

Canada – Motorcycle Company

Challenging forecasting environment for motorcycles. Because product is Discretionary spend, changes in economic conditions cause significant swings in demand. Weather conditions play large role in sales patterns. Yearly model changes.

Initial State

- Heavy lost sales result from under forecasting
- Costly high trade inventory and obsolescence, when over forecast and purchasing
- Current forecasting methods do not respond to key factors
- Shareholders and owners concerned with financial performance

To-Be State

- Proactive forecast utilizing external variables to create leading indicators
- Leading indicators are integrated into forecasting process
- Forecast becomes responsive and proactive
- Significant reduction in inventory investment and obsolescence
- Significant reduction in lost sales
- Evaluated existing Supply Chain processes and performance measures
- Identified key opportunities in forecast accuracy

Canada – Motorcycle Company: Project Approach

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Phase 1

- Opportunity Assessment
- Evaluated existing Supply Chain processes and performance measures
- Identified key opportunities in forecast accuracy

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Phase 2

- Analysis
- Evaluated Statistical Forecasting Challenges
- Identified candidate factors which may be used
- Obtained data from Conference Board and Stats Canada for analysis
- Run sensitivity correlations tests on candidate data
- Identified economic data with positive tests for leading indicators
- Designed new forecast process utilizing leading indicators

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Phase 3

- Implementation
- New Statistical Forecast



JAGUAR-APS
Advanced Planning Services Inc.