

## Target and Replenishment Point

The **target inventory** represents the maximum inventory to be stored in the production facility warehouse.

The **replenishment point** is the trigger or signal to the production manager that the brand inventory is dangerously low and could soon result in a stock-out.

The **production priority** is a signal to the production manager to favor one brand over another in a situation where two brands have fallen below the replenishment point and only one brand can be produced.

### YOUR TASK

To help the production manager run the production, you must set the target inventory, replenishment point, and production priority for each brand to be produced this quarter.

### DECISION TIP

Set the target to be greater than or equal to twice your operating capacity. If it is set equal to or less than the operating capacity, it will force a changeover after only 1 day of production. Daily changeover can be good, but changeover costs should be less than 50 per unit.

Read the [Target and Replenishment Points](#) section of the Help file.