CANADA LARGE RETAIL COMPANY

SITUATION: 100,000+ HIGHLY SEASONAL SKUS, INADEQUATE TOOLS TO MANAGE FORECASTS AND SUPPLY ACROSS 500+ STORES ACROSS ALL CANADA. POOR DEMAND MANAGEMENT PROCESS WITH THE FOLLOWING CHARACTERISTICS: NO FORMAL EXCEPTION PROCESS, POOR INTERNAL COMMUNICATIONS, MULTIPLE INDEPENDENT SILO FORECASTS, DISCONNECTS BETWEEN SUPPLY CHAIN, MARKETING, AND MERCHANDISING ALL LEADING TO FOLLOWING SYMPTOMS: POOR SUPPLY CHAIN PERFORMANCE, LACK OF CREDIBILITY WITH VENDORS, POOR EXECUTION OF PROMOTIONS AND NEW PRODUCT LAUNCHES, INADEQUATE CUSTOMER SERVICE, LOW FORECAST ACCURACY, POOR PRODUCT ALLOCATION FROM HEAD OFFICE. INDIVIDUAL STORES ALSO WERE GENERATING FORECASTS INDEPENDENTLY FROM HEAD OFFICE CAUSING SIGNIFICANT IMPACT ON SUPPLY SIDE.

Best Practices

Create Pull Demand Forecasting process to align Consumer Demand from stores with inventory replenishment at DC

Create centrally managed Consensus Forecast process visible to suppliers

Select a robust advanced planning system which could effectively support new Demand Planning and Supply Chain requirements

System requirements – advanced statistical algorithm and hierarchy to support strong statistical baseline forecast.

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Approach and Actions

Analyzed two leading forecasting systems and recommended one for its superior performance (Manugistics and Logility)

Phased implementation by product category

Requirements / process first, than software

One number forecast concept

Train staff and vendors on new process

Get full buy-in and support from stores

Lessons Learned

Change Management Obstacles: Logistics sponsored project with limited buy-in from other functional groups. This caused significant delays in project implementation.

Executive and Project Management need to have full buy-in from all process stakeholders before the project starts.

IT Issues: selected system was in fact a Beta release that caused additional project delays.

Results

Highly effective best in class Consensus Forecasting Process with full integration with Suppliers and Store systems.

Significant reduction in obsolescence.

More than $1,000,000 in inventory carrying cost savings.

Elimination of trailers as additional storage medium.

Significant increase in customer service.

Full visibility in product performance by store.