



ASQ CRE Prep course

Lesson VI. B. 5.

Spare Parts Analysis

Economic Order Quantity

$$EOQ = \sqrt{\frac{2AS}{ic}}$$

EOQ = economic order quantity

A = annual usage

S = setup and order costs per order

i = interest and carrying costs

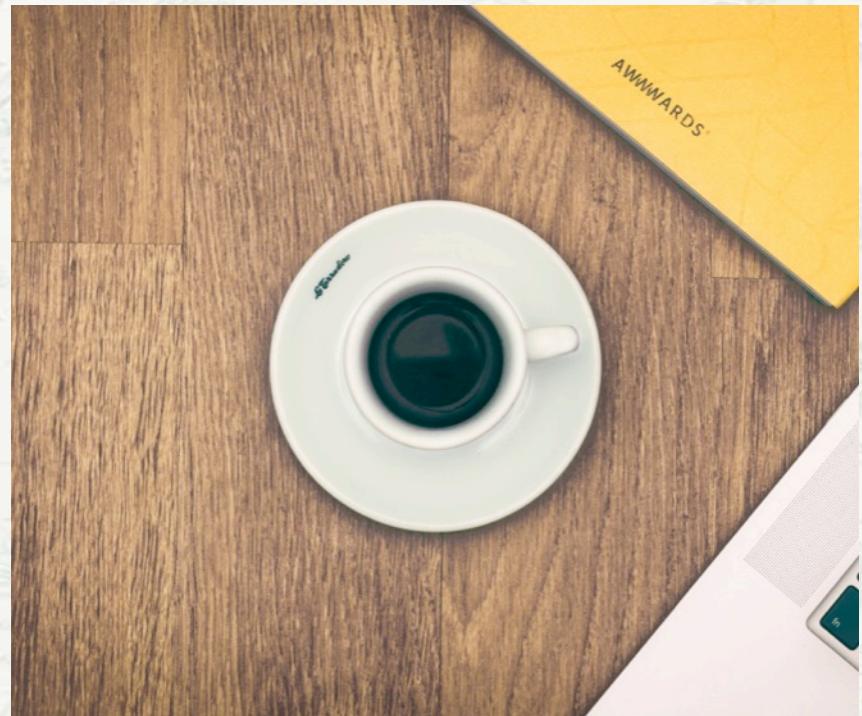
c = unit cost of a part

Other tools

**ABC analysis –
grouping by dollar
amount**

Just-in-time inventory

**Reorder Point
Simulation**



Forecasting Spares

**Failure rate and some
variability (safety
margin)**

Wear or Degradation

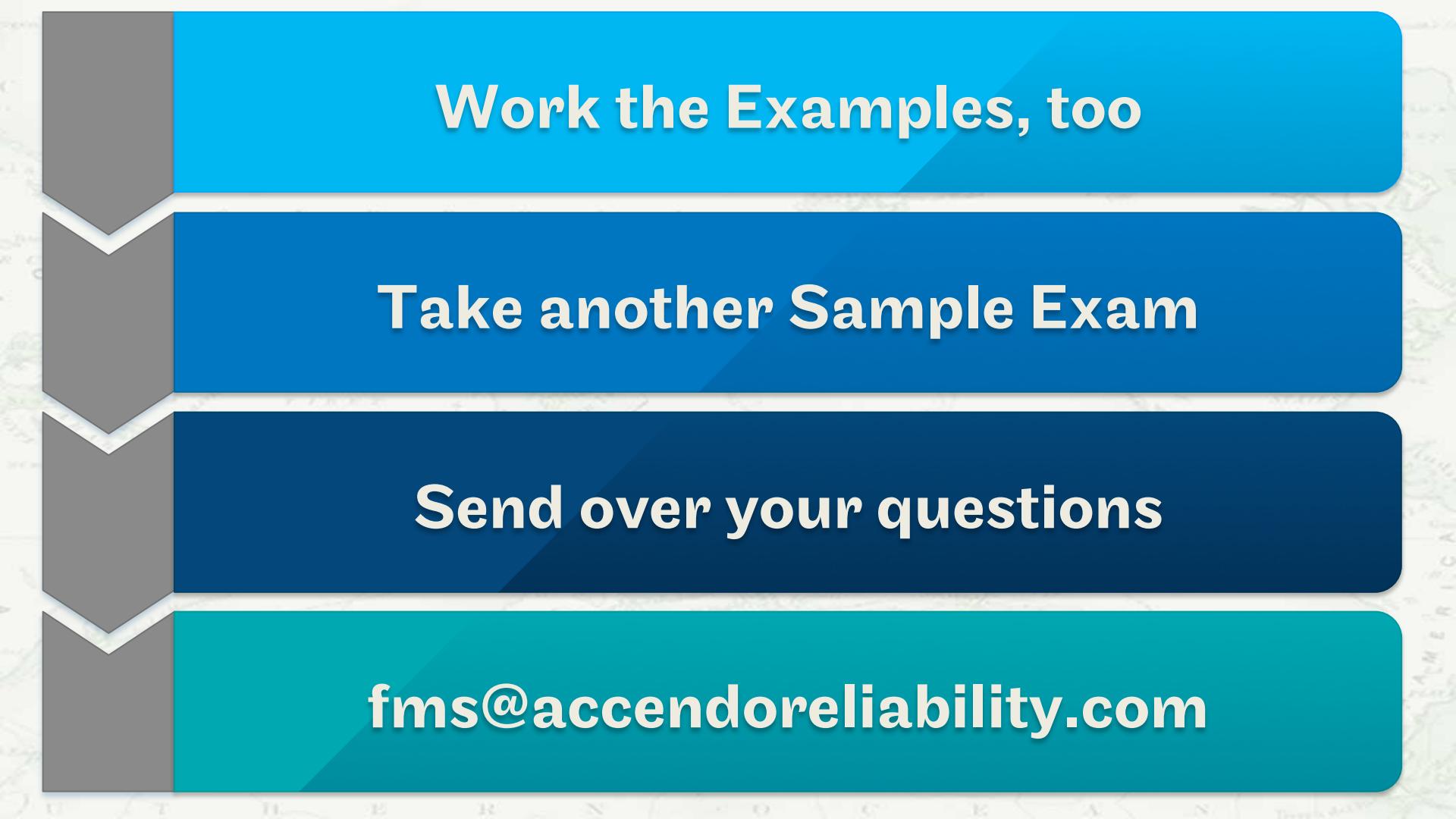
Monitoring and trending



How much
money is in
spares inventory?



Work the Examples, too



Take another Sample Exam



Send over your questions



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Module 8

VII. Data Collection and Use