

## intro to logistics Cheat Sheet

by bescam via cheatography.com/169048/cs/35475/

## Economic order quantities

Determines the volume and frequency of orders that minimise the logistic costs within a specific time window.

Q: Order Volume h: Holdina S: Ordering Costs C: Unit Cost Cost D: Demand Handling

Total Ordering Costs = # of 0 = orders \* costs per order DS/Q

Cost

h=IC

T=O+H

= DS/Q

+ Qh/2

 $Q^* =$ 

sqrt(2-

SD/Q\* =

hQ\*/2

Total Holding costs = Average  $H=\square$ holding costs \* order volume  $\Box h/2$ , where

Total costs of ordering and holding cargo that satisfies demand D is:

Determines the volume and frequency of orders that minimise the logistic costs within SD/h) a specific time window.

1. Optimal order  $Q^*$  is achieved when Holding and Order costs are balanced.

2.Inventory costs have a small impact due to  $Q^*$ . 3.Cycle time = Q\*/D, and

number of orders per year =

D/Q\*

## Economic order quantities

Determines the volume and frequency of orders that minimise the logistic costs within a specific time window.

 $\mathit{Q}$ : Order Volume  $\mathit{S}$ : Ordering Costs  $\square$ ☐: Unit Cost *h*: Holding Cost *I*:

Handling Cost D: Demand



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