

# FMCG Manufacturing: - Demand Planning Improvement

## Background

- Forecast accuracy levels were seen as key issue for the business driving service failure & sales shortfalls
- Business had implemented a demand planning system but was struggling to get commercial ownership of the forecast

## The Issues

- Forecasting system well configured but results lacked visibility
- Forecast analysts expertise was undermining commercial ownership
- Significant increases in promotional activity meant statistical base couldn't not be only driver of forecast
- Multiple geographic locations for commercial teams and demand team stretched communication

## Actions Taken

- Conducted thorough review of demand planning process inputs & outputs
- Reinvigorated demand planning process with 2 key process steps
  - ↪ Ensuring monthly face to face between commercial manager and demand analyst took place
  - ↪ Establish demand "star chamber" where commercial manager presented forecast to sales director
- To support the improvement
  - ↪ Reorganised demand planning team along customer lines to increase focus in using collaborative data
  - ↪ Enhanced reporting tools so that base and promotional volume always visible in forward and historical comparative forecasts
  - ↪ Increased visibility and understanding of forecast accuracy measures and included within commercial teams objectives

## Results

- Forecast accuracy improved from in excess of 45% weighted error to <25% and some categories <15%
- Forecast bias reduced from +/-10% to +/- 2%
- Commercial teams regained ownership of the forecast
- Demand Planning strength became foundation of a strong S&OP process
- Supply planning process then exposed to step change without being able to hide behind forecast
- Customer collaboration improved
- Spin off project launched to improved promotional planning and evaluation