



SNS COLLEGE OF TECHNOLOGY

Coimbatore - 35

23BAT613– Operation Management

UNIT-2 FORECASTING

Need, Type and Objectives of Forecasting

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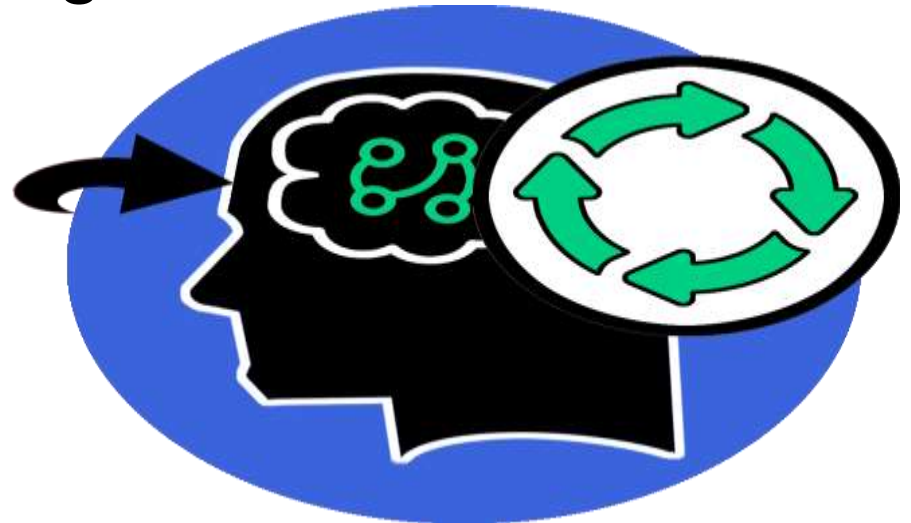
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Recall

- ▶ Forecasting
- ▶ Types of Forecasting
- ▶ Forecasting Cycle
- ▶ Factors affecting forecasting





DEMAND FORECASTING





Objectives of Forecasting

- ▶ **Short Term Objectives**
 - ▶ *Formulating Production Policy*
 - ▶ *Formulating Price Policy*
 - ▶ *Controlling Sales*
 - ▶ *Arranging Finance*
- ▶ **Long Term Objectives**
 - ▶ *Deciding the Production Capacity*
 - ▶ *Planning long term activities*





Importance of Forecasting

- ▶ To formulate and execute their plans.
- ▶ Finance
- ▶ Human resources
- ▶ Production





Assessment

► **Which of the following would not generally be a motive for a firm to hold inventories?**

a. to decouple or separate parts of the production process

b. to provide a stock of goods that will provide a selection for customers

c. to take advantage of quantity discounts

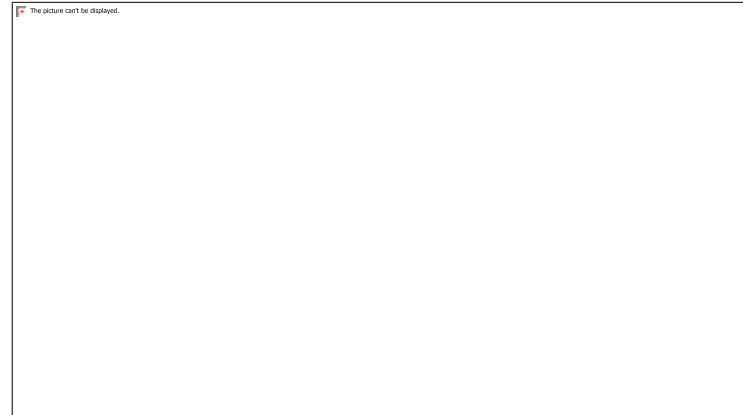
d. to minimize holding costs

► **d. to minimize holding costs**



Summary

- ▶ Need of forecasting
- ▶ Importance of forecasting





Reference Links

- ▶ <https://planergy.com/blog/what-is-demand-forecasting/>
- ▶ <https://www.sniffie.io/blog/demand-forecasting-importance-benefits-driving-factors/>



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