

✓ 1. Replenishment Model

📌 Concept:

This model is used to **refill (replenish) inventory** whenever it goes below a certain level.

🔄 How it works:

- The company **sets a reorder level.**
- **When stock drops to this level, a new order is placed.**
- The order size depends on **demand, lead time, and safety stock.**

🎯 **Goal:** **Lead time is the time diff bw when we ordered and when we received the order.**

To **avoid stockouts** and ~~keep the inventory continuous for production or sales~~ without holding too much stock.

✓ 2. Two-Bin Model

📌 Concept:

A simple and practical system using **two bins (containers)** to manage stock.

🔄 How it works:

- **Bin 1:** Used for daily issues (main stock).
- **Bin 2:** **Reserve/safety stock.**
When Bin 1 becomes empty → **trigger a reorder**, and use Bin 2 until Bin 1 gets refilled.

✓ Advantages:

- Easy to manage.
- No complex calculations are required.
- Very useful for **small items** like screws, nuts, or stationery.