

plagirism report

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FORECASTING AND INVENTORY MANAGEMENT

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Forecasting is a decision-technique that organizations use to plan and budget for future activities based on information about past events. It consists of estimating, planning, and budgeting growth in the future of a product of an organization. Forecasting saves on business costs and helps in ensuring customer satisfaction. Inventory management is useful in organizations in providing a certain level of inventory in hand. Through proper inventory management, firms improve their efficiency regardless of their size. It helps to keep appropriate counts of products spoiled, for instance, expired products, stolen or damaged.

There are two methods (types) of forecasting, judgment, and quantitative. Most organizations use both types to ensure reliable and accurate information. Software Corporation, Vanguard argued that judgment forecasting utilizes our experience and intuition. People can draw relate and analyze data that the way computers can do. Judgment forecasting is useful in organizations that worry not in launching new products or organizations that are the potential to establish new goods or services in the market (Brown, 2017)

Quantitative forecasting methods rely on past data to forecast future figures in production. This technique uses analytics in concluding vast information stored in the organization and is more reliable compared to judgment forecasting. It is challenging to use quantitative forecasting in case there is little historical data. This forecasting technique relies more on repeated patterns; therefore, in organizations with no repeated patterns, it is not useful or beneficial. These two techniques, quantitative and judgment forecasting, should be used together to give accurate information. Apple Company is an example that incorporates both methods of prediction (Foy, 2017)

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Apple Company has an excellent supply chain that has accurately forecasted for several years the entire products they produce. The Apple company forecast on demand of their customers, plans when to supply a product and place their products on pre-order to predict the market. They simulate to analyze how many customers to expect and their locations. With the increasing demand for apple company products forecasting on demand was essential in ensuring production and delivery activities are correct to avoid any additional costs hence increasing the profitability of the firm (Foy, 2017)

The Pre-order of devices allows Apple Company to forecast customers' demand based on color and model ordered. If they do not forecast on demand, a supply shortage in the market could be common. Apple Company does forecast on-demand on the production of the product to ensure it meets customers' preferences before shipping it to relevant markets.

Inventory management is a vital aspect of most organizations. An organization needs to project on when to order an item and purchase it. They must also plan on prices affordable to the organization. Without proper inventory management, companies may incur additional costs that reduce their profits. Smaller organizations use manual stock-taking, for instance, use normal computer software (Excel) while extensive and stable business use customized Enterprise Resource Planning software (ERP) or ¹ customized Software as a Service (SaaS) applications.

¹ Inventory management helps in tracking goods from the initial stage of production to end-stage in output. It assists the producer to know what is in hand, and this helps in avoiding overproduction and deliveries are made on time. In case there is no proper management of inventory, a company may have expired products in-store or overproduce, which leaves an organization with a waste (Russell & Taylor, 2014).

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In inventory management, several ways are employed to manage products on hand, such as barcoding, which involves scanning barcodes in boxes of products assembled. This data is stored on a computer and can be retrieved from different sites. It enables the company to receive notification from the Software on when to initiate or speed up the production.

Inventory management and forecasting are essential to organizations. In inventory forecasting, we make informed analysis on products on hand and orders received for them. It aids in predicting the availability of products in supply chains in the global economy (Marder, 2017)

Today, every organization needs proper management of operations to achieve their goals successfully. Ordering purchases, production operations, and delivery activities should be appropriately managed as they are vital operations of any organization. Operation management is essential in planning, production, supply chain management, and scheduling of operations. With no proper operations management, most organizations in the world no longer survive.

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