**Forecasting and Strategic Capacity Management**

Order 1624371

Description

Forecasting and Strategic Capacity Management Background info: Forecasting and inventory control serve as the foundation for organizational planning in virtually all areas of operations.  Accurate forecasts are critical to budgeting and cost control; marketing, sales, and human resources functions rely on accurate forecasts to plan new services or products and to compensate for sales associates.  Accurate forecasts ensure enough goods are made to meet demand without having inventory concerns due to excess products that cannot be sold. Operations personnel also use forecasts to make decisions around supplier selection, production planning, equipment purchase, facility layout, inventory levels, and capacity planning.  Companies may decide to build new manufacturing plants, expand production lines, or alter supplier plans to meet expected goals. A lack of materials from suppliers can cause concerns for meeting obligations. Apple, for example, has multiple suppliers for critical components for their iPhones. An inability of one supplier to meet goals can affect the launch of a new phone, causing lost revenue, customer loss to rivals, and poor media response. The accuracy of a forecast is reflected in the amount by which actual demand differs from the projected demands.  Forecasting is more than guesswork. The forecasting process depends on the application of statistical techniques that are more complex than an organization’s in-house resources can support.  Rather than focus on the resolution of forecasting problems using statistical analysis methods such as least squares regression, mean absolute deviation, and exponential smoothing, your approach in this lesson is to emphasize the importance of forecasting as an available tool for operations managers, particularly in Strategic Capacity Management. Instruction: Your challenge in this assignment is to develop a capacity analysis in which you apply the principles of capacity management and illustrate the impact of forecasting on the implementation of those principles, based on the following scenario:  Your employer has tasked you with researching the company’s capacity management to determine how well they are doing at forecasting growth trends to meet consumer demand.  Since your findings will be presented in a practical format to enlighten the thinking of your board of directors, you may forego the formality of case analysis in favor of a document that provides clear, accurate, and actionable responses to the questions listed below.