

## 5.5A: Production Planning Activity

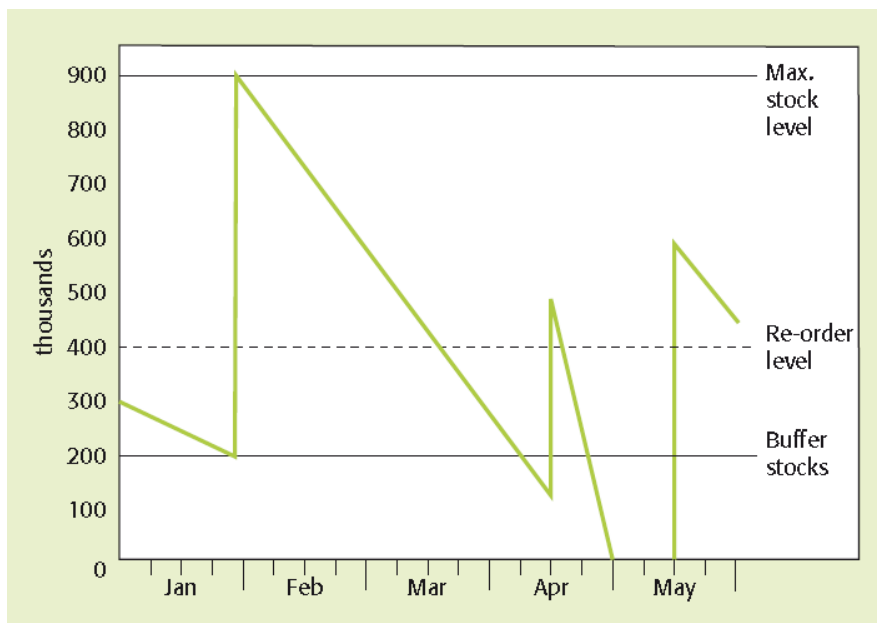


IB Business Management: [www.BusinessManagementIB.com](http://www.BusinessManagementIB.com)

### 5.5 PRODUCTION PLANNING: ACTIVITY A

Read the case study information below and answer the questions that follow.

#### STOCK CONTROL AT GORILLA GLASS



Gorilla Glass Inc. is a touch screen glass manufacturer that supplies a range of gadgetry to mobile phone manufacturers including Apple and Samsung. The firm uses a just-in-case stock control method because the financial penalties in their contractual arrangements with their largest customers are extremely punitive if they fail to deliver their widgets on time.

Senior management believe having buffer stocks of each widget is the best way of being able to supply a steady stream of their products.

In the just-in-case stock management system diagram above, it is apparent that despite the company's best efforts, sometimes stock-outs do occur and result in manufacturing stoppages and an inability to maintain supply to their valued customers.

Source: [www.BusinessManagementIB.com](http://www.BusinessManagementIB.com)

**5.5A: Production Planning Activity**

**QUESTIONS: 20 MARKS, 35 MINUTES**

1. Outline factors that may determine the size of the maximum stock level. **[4 marks]**
2. Calculate the size of the order that was received at the end of January. **[2 marks]**
3. Calculate the lead time between ordering goods in March and receiving them. **[2 marks]**
4. Explain why stocks fell to zero in April. **[4 marks]**
5. Discuss the problems Gorilla Glass Inc. might experience from the pattern of stock usage shown in the chart. **[8 marks]**