**Directions:** Solve the following two problems

**Problem 1:**

|  |  |
| --- | --- |
| Maximum daily requirement | 800 units |
| Time required to receive emergency supplies | 4 days |
| Average daily requirement | 700 units |
| Minimum daily requirement | 600 units |
| Time required for refresh supplies | One month (30 days) |
| **Calculate reordering point:** |

 **Problem 2:**

|  |  |
| --- | --- |
| Two types of materials are used as follows: Minimum usage |  20 units per week each |
| Maximum usage  | 60 units per week each |
| Normal usage | 40 units per week each |
| Re-order period or Lead timeMaterial A:Material B | 3 to 5 weeks2 to 4 weeks |
| **Calculate reorder point for two types of materials**:  |
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Use the Inventory Reorder Point Calculator at [**http://www.danielsoper.com/fincalc/calc.aspx?id=29**](http://www.danielsoper.com/fincalc/calc.aspx?id=29)toconfirm your answers.

Adapted from http://accountingexplained.com/managerial/inventory-management/reorder-level