

PLAN4DEMAND

SUCCESS!



EXCEEDING THE DEMANDS OF BIG-BOX RETAILERS

With just two superstore retailers accounting for more than 70% of their annual sales, supply chain leaders with this billion dollar business unit of a brand-name hardware company couldn't risk hiring a consulting firm with *just technical know-how* to implement their new demand planning software. They needed a service provider with global experience and deep process expertise to design and develop a customized planning solution that would support their existing alliances with two of the world's biggest corporations. **Their partner of choice: Plan4Demand. Here's why...**

COLLABORATIVE PLANNING, FORECASTING, REPLENISHMENT

As do many companies that have sales tied to big-box corporations, our client had dedicated demand forecasting teams working exclusively with merchandising personnel employed by their two largest customers. These planners actually worked in the same cities where their clients' companies were headquartered, to enable close cooperation in their efforts to maintain supply levels on par with consumer demand.

In any business, excess supply means increased inventory, higher carrying costs, and reduced profits. But in the megastore realm, where suppliers are in a constant state of negotiation to meet retailers' demands, insufficient supply can mean stockouts, decreased service levels, and shelf-space reductions—the **big-box kiss of death**.

In this case, with no central planning software in use, CPFR was a labor-intensive process: planners juggled massive amounts of product data downloaded in spreadsheets from retailers and eyeballed historical sales, projecting demand based on judgmental analysis of trending and seasonality. Further compounding matters was a third set of planners who managed demand for the thousands of other distributors, retailers, and builders that accounted for the remainder of our client's annual sales.

Challenged to develop essentially three software implementations, each customized to meet the requirements of the various planning groups yet all with a unified business purpose, our consultants followed Plan4Demand's **people—process—technology** approach to come up with an ideal solution.

Leveraging their rich hands-on expertise in both supply chain best practices and planning applications, our consultants sketched out a multifaceted plan that targeted the precise needs of our client's **people** for flexible, effective **processes** powered by best-in-class **technology**.

Plan4Demand is a client advocate and is in no way sponsored by any software vendor.

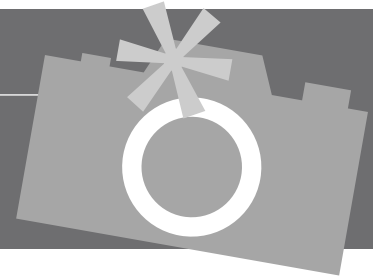
Big-box retailers are the 800-pound gorillas of their markets, demanding compliance from suppliers desperate to maintain good relations with these giants. But Plan4Demand helped one Fortune 500 hardware company find a more strategic way to maintain shelf space *and* market share.

SS071:
Hardware Manufacturer

Solution Snapshot

Problem: Facing a demand planning software implementation, managers with this Fortune 500 firm were challenged to maintain service levels for their big-box customers without sacrificing margin.

Solution: Leveraging their years of expertise deploying custom instances of Tier 1 software packages, Plan4Demand supply chain specialists designed a strategic solution beyond expectations.



STRATEGIC SOLUTIONS FOR A COMPLEX PROBLEM

Though focusing only on U.S. distribution channels, this project had supply chain origins extending back to both Mexico and China. This made accurate demand planning—especially for big-box clients—even more imperative, since resolving shortages involved inherently long lead times, ranging from 45-60 days, and expedited manufacturing, with its ripple effect of production scheduling disruptions and increased setup costs.

Plan4Demand's depth of experience proved a distinct advantage on this project as our lean team of seasoned professionals took the lead to sustain progress and drive consensus throughout the design development phase, despite limited client resources assigned to provide guidance, and the often conflicting business/integration requirements of the three planning groups.

For example, CPFR planning teams working with the two big retailers preferred to develop product forecasts based on item-level quantities at various distribution centers. The third planning group, in charge of all other channels, preferred to forecast at varying levels of granularity.

Just as suppliers shoulder the burden to improve performance for big-box clients, so too did Plan4Demand shoulder the burden to deploy resources beyond the scope of this project—to develop, configure, and deploy effective planning solutions despite a restrictive, milestone-based time frame.

Our consultants came up with a best-of-both-worlds approach that enabled all planners to create forecasts at their preferred level of detail as well as at a higher level of detail common to all three planning units. This enabled reporting and scorecarding based on common metrics and universal key performance indicators. The outcome, **which served the needs of all our client's planners, and their company, and their customers**, exemplifies the value of Plan4Demand's experience-based process/technology excellence.

GLOBAL EXPERTISE ENABLES WORLD-CLASS RESULTS

With their new software, demand planners gained access to a variety of powerful statistical forecasting tools to help more accurately project future demand. Based on careful analysis of historical sales patterns, our consultants configured the two algorithms best suited to target demand by product, channel, and geography. Our team designed custom solutions to support succession planning, to help better manage phase-ins/phase-outs associated with new products. They also enabled ABC categorization, to streamline product ranking/analysis and help planners prioritize work loads by focusing on products with the greatest potential financial impact.

Gaining better appreciation of underlying demand patterns enabled planners to respond more nimbly to market changes and improve forecast accuracy so much that our client was able to reduce costs by shifting production of key products to the Far East, despite longer lead times.

Improvements like these helped our client gain credibility with its big-box customers and ultimately play a greater role in guiding ordering patterns.

Plan4Demand is a consulting services firm that helps Global 500 corporations and mid-market companies increase profitability and reduce operating costs by maximizing efficiencies across their supply chains.

People—Process—Technology

By first collaborating with your **people**, we jointly determine the best ways to optimize your **process** requirements. Only then do we move forward with the right **technology** to help you achieve your bottom-line goals.

plan4demand
Global Supply Chain Specialists

Call Plan4Demand at **866.P4D.INFO**
or visit **www.plan4demand.com**.

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