

Name:

Date:

Class:

## Lesson 15.2

### Practice Your Understanding

1. For each of the following examples, determine if the statement refers to lead time, buffer stock, or carrying cost in inventory management. (15.2-1)

- a. You need to place an order for some laptops, but also realize the vendor needs five days from the day of your order until it arrives at your business.

Answer:

- b. In looking over the inventory reports you notice many products have been identified as damaged or obsolete.

Answer:

- c. The holiday season is approaching, and you have decided to carry additional stock to anticipate sales.

Answer:

- d. To anticipate the holiday season, you are going to hire more employees to handle all the inventory that will arrive.

Answer:

2. You have just updated your inventory system from a manual perpetual inventory-control system to a computerized perpetual inventory-control system. Review each of the following qualities and determine which, if any, can be considered an advantage to using a computerized system. (15.2-2)

- a. Inventory is tracked automatically

Answer:

- b. Employees still count inventory

Answer:

- c. Each sale is recorded

Answer:

- d. Products can be reordered automatically

Answer:

- e. Inventory can be assessed visually to see if inventory is low

Answer:

- 3. The back-to-school rush is approaching, and you need to estimate purchasing needs based on sales data. Determine which of the following examples you would use to help decide which merchandise to order. (15.2-3)

- a. Review last year's sales records

Answer:

- b. Identify carrying costs

Answer:

- c. Evaluate turnover rate

Answer:

- d. Use the 80/20 rule

Answer:

- e. Conduct a manual count of inventory

Answer: