

## 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:
S: Ordering Costs Holding
C: Unit Cost Cost
D: Demand I:
Handling

Cost

h=IC

T=O+H

= DS/Q

+ Qh/2

 $Q^* =$ 

sqrt(2-

SD/h)

SD/Q\* =

hQ\*/2

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

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

D/Q

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

Handling Cost D: Demand



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