

# INVENTORY MANAGEMENT 1: INVENTORY FUNDAMENTALS

## DESCRIPTION:

This module covers definitions and types of inventory, the role of inventory, cycle and safety stock, inventory costs, and ABC analysis.

**Tutorial:** 20 slides  
**Problem Sets:** 4 problem sets; 30 questions  
**Average Time:** 78 minutes

## Sample question from problem set:

**Course:** Faculty Access (All Modules in Alphabetical Order)

**Module:** Inventory Management I / Problem Set ID: 111

DigitalDocs makes specialized computer tablets for use in cancer care centers. The tablets are highly customized so they are assembled individually at the time of purchase. They have 3 different tablet models, the DD1, DD2, and DD3, that had sales last year of 250, 400, and **880** units respectively. All 3 tablets use a single SuperDriveXE for permanent storage of transaction records and the SuperDrive costs **\$33** per unit. The company orders **80** SuperDrives at a time. The lead time for the Superdrives is **5** weeks and the standard deviation for demand during the lead time is **13** units.

**If the manager decided to reduce the quantity of SuperdriveXEs purchased per order, which of the following would be true:**

1. The cost of capital would increase
2. Ordering costs would be lower
3. Cycle stock would be lower
4. All of the Above



0

Multiple Choice

PS2

1

2

3

4

5

6

7

8

SUBMIT ANSWER

EXIT

Problem Sets

0

4

Total Questions

1

30



### CALCULATED VARIABLES:

safety99 = 11

cycle = 40

pipeline = 147

wdemand = 29.4

adv = \$50,490

demand = 1,530