Fold each printed sheet in half lengthwise. The left side of the document will list the term and the right side will list the definition. Tape or staple the open edges of your flashcards. Cut out your flashcards on the solid lines indicated and fold them on the dotted lines.

Module 6
Section C: Itemized Inventory Management

Term
Cold chain

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A term referring to the storage, transfer, and supply chain of temperature-controlled products. Industries in the cold chain include food and agriculture, pharmaceuticals, and chemicals.

Module 6
Section C: Itemized Inventory Management

Term
Economic order quantity (EOQ)

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A type of fixed order quantity model that determines the amount of an item to be purchased or manufactured at one time. The intent is to minimize the combined costs of acquiring and carrying inventory. [To calculate this find the square root of ((2AS)/(iC)) where A = annual usage in units, S = ordering costs in dollars, i = annual inventory carrying cost rate as a decimal, and C = unit cost.] Syn.: economic lot size, minimum cost order quantity. See: total cost curve.

Module 6
Section C: Itemized Inventory Management

Term
Fixed order quantity

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A lot-sizing technique in MRP or inventory management that will always cause planned or actual orders to be generated for a predetermined fixed quantity, or multiples thereof, if net requirements for the period exceed [this].

Module 6
Section C: Itemized Inventory Management

Term
Fixed reorder cycle inventory model

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A form of independent demand management model in which an order is placed every n time units. The order quantity is variable and essentially replaces the items consumed during the current time period. If M is the maximum inventory desired at any time and x is the quantity on hand at the time the order is placed, then in the simplest model, the order quantity equals M minus x. The quantity M must be large enough to cover the maximum expected demand during the lead time plus a review interval. The order quantity model becomes more complicated whenever the replenishment lead time exceeds the review interval, because outstanding orders then have to be factored into the equation. Syn.: fixed-interval order system, fixed order quantity system, order level system, periodic review system, time-based order system. See: fixed reorder quantity inventory model, hybrid inventory system, independent demand item management models, optional replenishment model.

Module 6
Section C: Itemized Inventory Management

Term
Hazardous materials

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Any material that a country's relevant government agency has classified as a risk to human, animal, or environmental health or to property—either on its own or due to interaction with other elements. A government's transportation authority may allow transportation only when proper permits and safety precautions are implemented. Similarly, a government may regulate or supervise hazardous material disposal. Categories include explosives, flammable or corrosive liquids or gasses, biohazards, and radioactive materials.

Module 6
Section C: Itemized Inventory Management

Term
Hazardous waste

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Waste, such as chemicals or nuclear material, that is hazardous to humans or animals and requires special handling.

Module 6
Section C: Itemized Inventory Management

Term
Inventory ordering system

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Inventory models for the replenishment of inventory. Independent demand inventory ordering models include fixed reorder cycle, fixed reorder quantity, optional replenishment, and hybrid models, among others. Dependent demand inventory ordering models include material requirements planning, kanban, and drum-buffer-rope.

Module 6
Section C: Itemized Inventory Management

Term
Level of service

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A measure (usually expressed as a percentage) of satisfying demand through inventory or by the current production schedule in time to satisfy the customers' requested delivery dates and quantities. In a make-to-stock environment, [this] is sometimes calculated as the percentage of orders picked complete from stock upon receipt of the customer order, the percentage of line items picked complete, or the percentage of total dollar demand picked complete. In make-to-order and design-to-order environments, [it] is the percentage of times the customer-requested or acknowledged date was met by shipping complete product quantities. Syn.: measure of service, service level. See: cycle service level.

Module 6
Section C: Itemized Inventory Management

Term
Lot size

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The amount of a particular item that is ordered from the plant or a supplier or issued as a standard quantity to the production process. Syn.: order quantity.

Module 6
Section C: Itemized Inventory Management

Term
Lot-for-lot (L4L)

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A lot-sizing technique that generates planned orders in quantities equal to the net requirements in each period. See: discrete order quantity.

Module 6
Section C: Itemized Inventory Management

Term
Maintenance, repair, and overhaul (MRO)

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An item for reprocessing in the remanufacturing industry.

Module 6
Section C: Itemized Inventory Management

Term
Mean time between failures (MTBF)

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The average time interval between failures for repairable product for a defined unit of measure (e.g., operating hours, cycles, miles). See: reliability.

Module 6
Section C: Itemized Inventory Management

Term
Mean time for failures (MTFF)

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Average time for failure of a nonrepairable product (expected life) or average time to first failure of a repairable product. See: reliability.

Module 6
Section C: Itemized Inventory Management

Term
Mean time to repair (MTTR)

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The average time that it takes to repair a product.

Module 6
Section C: Itemized Inventory Management

Term
Min-max system

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A type of order point replenishment system where the minimum (min) is the order point, and the maximum (max) is the "order up to" inventory level. The order quantity is variable and is the result of the max minus available and on-order inventory. An order is recommended when the sum of the available and on-order inventory is at or below the min.

