

**"EFFECT OF INACCURATE INVENTORY INFORMATION ON DEMAND
FORECASTING
(Review of Inventory Management in Cantt. General
Hospital, Sialkot)"**



By:

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Dedication

This research is dedicated to our great parents whose prayers have helped us throughout our life up till now. To all our respectable teachers who played an enormous role in our life and to all our friends whose affection and prayers are always with us. This research project is also dedicated to all those who served and did sacrifice for Islam and to those students of our university (Bahria University) who did sacrifice for our university and for the sake of knowledge.

Abstract

The importance of the demand forecast can be seen in decisions taken by retailers, suppliers, producers. Because supply must match demand in order to avoid extra costs incurred, hence demand must be forecasted accurately. While studying literature it has been found that, one of the most important parameter that influences demand and henceforth its forecast is; inaccuracy in inventory data. Inventory is considered the most important asset in many businesses and demand forecasts relies on it. If the former is inaccurate, the latter will show erroneous results. The underlying research is carried out to exactly identify the influence, with the help of sample data from Cantt General Hospital, Sialkot in a five year period time commencing from 2009 till 2013 (till November). With inventory inaccuracy being the independent variable, relative effect is seen with dependent variable i.e. demand forecast. Results show that presence of incomplete info vis-à-vis inaccuracies in data specifically inventory records can negatively influence demand estimates and its future forecasts. It is because of having not a good record keeping system. Even the date that is recorded is manually taken and in this way some of the data gets lost. So, no proper data record keep is maintained that had lead to inaccuracy in data that had made a negative impact on demand estimation and its future forecasting. Either the forecasts are overestimated or underestimated. Both cases are unfortunate for the continuous growth of a business and thus prove a daunting feature in successful supply chain management.

List of Acronyms and Abbreviations

SCM	Supply Chain Management
SKU	Stock Keeping Unit
MAPE	Mean Absolute Percentage Error
RMSE	Root Mean Square Error
SME	Small Medium Enterprise
RFID	Radio Frequency Identification
MRP	Material Requirements Planning
IRI	Inventory Record Inaccuracy