

CHAPTER 57

FORECAST OF RETURNS

SECTION I - GENERAL

257101 - PURPOSE

This chapter develops a procedure for computing a Quarterly Forecast of Returns (QFR), providing an additional management tool for the IM.

257102 - BACKGROUND

A Forecast of Returns appears as a memorandum entry in the SCS. The forecast does not enter into the computations establishing the Reorder Point. However, the Returns and Transfers Due-In (Asset Group 22, excluding Logistics Reassignment assets identified in AG 11 by Type Due-In Code TD\_/TP\_ which are applied in AGs 28 and 31 for computational purposes) will be applied as assets after all other on-hand and due-in assets to compute the item's deficiency quantity (refer to chapter 35, System Supply Control Matrix). The Forecast of Returns is also used in the item planned procurement program for budgeting purposes. Based upon results of computations, the Forecast of Returns may be used in Recommended Procurement processes as a potential asset.

SECTION II - PROCEDURES

257201 - ACCUMULATION OF DATA ON RETURNS

Chapter 52, Accumulation of Demand and Returns, provides for accumulating data on actual returns from customers in a single quarterly figure. This data will be used to mechanically compute the total system returns for the past four quarters which will be entered into the items record for printing out on the SCS.

257202 - FREQUENCY OF COMPUTATION

The System QFR will be computed normally at the end of each quarter for each item except when the family has been changed by additions or deletions of member items. In the latter instance, those items which remain a family head or become the head of a family will have their QFR computed immediately after the family change. However, to qualify for a QFR an item must have experienced three or more instances of actual return of materiel in the previous four quarters. It is possible then, to have returns, i.e., T Coded Demands, recorded in the Demands/Returns trailer of the SCF and to have no Forecast of Returns computed.

## 257203 - COMPUTATION OF QUARTERLY FORECAST OF RETURNS

a. A System QFR will be determined by computing an average as follows: Forecast of Returns equal the sum of all return data for each Military Service (hereinafter referred to as Service) for the last completed quarter plus the sum of all return data for each Service for the three previous quarters divided by 4.

b. It is assumed that no historical returns data will be available when SAMMS is initially installed. Accordingly, the QFR at the end of the first quarter will be set equal to the actual returns. The forecast at the end of the second quarter will be equal to the sum of the first two quarters divided by 2; at the end of the third quarter the forecast will be equal to the sum of the first three quarters divided by 3. At the end of the fourth quarter, the regular averaging process will apply. At the end of each subsequent quarter, the oldest quarter of returns data is dropped and each quarter of data migrates over; a new forecast is prepared from these four quarters of data. The initial Forecast of Returns averaging process as stated above will also apply to New Items.

c. The new forecast will be carried in the SCR for computation purposes, i.e., in determining the deficiency of an item. If the IM changes any of the returns data in the Demand>Returns History Data Record as a result of the review, the IM may revise the System QFR by means of a Forecast Data Change Transaction, appendix B-64.

## 257204 - ADJUSTMENT OF RETURNS DATA BY THE DEMAND HISTORY DATA MAINTENANCE RECORD

a. Returns data may be adjusted through use of the DIC ZRZ document (refer to appendix B-185). Validation of the input will be in accordance with chapter 52, Accumulation of Demands and Returns, paragraph 252302.

b. In instances when review indicates possible adjustment and a Returns History Listing is not available, an inquiry can be made to obtain a printout of the listing for the applicable NSN. (Refer to appendices B-97 and F-191.)

## 257205 - APPLICATION OF QUARTERLY FORECAST RETURNS

a. During the mechanical development of Recommended Buys, the QFR quantity is compared to the Quarterly Forecast Demand (QFD) quantity. If the QFR quantity is equal to or greater than the QFD, the QFR is reduced to equal the QFD for computing expected returns.

b. Expected returns are computed from the first day of the Administrative Leadtime (ALT) period through the end of the Procurement Cycle Period (PCP) and multiplied by the QFR Adjustment Factor maintained in the Forecast Returns Percentage Table, MPT014, appendix E-070 P. The result is the expected returns quantity and is mechanically applied as follows:

(1) If the Due-In quantity, Asset Group 22, appendix A-59, is equal to or greater than the expected returns, the expected returns are not used. Asset Group 22 does not include assets identified in AG 11 as Logistics Reassignment transfers with Type Due-In Code TD\_/TP\_ considered/applied in AGs 28 and 31 for computational purposes.

(2) If the Due-In quantity, Asset Group 22, is less than the expected returns, the difference is used as a potential due-in and the recommended buy is reduced accordingly. Again AG 22 does not include Asset Group 11 LR transfers with Type Due-In Code TD\_/TP\_ which are applied as AGs 28 and 31 for computational purposes.

(3) The expected returns, when utilized to reduce the recommended buy, are applied in the same manner as Asset Group 22, minus the aforementioned AG 11 identified items considered as AGs 28 and 31 for computational purposes. Refer to line 13, columns I-K, appendix F-167.