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| **STRATEGY** |
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| The demand distribution is normally distributed and identical over the 24 months. |
| So we calculated the mean and standard deviation for demand for each month. |
| Similarly, we calculated mean and standard deviation separately for 1st and 2nd years for return quantity of good quality and bad quality categories. |
| Random demand and return quantities were then generated for a 24-month period.  Since production cost for good quality category is less than that for bad quality category, we always preferred to remanufacture good quality units. |
| However, after remanufacturing all the good quality units, if the sum of inventory and good quality units doesn't meet a base stock level, we remanufacture bad quality units also to meet the base stock level. |
| Using these conditions, we ran Risk optimizer using the number of trials and iterations as 1000 each to obtain the optimal Base stock level. |
| The optimal base stock level we obtained using Risk Optimizer is 21132. |
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| So our strategy will be to remanufacture all good quality units and if it doesn't meet the base stock level, we will remanufacture the bad quality units as well to meet the optimal base stock level. |