

PEAK 18" \approx LANION
4500 UNITS.

CAP LEFT FOR 36" = 1200

PEAK 36" = 2000.

PEAK 36" \approx 2000 OPTION 8

CAP LEFT FOR 18" = 3000 UNITS

PEAK = 4500

OVERTIME WILL BE NEEDED
WILL NOT BE ENOUGH
AT PEAK

INV. COST

$$\begin{array}{l} 18'' = 2 \$ \\ 36'' = 6 \$ \end{array} \left. \vphantom{\begin{array}{l} 18'' \\ 36'' \end{array}} \right\} \frac{1}{3}$$

STOCKOUT COST

$$\begin{array}{l} 18'' = 20 \$ \\ 36'' = 60 \$ \end{array} \left. \vphantom{\begin{array}{l} 18'' \\ 36'' \end{array}} \right\} \frac{1}{3}$$

CAPACITY :

NO OVERTIME : $18'' = 6000$ $36'' = 0$
 OR $18'' = 0$ $36'' = 1800$

YOU CAN PRODUCE
 for 6000 of 18'' } $\frac{6000}{1800} = 3,3$
 1800 of 36''

FOR EACH 36'' YOU CAN MAKE
 3,3 UNITS OF 18''

IF SHORTAGE CAPACITY :

1 UNIT OF CAPACITY

1 UNIT of 36" → WE AVOID 60\$
STOCKOUT COST

3,3 UNITS of 18" → AVOID 3,3 x 20\$
STOCKOUT COST
= 66 \$

PRIORITY TO 18"

WHAT IS WORSE

STOCK ?
STOCKOUT ?

1 UNIT STOCKOUT

20¢

60¢

1 UNIT STOCK
1 PERIOD

2¢

6¢

$\frac{\text{STOCKOUT}}{\text{STOCK}}$

$\frac{10}{1}$

$\frac{10}{1}$

10 WEEKS OF STOCK

= COST Δ ~~STOCKOUT~~

STOCKOUT

WE PREFER STOCK

OVERTIME ?

EXAMPLE 18

COST OVERTIME = 20,000 \$

WE CAN PRODUCE = 3000
Instead of 6000

EXTRA 3000 UNITS

AVOID STOCKOUT COST
of 3000 x 20 \$ = 60,000 \$

STOCKOUT
60,000 \$

20,000 \$
OVERTIME
+ INVENTORY
COST

$\Delta = 40,000$ \$ Can be inventory cost

~~3000~~ x 2 \$ x 6 periods = 36,000 \$
< 40,000

6000 \$ x 6

OVERTIME + 6 PERIODS
OF ~~PERIODS~~ OF STOCK

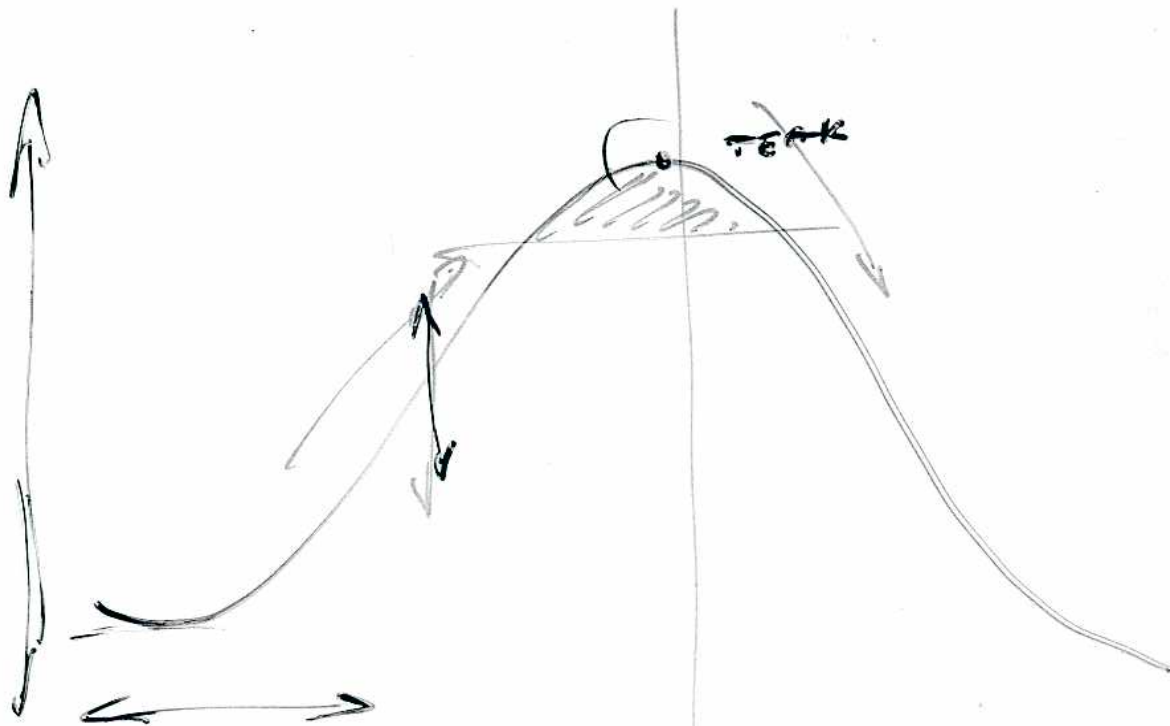
BETTER THAN ~~IS~~ ~~THE~~
STOCKOUT

STOCK BETTER THAN
STOCKOUT

OVERTIME BETTER THAN
STOCKOUT

IF SHORT OF CAP \Rightarrow PRIORITY
TO 18"

+ OVERTIME WILL BE NEEDED.



$$F1 \left\{ \begin{array}{l} 2250 \\ 750 \end{array} \right.$$

$$F2 \left\{ \begin{array}{l} 2300 \\ 1050 \end{array} \right.$$

$$F7 : 4500 - 1700$$

$$F8 : 3850 - 2000$$

$$F9 : 3000? - 1000? \\ \downarrow \\ 4550 - 2950$$