Chapter Outline

# Chapter 16: Inventory Control Models

***See pages: 558-598.***

Operations Profile: Walgreens Fights to Stay Profitable Through Inventory Management

Introduction

How Much to Order: Continuous Review Systems

Basic Economic Order Quantity (EOQ) Model

Economic Production Quantity (EPQ) Model

EOQ Model with Quantity Discounts

When to Order: Reorder Point for Continuous Review Systems (EOQ Model)

Operations Management: Lessons Learned: Inventory Mismanagement Helps Sink Target Canada

Reorder Point Model for Constant Demand and Constant Lead Time

Reorder Point Model for Variable Demand and Constant Lead Time

Reorder Point Model for Constant Demand and Variable Lead Time

Reorder Point Model for Variable Demand and Variable Lead Time

How Much to Order: Periodic Review Systems

How Much to Order: Single-Period Inventory Systems

Chapter Summary

Key Terms

Discussion and Review Questions

Solved Problems

Problems

Case Study 16.1: When Your Customers Steer You Wrong: Wal-Mart’s Project Impact Disaster

Video case

Critical Thinking Exercises