Module 6
Section C: Itemized Inventory Management

Term
On-time schedule performance

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A measure (percentage) of meeting the customer's originally negotiated delivery request date. Performance can be expressed as a percentage based on the number of orders, line items, or dollar value shipped on time.

Module 6
Section C: Itemized Inventory Management

Term
Order point

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A set inventory level where, if the total stock on hand plus on order falls to or below that point, action is taken to replenish the stock. [It] is normally calculated as forecasted usage during the replenishment lead time plus safety stock. Syn.: reorder point, statistical order point, trigger level. See: fixed reorder quantity inventory model.

Module 6
Section C: Itemized Inventory Management

Term
Order point system

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An inventory replenishment system based on the stock on hand plus on order. Syn.: statistical order point system. See: order point, reorder point, fixed reorder quantity inventory model, hybrid inventory system.

Module 6
Section C: Itemized Inventory Management

Term
Period order quantity

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A lot-sizing technique under which the lot size is equal to the net requirements for a given number of periods (e.g., weeks into the future). The number of periods to order is variable, each order size equalizing the holding costs and the ordering costs for the interval. See: discrete order quantity, dynamic lot sizing.

Module 6
Section C: Itemized Inventory Management

Term
Periodic replenishment

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A method of aggregating requirements to place deliveries of varying quantities at evenly spaced time intervals rather than variably spaced deliveries of equal quantities.

Module 6
Section C: Itemized Inventory Management

Term
Perpetual inventory record

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A computer record or manual document on which each inventory transaction is posted so that a current record of the inventory is maintained.

Module 6
Section C: Itemized Inventory Management

Term
Point of sale (POS)

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The relief of inventory and computation of sales data at the time and place of sale, generally through the use of bar coding or magnetic media and equipment.

Module 6
Section C: Itemized Inventory Management

Term
Reorder quantity

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1) In a fixed [type of this] system of inventory control, the fixed quantity that should be ordered each time the available stock (on-hand plus on-order) falls to or below the reorder point. 2) In a variable [type of this] system, the amount ordered from time period to time period varies. Syn.: replenishment order quantity.

Module 6
Section C: Itemized Inventory Management

Term
Replenishment lead time

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The total period of time that elapses from the moment it is determined that a product should be reordered until the product is back on the shelf available for use. Syn.: reorder cycle.

Module 6
Section C: Itemized Inventory Management

Term
Safety data sheet (SDS)

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A document that is part of the materials information system and accompanies the product. Formerly referred to as the manufacturing safety data sheet (MSDS). The document is prepared by the manufacturer and provides information regarding the safety and chemical properties to downstream users and (if necessary) the long-term storage, handling, and disposal of the product. Among other factors, the SDS describes: the hazardous components of a product; how to treat leaks, spills, and fires; and how to treat improper human contact with the product.

Module 6
Section C: Itemized Inventory Management

Term
Safety lead time

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An element of time added to normal lead time to protect against fluctuations in lead time so that an order can be completed before its real need date. When used, the MRP system, in offsetting for lead time, will plan both order release and order completion for earlier dates than it would otherwise. Syn.: protection time, safety time.

Module 6
Section C: Itemized Inventory Management

Term
Sawtooth diagram

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A quantity-versus-time graphic representation of the order point/order quantity inventory system showing inventory being received and then used up and reordered.

Module 6
Section C: Itemized Inventory Management

Term
Service-level agreement (SLA)

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A document that represents the terms of performance for organic support.

Module 6
Section C: Itemized Inventory Management

Term
Stockout percentage

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A measure of the effectiveness with which a company responds to actual demand or requirements. The stockout percentage can be a comparison of total orders containing a stockout with total orders or of line items incurring stockouts with total line items ordered during a period. One formula is stockout percentage = (1 – customer service ratio) × 100 percent. Ant.: customer service ratio.

Module 6
Section C: Itemized Inventory Management

Term
Two-bin inventory system

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A type of fixed-order system in which inventory is carried in two [containers]. A replenishment quantity is ordered when the first [container] (working) is empty. During the replenishment lead time, material is used from the second [container]. When the material is received, the second [container] (which contains a quantity to cover demand during lead time plus some safety stock) is refilled and the excess is put into the working [container]. At this time, stock is drawn from the first [container] until it is again exhausted. Also used loosely to describe any fixed-order system even when physical [containers] do not exist. Syn.: bin reserve system. See: visual review system.

Module 6
Section C: Itemized Inventory Management

Term
Visual review system

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A simple inventory control system where the inventory reordering is based on actually looking at the amount of inventory on hand. Usually used for low-value items, such as nuts and bolts. See: two-bin inventory system.