

SSM 51 – UNDERSTANDING BASIC FORECASTING TECHNIQUES

Inventory Management Techniques is the essential skill for managing inventory in the supply chain. Participants are shown how to evaluate procedures and make needed changes to methods to improve customer service whilst achieving reductions in inventory; eliminate wasteful costs; avoid internal problems that limit performance and obtain added value for money. Therefore, a successful Inventory Manager is able to predict changes before they occur in order to be able to adjust the control parameters within the system.

WHO SHOULD ATTEND?

- Those new to managing inventory
- Those non inventory people who need to gain an awareness of the issues and key drivers of stock control operations
- Inventory, Stock, Supply Chain, Logistics, Warehouse and Distribution Supervisors/Managers
- Owners, operators and Directors of companies who hold stock and inventory

COURSE CONTENTS

Session 1 – Introducing Basic Forecasting Techniques

- Basic principles of short-term forecasting
- Methods of short-term forecasting
- Simple Averages
- Weighted Averages
- Moving Averages – Simple and with Trend
- Exponential Smoothing – Simple and with Trend
- Seasonal Forecasting

Session 2 - Simple and Weighted Averages formulae

Simple Average

- Ease of calculation
- Selecting database samples
- Ignores trends
- Including individual / customized demands

Weighted Average

- Ease of calculation
- Caters for trends
- Increased emphasis on recent data
- Selecting database samples
- Trend time lag

Simple Moving Averages

- Smooths random fluctuations
- Identifies trends
- Does not provide trend forecasts
- Selecting time periods to calculate moving averages

'With Trend' Moving Averages

- Additional calculations to establish trend corrected moving averages
- Previous trend forecast for one or more periods ahead
- Significant variations probabilities

Session 3 – Exponential Smoothing and Seasonal Forecasting

Exponential Smoothing

- Retention of historical data
- The significance of recent data
- Limited data storage requirement
- Ease of calculation

Seasonal Forecasting

- To calculate environmental or event factors
- Features of Seasonal Forecasting: base series and actual demand ratio
- Smoothed estimate of trend
- Trend corrected demand ratio