

INVENTORY TURNS IS A METRIC

$$\frac{\text{TOT QTY SHIPPED}}{\text{AVG QTY ON HAND}}$$

REPORTS are by quarter so, 90 days / 3 MONTHS
 AVG considers 30 days / 3 MONTHS

Q1

Jan 30 days QTY S = 10 QTY H = 20

Feb 30 days QTY S = 20 QTY H = 20

Mar 30 days QTY S = 0 QTY H = 0

EXAMPLE

$$\text{TOT QTY SHIPPED} = 10 + 20 = 30$$

$$\text{AVG QTY H} = \frac{20 + 20}{3} = \frac{40}{3}$$

↑
 month in quarter

$$\text{INVENTORY TURNS} = \frac{\text{TOT QTY SHIPPED}}{\frac{\text{TOT QTY HAND}}{3}} =$$

$$= \frac{\text{TOT QTY SHIPPED}}{\text{TOT QTY HAND}} \cdot 3 = \frac{30}{40} \cdot 3$$

INVENTORY DAYS : IS A METRIC

$$\frac{\text{Number of Days}}{\text{Inventory Turns}} = \frac{90}{\frac{\text{TOT QTY SHIPPED} \cdot 3}{\text{TOT QTY HAND}}} =$$

90 ← quarter days

$$\text{Inventory Turns} = \frac{\text{TOT QTY SHIPPED} \cdot 3}{\text{TOT QTY HAND}}$$

$$= \frac{90 \cdot \text{TOT QTY HAND}}{3 \cdot \text{TOT QTY SHIPPED}} = \frac{90 \cdot 40}{3 \cdot 30}$$

FACT DETAIL with measures are
indicated in the text: "AT THE
END OF MONTH : a) QTY HAND; b) QTY ACQUIRED;
c) QTY SHIPPED