), useful for practitioners. Through an extensive review of inventory management literature, six contextual factors influencing the degree of inventory centralization have been identified. Using the ICDF practitioners can assess the most advantageous inventory configuration of spare parts. The framework is tested on a large global company which, as a result, today actively uses the ICDF; thus showing its practical applicability.