Expansion Strategy and Establishing a Re-Order Point

Purpose of Assignment

This assignment has two cases. The first case is on expansion strategy. Managers constantly have to make decisions under uncertainty. This assignment gives students an opportunity to use the mean and standard deviation of probability distributions to make a decision on expansion strategy. The second case is on determining at which point a manager should re-order a printer so he or she doesn't run out-of-stock. The second case uses normal distribution. The first case demonstrates application of statistics in finance and the second case demonstrates application of statistics in operations management.

Assignment Steps

Resources: Microsoft Excel®, Bell Computer Company Forecasts data set, Case Study Scenarios

Write a 1,050-word report based on the Bell Computer Company Forecasts data set and Case Study Scenarios.

Include answers to the following:

Case 1: Bell Computer Company

Compute the expected value for the profit associated with the two expansion alternatives. Which decision is preferred for the objective of maximizing the expected profit?

Compute the variation for the profit associated with the two expansion alternatives. Which decision is preferred for the objective of minimizing the risk or uncertainty?

Case 2: Kyle Bits and Bytes

What should be the re-order point? How many HP laser printers should he have in stock when he re-orders from the manufacturer?

Format your assignment consistent with APA format