

BE/OM201
Take home quiz#1: Inventory Management
25 March 2020, 04:30-06:00 pm.

Student name: **Student ID:**

Instructions:

1. Specify your name and student ID above.
 2. It is an open book quiz and all calculating devices are permitted.
 3. Type or write your answer in the space under each question.
 4. Answer all of **THREE** questions on this quiz.
 5. Before submission, convert your answer sheet file to become PDF or JPEG and attach the file with your email being sent to OM201BE@gmail.com by 06:00 pm of Wednesday of 25 March 2020.
 6. Late submission will be not graded.
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Item 1. Perform an ABC analysis on the following set of products. Show your calculation in detail.
Which product items shall be categorized as A, B or C?

Item	Annual Demand (units)	Unit Cost (\$ per unit)
A211	1200	\$9
B390	100	\$90
C003	4500	\$6
D100	400	\$150
E707	35	\$2000
F660	250	\$120
G473	1000	\$90
H921	100	\$75

Item 2. What are the assumptions of the EOQ model?



Item 3. A firm that makes electronic circuits has been ordering a certain raw material 250 ounces at a time. The firm estimates that carrying cost is $I = 30\%$ per year, and that ordering cost is about \$20 per order. The current price of the ingredient is \$200 per ounce. The assumptions of the basic EOQ model are thought to apply. For what annual demand is their action optimal? (ounces per year)

