

# Inventory Problem

October 21, 2013

A California distributor of sporting equipment expects to sell 10,000 cases of tennis balls during the coming year at a steady rate. Yearly carrying costs (to be computed on the average number of cases in stock during the year) are \$10 per case, and the cost of placing an order with the manufacturer is \$80.

- (a) Find the inventory cost incurred if the distributor order 500 cases at a time during the year.
- (b) Determine the economic order quantity, that is, the order quantity that minimizes the inventory cost.