

IE 460 Comments on Homework #4

Homework 4 statistics:

Average: 2.34, Standard Deviation: 0.56

Grade	3	2	1	0
# of people	9	13	1	12

Comments regarding your performance:

- In *part A(a)(i)*, a lot of you assume that the lot size is equal to the truck capacity (100 units). However, other possible lot sizes (e.g. 20,40,60,80,100) should be evaluated. I believe this is a critical mistake, you should not assume that utilizing the truck as much as possible is the best option.
- In *part A(a)(i)*, some calculate inventory holding costs based on average inventory, although the question states that “Inventory costs are evaluated at the end of the day”.
- In *part A(a)(i)*, some calculate in-transit inventory although the transition time is zero. If you write an assumption for this, then there is no problem.
- In *part A(a)(ii)*, there is no inventory holding cost in milk-run strategy.
- In *part A(a)(iii)*, most of you suggested one or two ideas in words but did not provide a calculation.
- In *part A(b)(i)*, some of you calculated the safety stock by using cycle service level instead of fill rate. This is a serious mistake and please understand the differences between CSL and fill rate.
- If you completed most of the analyses with major mistakes, you received 2 points due to your effort. If you could figure out the right approach in Part A(a)(i) and Part A(b)(i), and you have only minor mistakes, then you received 3 points.
- The most common major mistakes are: 1- Using average inventory ($Q/2$) in Part A(a)(i) and 2- Using CSL approach instead of fill rate to find safety stock in Part A(b)(i).