C3: The relationship between stock control and forecasting techniques
Used in the production methods employed

For this part of my assignment I am going to relate the stock control and forecasting techniques that Cadbury use with the production methods that Cadbury use.

When Cadbury buy stock, it has to be considered carefully by Cadbury, the correct quantities of the stock should be purchased to reduce the amount of wastage should be controlled so that loses are controlled.

Cadbury purchases its main ingredient cocoa beans from Ghana, which is then taken to marlbrook where the cocoa beans are cleaned and grounded. After this they are imported to the UK in the Bourn Ville factory where the production of the product is completed.

Cadbury knows how much stock that has to be purchased due to the time series analysis that is done. The time series analysis shows historical data which Cadbury use to analyse and predict the future trends of the sales of products.

This is the reason for why Cadbury needs to ensure that the time series analysis is accurate and up to date so that Cadbury can produce enough products so that there is no wastage or shortage of products, this is also meeting the customers demands. If Cadbury decided to purchase more stock than needed then Cadbury would be overspending its money and the wastage figure is likely to increase because more products than needed are being produced and it would be wastage because if the trend continues that the time series analysis shows then customers are less likely to purchase more products (Cadbury would be purchasing more products than customers would purchase).

Retail pricing

Once the product is made, Cadbury have to price the product at a competitive price for it to be sold at retail shops. The price of the product has to be competitive and stay stable so that customers will purchase the product without considering the cost as a drawback about the product.

For example if Cadbury decided to lower the price of the product by 25% then the sale trends are likely to change and the amount of stock purchased has to be increased as well, because if the price of the product decreases then it is very likely that customers are going to be purchasing the product more often during the set time period that the time series analysis covers. However if Cadbury decided to increase the price of the product then it is very likely that customers are less likely to purchase the product hence less stock would be needed because Cadbury would have to produce less products.

Employing staff

The staffs that the manager at Cadbury employs needs to have experience about the job role they are employed for. Employees need to adapt to their job role quickly so that they can work efficiently. At Cadbury it is vital that customers receive an exceptional service, for this the staff need to know about the objectives that have to meet and the standards that have to be met. If unsuitable members of staff are employed it is likely that they will produce insufficient goods that will not meet the customers demands.

Security

Security is a vital part of any business. Premises can be made secure by having a burglar alarm, security cameras and having shutters for when the Cadbury factory closes. Security is vital for both the employees of Cadbury and the products that are being produced, because if either one of them doesn't have enough security then Cadbury would make a loss. For example if products/stock got stolen or vandalised then Cadbury would make a loss because of the amount of time and money that was spent in producing those products, however if an employee got harmed due to a violent burglar then Cadbury would make a loss because that employee helped Cadbury reach the production targets etc, and it may be hard to find a replacement for the person because of the skills that are needed for that job role.

Forecasting

Forecasting gives Cadbury a prediction of the selling trends of products. To make the forecast, the trend line must be accurate. That is the

reason for why forecasting products for Cadbury is vital, this relates to stock control because forecasting helps Cadbury to predict how much stock is needed to produce the required amount of products.

Problems with forecasts

The accuracy of Cadburys forecast depends on many fact ors below are the most common:
- Will the external environment remain the same?
Will there be significant changes in the economic, technical and social environment? For example if customers all started to earn more maybe this would change their lifestyle and encourage them to buy more luxury products and chocolate is a luxury item.

- Will the external environment remain stable?
Will Cadbury keep the same objectives and follow the same polices?