ACKNOWLEDGEMENT

First of all, thanks to Allah SWT for all of the guidance that we have been finally completed this thesis. This thesis has benefited from the help of many people right from its beginning up to the point when it was completed. There are many people responsible for the successful of this study. Let us point out some, but by no means all, specific contributions to this research.

We would like to express our special gratefulness towards our academic supervisor, Firdaus Alamsjah Ph.D, who was an important source of patience, constructive criticisms, invaluable advice and encouragement while supervising this thesis. Further, we also thanks to Kristanto Widjaja, that has spare his time to contribute in this project throughout all valuable things at the company

To the lecturers of Binus Busines School for sharing their knowledge and invaluable experience during the class teaching. A special note for thanks goes to Mr. M.Ismudiatmaka, our sister Gyna, and all of the staff at the University of Bina Nusantara for their support through the years.

Our special thanks go to our classmates and colleagues from Binus Business School for their cooperation and support each others. We look forward to more discussion in the years to come.

ABSTRACT

Few activities are as important to the success of a company as sales forecasting and demand planning. The difference between doing them adequately and doing them excellently can be a significant impact on the company's competitiveness and market position. Yet for most companies, excellence in these core business functions remains out of reach. This project was designed to uncover and highlight the most important mistakes companies make, the capabilities they lack and the obstacles executives encounter as they seek to improve their sales forecasting and demand planning efforts.

TABLE OF CONTENTS

Front Page	Ii
Supervisor Approval	iii
ACKNOWLEDGEMENT	iv
ABSTRACT	v
TABLE OF CONTENTS	vi
LIST OF TABLES	viii
LIST OF FIGURE	ix

CHAPTER I INTRODUCTION

1.1	Background	1
1.2	Problem Definition	1
1.3	Goals and Purposes	2
1.4	Scope of writing and Limitation	2

CHAPTER II THEORITICAL FOUNDATION

2.1	Inventory	4
2.2	Availability	6
2.3	Customer Service Level	8
2.4	Safety Stock	11
2.5	Inventory Controlling System	15
2.6	Forecasting Method	19
CHAPTE	ER III METHODOLOGY	23
3.1	Framework	23
3.2	Models and Analysis Method	23
3.3	Existing System	29

CHAPTE	R IV ANALYSIS AND RESULT	30
4.1	Company Background	31
4.2	Organization Structure	32
4.3	Inventory Types	33
4.4	Diminishing Service Level	34
4.5	Forecast Demand	36

CHAPTER V CONCLUSION AND RECOMMENDATION

5.1	Conclusion	47
5.2	Recommendation	48

REFERENCES

CURRICULUM VITAE

LIST OF TABLES

Table 4.1. Selected Item Product	34
Table 4.2. Service Level Percentage	35
Table 4.3. LAF Plastic Actual and Forecast 2006-2008	36
Table 4.4. LAF Paper Actual and Forecast 2006-2008	36
Table 4.5. Ring Insert Actual and Forecast 2006-2008	37
Table 4.6. Carton Divider Actual and Forecast 2006-2008	37
Table 4.7. PP Pocket Actual and Forecast 2006-2008	38
Table 4.8. Suspension File Actual and Forecast 2006-2008	38
Table 4.9. Magazine File Actual and Forecast 2006-2008	39
Table 4.10. Ring Binder Actual and Forecast 2006-2008	39
Table 4.11. Index Mylar Actual and Forecast 2006-2008	40
Table 4.12. PP Divider Actual and Forecast 2006-2008	40
Table 4.13. LAF Plastic Comparison Forecast	42
Table 4.14. Ring Insert Comparison Forecast	43
Table 4.15 Ring Binder Comparison Forecast	43
Table 4.16. Magazine File Comparison Forecast	43
Table 4.17. LAF Paper Comparison Forecast	44
Table 4.18. PP Pocket Comparison Forecast	44
Table 4.19. Carton Divider Comparison Forecast	45
Table 4.20. PP Divider Comparison Forecast	45
Table 4.21. Index Mylar Comparison Forecast	45
Table 4.22. Suspension File Comparison Forecast	46

LIST OF FIGURE

Figure 3.1. Logic Tree	24
Figure 4.1. PT. Batara Indah Organization Structure	33
Figure 4.2. Service Level between 2007-2008	35