

**Supply chain
dictionary**

What is

**Buffer
stock**



Supply chain dictionary

Buffer stock is a key element of supply chain management, which refers to an additional quantity of stock that is held in reserve to deal with contingencies or uncertainties in demand or supply.

In practice, the buffer stock consists of a quantity of stock that is greater than that needed to meet the expected demand. This additional quantity of stock is held in reserve to compensate for possible fluctuations in demand or longer than expected supply times.



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Buffer stock is therefore a safety measure for companies, allowing them to ensure the availability of their products for their customers, even in the event of unforeseen disruptions. It also minimises the risk of stock shortages and delays in deliveries.

However, it is important to note that buffer stock can have a significant impact on storage costs and overall company stock levels. Therefore, it is essential to maintain the right balance between the level of buffer stock needed to ensure product availability, and the costs associated with managing this additional stock.



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