

# INVENTORY INSIGHTS

## Exposing 5 Common Forecasting Myths

### Did You Know:

- Companies that implement a forecasting system typically realize ROI within 18 months
- Inventory is often the largest asset of a company, with carrying costs of 24-30%
- Implementation of a forecasting system will benefit all departments

### Top 5 Excuses Companies Give for Not Investing in Forecasting Software

- “We Can’t Afford a Forecasting System”
- “We Use Spreadsheets”
- “Forecasts are Just Guessing”
- “We Have Too Many New Products”
- “It Takes Too Long to Implement”

### Discrediting the Myths:

- Because inventory carrying costs are so high, companies can realize ROI very quickly by reducing excess inventory. [basic-code]™’s forecasting system alerts its users to Liabilities. It also has Opportunity alerts, enabling users to focus on priorities.
- Spreadsheets are prone to formula and data entry errors. The amount of time it takes to collate, maintain and verify the data is time that could be used for analysis. It is difficult to see all the data points needed to make informed decisions.
- Forecasts are data-driven. They are developed using history, attributes and drivers to form sales curves. By applying current sales and inventory data trends, actions can be taken quickly to maximize profit.
- While it can be challenging to forecast new items, a forecasting system uses attributes to develop a forecast based on similar items’ history.
- [basic-code]™’s forecasting system was developed by experienced planners, so that the process is built in. Because of this, implementation is typically 6-8 weeks, after which you can start realizing improvements.

*“The gains the company made in managing cash flow, reacting to trends and time management of both the sales and planning teams were realized as soon as the [basic-code] system was implemented”*

*-Sandra M., VP of Sales, Toy Industry*



### How Much Could You Save?

To estimate the savings you could realize by optimizing your inventory, use our interactive calculator, located at <https://basic-code.com/demo>. Then contact [basic-code]™ to learn how the Sales Analysis and Forecasting Tool© could help you gain operational improvements.