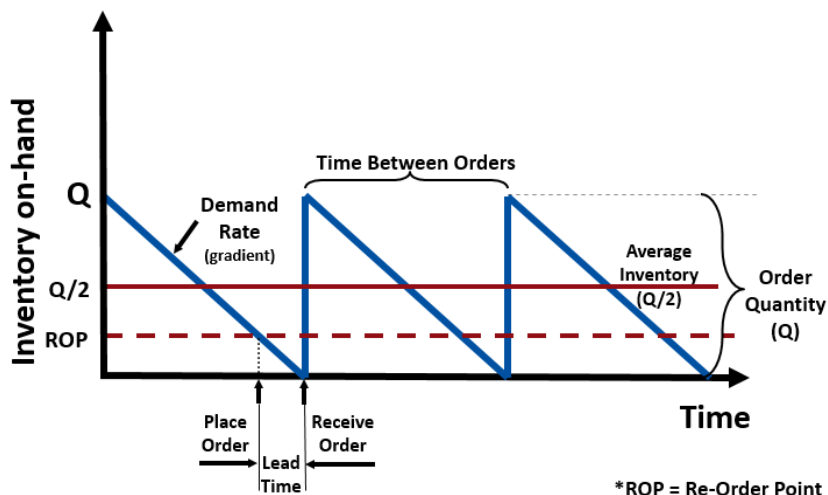


# Safety Stock – Inventory Management

## Inventory Dynamics



### Order Quantity:

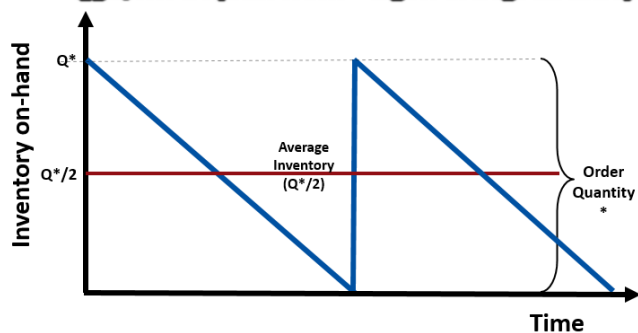
The size of your regular replenishment order is a separate topic from how much Safety Stock to hold. It has a big impact on the average inventory held and therefore is a different inventory trade off of price and ordering costs vs inventory holding & financing cost.

The “Economic Order Quantity” is a good starting method to help with this decision.

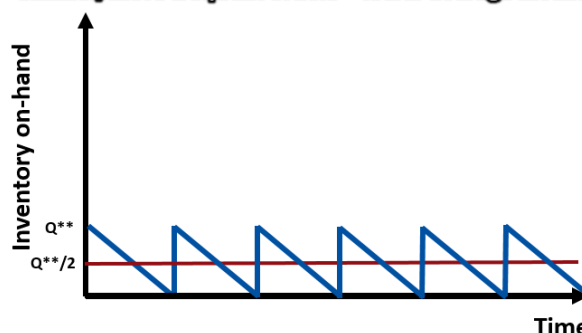
See my Separate “Inventory Management A-Z” course for more on this topic amongst many others.

<https://www.udemy.com/course/inventory-management-operations/?referralCode=69C28EFA9885459C1C61>

**Bigger, less frequent orders = higher average inventory**

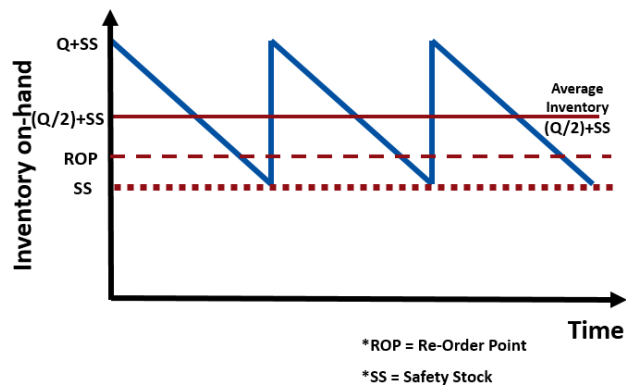


**Smaller, more frequent orders = lower average inventory**



# Safety Stock – Inventory Management

## LOTS of Safety Stock



## Variation in demand and lead time

### Realistic situation

