

Department of Information and Systems Management
School of Business and Management
The Hong Kong University of Science and Technology

Seminar Announcement

*An Empirical Study of Inventory Policy Choice and
Inventory Level Decisions*

by

Professor Justin Ren

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**14 December 2007 (Friday)
4:00 – 5:00 pm
Room 3405 (L17/18)**

~~~~~ All interested are welcome ~~~~~

**Abstract**

This paper empirically investigates how managers choose to set and maintain their inventory levels using field data we have collected from a large nation-wide dealer network for a major industrial tractor manufacturer. We find that even though dealers receive inventory stocking recommendations from the manufacturer, a multitude of economic, organizational and behavioral factors jointly determine dealers' actual inventory policy choice and their preferred inventory levels, such as demand pattern, holding cost, competition, management capability and infrastructure. Dealers are more likely to adopt a simple constant base stock policy when their overall demand is low, their demand is more stable, their competitors are located farther away, and their managers are less process oriented and lack infrastructure support in inventory management. We also find that dealers tend to stock more inventory when they face more competition, and when they are more managerially capable in inventory management. Our results shed new light on inventory management and supply chain execution.

**Biography**

Justin Ren is an Assistant Professor at the Boston University School of Management. Professor Ren's research focuses on supply chain coordination and operations quality, particularly in the service sector. His research has appeared in publications including *Management Science*, and *Manufacturing and Service Operations Management*. He has received several recognitions, including INFORMS George B. Dantzig Dissertation Award, INFORMS Junior Faculty Paper Competition Award, and recently, the Production and Operations Management Society (POMS) Wickham Skinner Early-Career Research Accomplishments Award in 2007.

Professor Ren has worked for INTEL as a consultant in its Capital Equipment Development group. He received his Ph.D. in Operations and Information Management and an M.S in Operations Research from the Wharton School at the University of Pennsylvania.