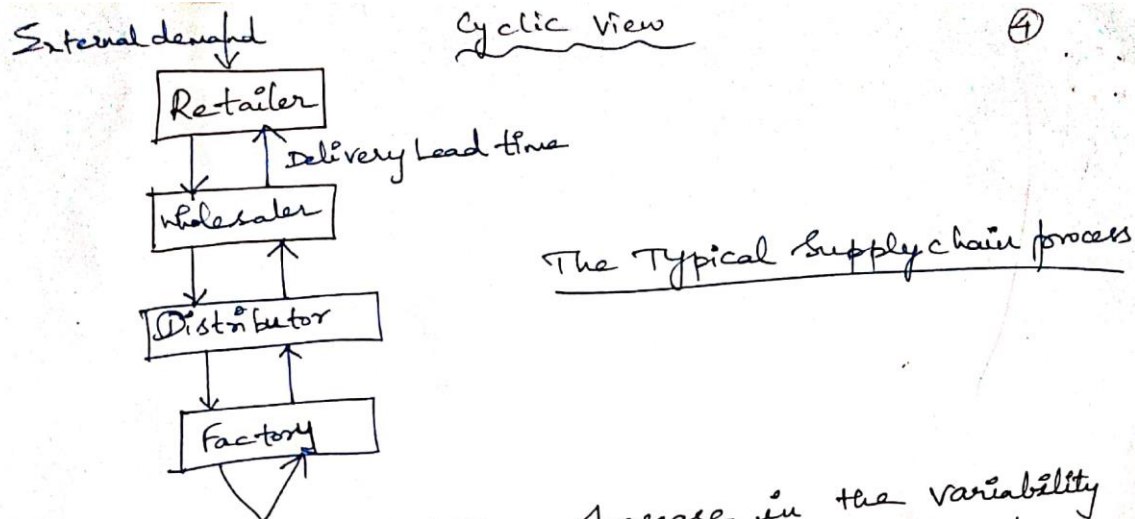




16ME410 - SUPPLY CHAIN MANAGEMENT



THE BULLWHIP EFFECT

as we travel up in the supply chain the Bullwhip effect.

Increase in the variability of supply chain is referred as

Techniques and tools to control the Bull-whip effect

1. Demand forecasting
2. Lead Time
3. Batch ordering
4. Price Fluctuation
5. Inflated orders

Demand forecasting The base stock level is typically equal to the average demand during lead time and review period plus a multiple of the standard deviation of demand during lead time and review period

Lead Time With longer lead times, a small change in the estimate of demand variability implies a significant change in safety stock and base-stock level, leading to a change in order quantities