

TABLE 18.31: Lot-Sizing Techniques - Lot-for-Lot Rule**Product: Running Shoes****Low-Level Code: 0****Lead Time: 1 week****Lot Size: lot-for-lot****Week**

	1	2	3	4	5	6	7	8
Gross Requirements	50	60	40	80	30	70	40	30
Scheduled Receipts								
Projected On-Hand Inventory = 50	0	0	0	0	0	0	0	0
Net Requirements		60	40	80	30	70	40	30
Planned Order Receipts		60	40	80	30	80	40	30
Planned Order Releases	60	40	80	30	70	40	30	

Total cost = (# of orders \times ordering cost/order) + (projected on-hand inventory \times carrying cost)

For the lot-for-lot rule,

Total Cost = $7 \times 100 + 0 \times 2 = \700