



Case 1.1
MB. Ltd.,: Nature of demand for Machines

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Content of the case

Suresh Kulkani, General Manager of MB Ltd., was wondering on how to meet the demand for Special Purpose Machines (SPMs) manufactures and marketed by the company in India. The products included metal cutting machines, grinding (ngiên) machines, honing machines (mài), lapping (vạt) machines, and so on.

The demand for these SPMs fluctuated due to changes in the external environmental factors like economic and technological. The demand for these machines was less in 1996, 1997, and 2002 due to the recession in India economy. However, the demand went up substantially, much above the production capacity, form 2003 to 2004. In June 2004, Suresh increased the price of these machines by about 25% in order to reduce the orders from business customers like Bajaj Auto,



Content of the case (con't)

Murati, Ashok...In spite of increase in prices, the demand for these machines went up by more than 30%, which was in excess of production capacity. Suresh wondered how to improve the accuracy of demand forecasting. The company had been using sales force composite method, which has an advantage of giving the break-down of the sales forecast by product, customer, territory, and salesperson.

Suresh decided to call a meeting of sales and Marketing persons to improve the accuracy of forecasting. He also thought of meeting all the functional managers to discuss and decide how to meet the fluctuating demand of the SPMs.



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Th.S Đinh Tiên Minh

Question

1. How would you describe the nature of demand for SPMs?
2. What guidelines should be followed to improve the accuracy of the sales forecast?
3. What alternatives are available to the company to meet the fluctuating demand of the SPMs?



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