In automobile companies strategic, tactical, and operational level decisions involving warranty cost very often use warranty spending forecasts that are developed using statistical methods. Sometimes failure modes leading to warranty claims are influenced by seasonality that need to be addressed while developing warranty spend forecasting models. This presentation will discuss one such warranty forecasting model which recently won 'Powertrain Innovation Technology Award' at Ford Motor Company. This case study uses automobile warranty data to illustrate development of such a model using seven key variables. The model can be easily customized for products other than automobile that are sold with warranty and the claims are influenced by seasonality.

From this case study participants will learn the following:

- Implications of strategic, tactical, and operational decisions on warranty cost.
- How to develop baseline warranty forecasts from failure rates and sales-ramp-up.
- How to improve the accuracy of the forecasting model using seasonality effect.
- Challenges and benefits of using the warranty data.
- Comparison with other methods that are used for warranty forecasting.