* * * * *

It is the difference between these two values that makes the ABC approach so important.

BRIAN SHORROCK

A reply to Brian Dangerfield:

Further to Brian Dangerfield's letter regarding "**Easy as ABC**", I am afraid that the corrections that he suggests are quite wrong.

The figures shown in my original article are correct, as I hope Figure 1 (below) will show. The figures in the example are based on the proportions shown in "**Easy as ABC**" and assume that each item in each ABC class has the same characteristics. As will be seen, after allowing for rounding errors, the total stock value is 4.5 weeks' usage (i.e. £448.20/£100).

What Brian Dangerfield has calculated is the average number of weeks' stock in terms of quantity (i.e. 14.5), whereas what I have calculated is the more significant figure of the average number of weeks' stock in terms of usage value (i.e. 4.5).

Figure 1: ABC example

ABC class	Stocks in class	Usage value of class/week	Usage value of stock/week	Average weeks' ABC stock	Stock value/item (av.)	Total stock value
(a)	(b)	(c)	(d)	(e)	(f)	(g)
A	10	£80.00	£8.00	3	£24.00	£240.00
B	20	£15.00	£0.75	8	£6.00	£120.00
C	70	£5.00	£0.07	18	£1.26	£88.20
		£100.00				£448.20

(b) from Table 1, "**Easy as ABC**"

(c) from Table 1, "**Easy as ABC**"

(d) = (c)/(b)

(e) from Table 3 (Batch size /2) + Safety stock

(f) (d) × (e)

(g) = (b) × (f)