

Module 4; applied decision methods; discussion inventory control models

[Business](#)



Does the company take advantage of the volume discount? Wal-Mart always puts into consideration volume price cut. There reward aims buyers who purchase in plenty. As an illustration, the prices of grocery at Wal-Mart have reduced by fifteen percent. Consequently, this has increased the number of purchases. As a result, there has been significant increase in purchases.

Provide examples of carrying costs associated with inventories?

Carrying cost is the price of possessing inventory. Inventory carrying entails inventory storage and capital cost. In addition, it involves storage and management by the business owners or external vendors. There are numerous carrying costs associated with inventories; first is the storage expense. It costs a lot to store an inventory owned by the business. Second, lost investment opportunities; inventories tend to withhold money so in the event of any opportunity it is likely to fail. Third, is tax; it is charged on the inventories, therefore, the more the inventory the more the tax rate. Finally, shrinkage, it brings about unavailability of a segment of the inventory.