**Kemito Supply Management Summary:**

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# Problem Summary

Kemito Pip-fruits Limited has approached us to determine the most cost effective distribution solution for their apple and avocado sales lines. The company requires a unique packing model for both lines, outlining the location and size of packing machines across it’s 4 pack-houses which will allow them to satisfy their customers. They have the option of three machine sizes, each having its own processing capacity and price as outline below in Table 1.

|  |  |  |
| --- | --- | --- |
| Machine Size | Packing Rate | Cost ($1000) |
| Small | 100 | 10 |
| Medium | 375 | 25 |
| Large | 500 | 35 |

Table 1: Cost of machine options

While Kemito Pip-fruit has guaranteed contracts with suppliers for both markets, their customers’ demands frequently change from period-to-period. Despite this variance, they still wish to have enough machine capacity to meet consumer demand. Additionally, the cost of shipping product to and from pack-houses varies between suppliers and customers, and the cost of freight is something Kemito also wishes to minimise.

The proposed solution should implement a machine scheme which not only is cost effective to build, but also minimises freight cost for future periods.

# Solution Approach

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## Assumptions

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## The Model

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## Model Limitations

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## Modelling Insights

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# Results

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# Conclusions & Recommendations

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