

CANADA CPG/FMCG FOOD COMPANY

SITUATION: LOW MARGIN PRODUCTS, SALES DRIVEN CONCENTRATED FORECASTING APPROACH. MARKETING ABLE TO 'PUSH' IN NEW PRODUCT LAUNCHES WITH UNREALISTIC SALES PROJECTIONS RESULTING IN EROSION OF PROFITS AND POOR CUSTOMER SERVICE. NEED TO FORECAST AT KEY CUSTOMER / REGION AND NATIONAL LEVELS.

Demand Planning Vision

- One-Number sales volume projection 24 months out
- Merge business planning with Marketing and Sales Plans into a single process
- Reduce supply chain costs
- Improve customer service
- Increase flexibility and responsiveness

Implement Manugistics DP/EE as a tool of choice to enable the process through modeling Event driven lift overrides for new products, promotions, trade spend plans, and tactical packs

Critical Success Factors

- Aligned goals and measures across all functional groups
- External customer buy-in into new Vision
- On-going training for all employees
- All team members accept responsibility for success of Vision
- Compensation and Rewards aligned to performance measures and business goals
- New Forecast Manager position approval
- Canada leading market to be followed by USA and global

Project Risks

- Project complexity
- Lack of aligned goals across all divisions
- Incomplete Project Approval before kick-off
- Technology unable to meet Vision requirements
- Managing competing resources due to parallel implementation of SAP ERP

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Design and Change Issues

- Sales owned forecasting
- Account budget and planning took precedence
- Would not agree to be measured against forecast accuracy
- Collaborative tool too complex and technical for sales force to adopt
- Unqualified staff on implementation team
- Too many dependencies on SAP
- SAP received lion share of technical resources, delaying Manugistics activities

Risk Mitigation

- Implemented comprehensive Change Management plan
- Strategies to ensure adoption, communications, stakeholder management, training plans, and transition readiness
- Best quality resources needed on change projects – dynamic individuals understanding the business and being able to envision the end state
- Train Senior Leadership team and Sales Account Managers on the philosophy and business process, then on application.
- Do not deploy non-technical resources on implementation of highly technical applications

Results

- Big Wins
- Achieved One-Number Forecast with Consensus Forecast Meeting and GAP Management
- Implemented sophisticated Exception Based Forecasting Process
- Implemented Manugistics statistical engine leveraging product and geographical hierarchies
- 18 months rolling forecast horizon
- Achieved full integration with Demand Planning, Supply Planning and SAP order management
- Achieved many additional benefits