BUSINESSCALC
INSTITUTIONAL FINANCIAL MODEL REFERENCE

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Inventory & Procurement Toolkit

Economic Order Quantity (EOQ) & Safety Stock Operations Guide

INVENTORY PROCUREMENT PARAMETERS & FORMULA RESULTS

Parameter / Metric	Formula Derivation	Result Value	Unit
Annual Demand (D)	Input - Total Consumption	10,000	Units / Year
Cost Per Order (S)	Input - Fixed Ordering Cost	$50.00	USD / Order
Annual Holding Cost (H)	Input - Carrying Cost	$4.00	USD / Unit / Year
Supplier Lead Time (L)	Input - Delivery Time	14	Days
Buffer Safety Stock	Input - Risk Protection	200	Units
Daily Consumption (d)	D / 365 Days	27.4	Units / Day
ECONOMIC ORDER QUANTITY (EOQ)	**√(2 × D × S / H)**	**500**	**UNITS / ORDER**
REORDER POINT (ROP)	(d × L) + Safety Stock	584	UNITS