A forecast is only part of the decision.

Lead time, order rules and stock policy turn a forecast into an action.

THE OPERATING QUESTION

300

extra target units

Same demand. Longer replenishment.

01 / LEAD TIME CHANGES THE REORDER POINT

100 units/day; 200-unit assumed buffer

900 units

100 per day x 7 days + 200-unit buffer

1,200 units

100 per day x 10 days + 200-unit buffer

300 units x AED 40 = AED 12,000

Additional target value, not a realised cost or saving.

02 / USE THE STOCK POSITION

On hand + on order - backorders

Compare this inventory position with the reorder point. Then apply order quantity, service and supplier constraints.

Evaluate the forecast separately from the stock policy.

A zero actual value makes ordinary MAPE undefined.

The 200-unit safety buffer is assumed, not optimised. Inventory-position target value is not an expense, realised saving or necessarily an immediate cash requirement.