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PROFIT MAXIMIZING TWO –WAREHOUSE INVENTORY MODEL FOR PERISHABLE PRODUCTS

Abstract:

Generally it is assumed that the organization owns a single warehouse with infinite capacity. In practice, while a large stock is to be held, due to the limited capacity of owned warehouse (OW), one additional warehouse is required. In this study profit maximization model has been proposed which will help inventory managers in deciding their cycle time so that to achieve maximum profit. Most of the companies have recognized that besides maximizing profit, customer satisfaction plays an important role for getting and keeping a successful position in a competitive market. In this paper therefore we have considered opportunity cost and company will try to reduce opportunity cost to its minimum. Numerical solution of the model also supports the validity of the model.

Keywords:

Perishable Items, Profit Maximization, Opportunity Cost

JEL Classification: M21