INSTRUCTION:

Need to know what Multiplicative Forecasting methods can be used. Have to come up with two methods.

Not necessarily to solve the problem. Just need direction.

The Problem

Place ponders the comments from Stanton and Adams. She understands Stanton’s concerns about costs and keeping inventory low and Adam’s concern about having enough rakes on hand to make timely shipments. Both are also somewhat concerned about capacity. Yet she decides to check actual customer demand for the bow rake over the past four years (in Table 13.6) before making her final report to Roberts.

Questions

1. Develop your own forecast for bow rakes for each month of the next year (year 5). Justify your forecast and the method you used.

Table 13.6 FOUR-YEAR DEMAND HISTORY FOR THE BOW RAKE

|  |  |  |
| --- | --- | --- |
|  | TABELE 13.6 | Four-Year Demand History for the Bow Rake |
|  |   |   |   |   |   |
| Month | Year1 | Year2 | Year3 | Year4 |   |
| 1 | 55,220 | 39,875 | 32,180 | 62,377 |   |
| 2 | 57,350 | 64,128 | 38,600 | 66,501 |   |
| 3 | 15,445 | 47,653 | 25,020 | 31,404 |   |
| 4 | 27,776 | 43,050 | 51,300 | 36,504 |   |
| 5 | 21,408 | 39,359 | 31,790 | 16,888 |   |
| 6 | 17,118 | 10,317 | 32,100 | 18,909 |   |
| 7 | 18,028 | 45,194 | 59,832 | 35,500 |   |
| 8 | 19,883 | 46,350 | 30,740 | 51,250 |   |
| 9 | 15,796 | 22,105 | 47,800 | 34,443 |   |
| 10 | 53,665 | 41,350 | 73,890 | 68,088 |   |
| 11 | 83,269 | 46,024 | 60,202 | 68,175 |   |
| 12 | 72,991 | 41,856 | 55,200 | 61,100 |   |