

# Inventory Definitions

- **Average Cost** Using current BOH, add up all receipts starting from last receipt backwards extended by Cost.
- **Average Sell** Using current BOH, add up all receipts starting from last receipt backwards extended by Sell.
- **Average Inventory** Add up last 12 months ending BOH extended by cost, divide by 12.
- **COGS** All receipts for last 12 months extended by cost.
- **Turns**  $\text{COGS} / \text{Average Inventory}$ .
- **Recovery** The Supplier Owned BOH If Turns < The Customers recovery limit (4)
- **Lead Time** Description of lead time (original)
- **Lead Time Days** Numeric lead time in days (new, currently not calculated)
- **Safety Stock** Numeric value (original, currently not calculated)
- **Monthly Avg** Last six months usage / 6
- **Daily Average Usage**  $\text{Monthly Avg} / 30$
- **Order Point**  $(\text{Daily Average Usage} * \text{Lead Time}) + \text{Safety Stock}$