Chapter Outline

# Chapter 15: Inventory Management

***See pages 532-557.***

Operations Profile: Best Buy Moves Inventory Control to Its 1,000 Warehouses

 Types of Inventory

 Inventory Costs

 Purchase Costs and Ordering Costs

 Setup Costs

 Holding, or Carrying, Costs

 Stock-out Costs

Operation Management: Lessons Learned: How Poor Inventory Management Can Lead to Charges of Fraud

 Inventory Considerations for Supply Chains

 Meeting Expected Normal Demand

 Protecting Against Shortages

 Receiving Quantity Discounts

 Guarding Against Future Price Increases

 Meeting Sales Increases Caused by Seasonal Demand and Sales Promotions

 Reducing Transportation Costs and Transit Times

 Smoothing Out Production Fluctuations

 Facilitate Decoupling of Processes

 Inventory Management Measures

 Backorders and Lost Sales

 Inventory Turnover

 Days of Inventory in Stock

 Order Fulfillment Lead Time

 Fill Rate

 Inventory Accuracy Rate

Operations Management: Lessons Learned: How Pennsylvania’s State Liquor Store System Continues to Mismanage Inventory

 Key Features of Effective Inventory Management Systems

 Demand Forecasts, Lead Times, and Inventory-Related Cost Information

 Inventory Classification: The ABC Method

 Inventory Control Systems

Consider This: IKEA’s Successful Inventory Management Techniques

 Uncertainty in Supply Chain Inventories: TheBullwhip Effect

 Causes of the Bullwhip Effect

 Strategies for Mitigating the Bullwhip Effect

 Ethical and Sustainability Issues

 Global Inventory Management

 Service Sector Inventory Management

 Chapter Summary

 Key Terms

 Discussion and Review Questions

 Solved Problem

 Problems

 Case Study 15.1: Inventory Pressures Cause Tuesday Morning to Abandon e-Commerce

 Case Study 15.2: Inventory Management in the Age of the Online Shopper

 Video Case

 Critical Thinking Exercises

 Littlefield Laboratories