

BPN2023: INDUSTRIAL ENGINEERING

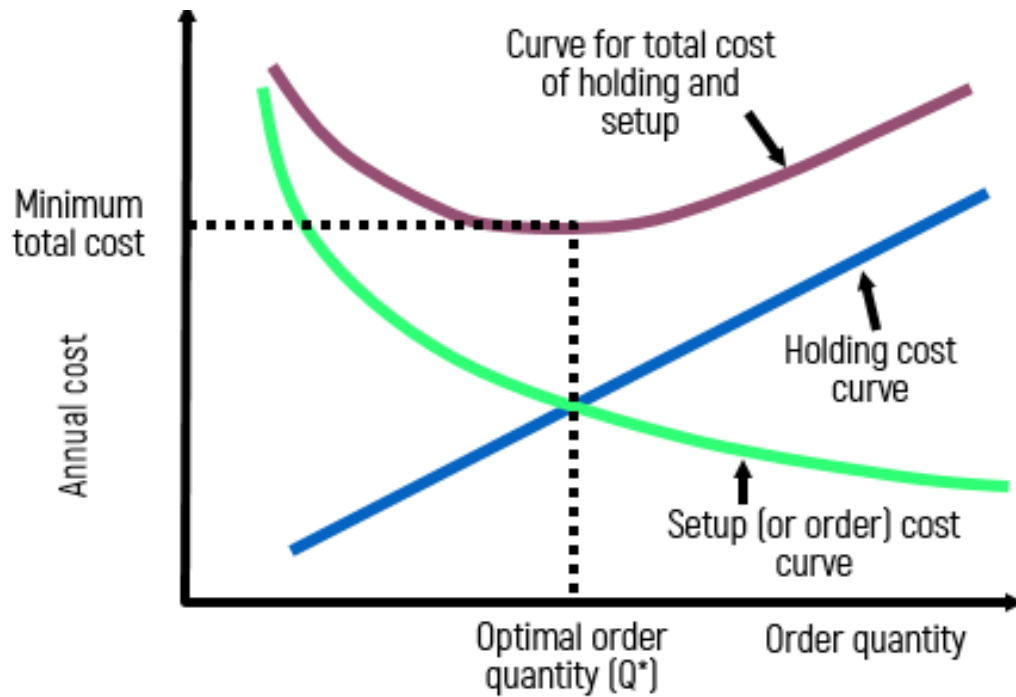
REVIEW OF CHAPTER 12: INVENTORY MANAGEMENT

Direction:

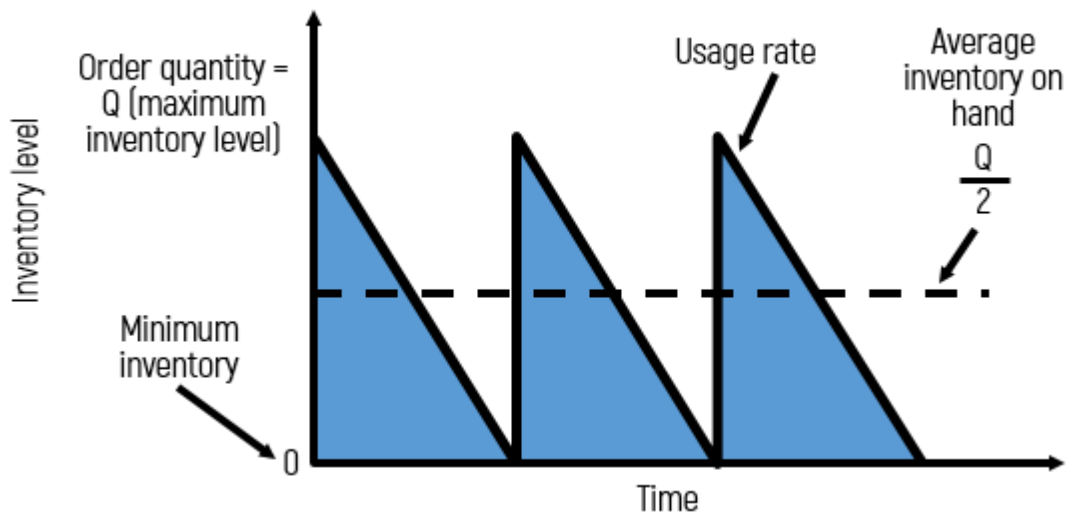
With hand writing, answer the following questions. You are required to submit the answer no later than 18 August 2017.

Questions:

1. Define the following terms:
 - a. Inventory
 - b. Inventory management
 - c. ABC analysis
 - d. Cycle counting
 - e. Reorder point
2. Explain the functions of inventory.
3. Distinguish four types of inventory.
4. Contrast holding/carrying costs, ordering costs, and setup costs.
5. Explain the advantageous of cycle counting.
6. Explain the following figure.



7. Explain the following figure.



8. A company uses 1200 of a certain spare part that costs \$25 for each order, with an annual holding costs \$24.
- Calculate the total cost for order sizes of 70, 80, 100, 120, and 140.
 - Identify the EOQ and consider the implications for making an error in calculating EOQ.