

LIST OF ABBREVIATIONS AND NOTATIONS

Abbreviation	Name	First Used on Page
SKU	Stock Keeping Unit	2

Notation

R	: time interval between order (year)
D	: raw materials demand (unit/year)
L	: lead time (year)
r	: holding cost (\$/\$/review interval)
B_3	: shortage cost (\$/\$ short at the end of review interval)
A	: ordering cost (unit/year)
v	: raw material price (\$/unit)
σ_{R+L}	: standard deviation of demand during the review and lead time
\hat{X}_{R+L}	: average demand during the review and lead time (unit/year)
\hat{x}_R	: average demand during review time (unit/year)
Q_p	: order quantity perspective (unit)
$s_p + Q_p$: maximum limit (unit)
S_0	: minimum unit (unit)
$p_{\mu \geq}(k)$: probability of inventory shortage