

# Transformance Advisors Inc.

## *transformations to higher performance*

### Managing Imbalances in Demand and Supply

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We find that many companies have made dramatic improvements in their demand and supply planning processes. Best Practices such as Sales & Operations Planning, Collaborative Forecasting, and Objective Based Scheduling have brought a level of accuracy to planning processes that simply did not exist in the past. These improvements bring the capability to identify and respond to the challenge where an imbalance in demand and supply may result in unmet customer requirements or a waste of resources.

Seeking to understand how companies address these challenges in an effective and efficient manner is the basis for our research on best practices in this critical area of supply chain management.

Our benchmarking approach involved the following five elements:

1. **A clearly defined objective** - Identify those best practices in managing imbalances in demand and supply which lead to superior performance and can be transferred to other companies.
2. **A hypothesis** - Our work with high performance companies helped us identify six key expectations.
  - Well defined processes.
  - Deep integration between Demand and Supply Planning within an overall S&OP process
  - Utilization of Performance Measurements to identify opportunities for improvement.

- An aggressive pro-active approach to identify and address potential imbalances.
  - A defined strategy to support priority customers and/or products.
  - System support from ERP or SCM packages that meet documented requirements.
3. **A diverse group of participants** - We were very fortunate in gaining the active participation of companies that are leaders in a wide variety of industries.
  4. **Gather information in a consistent and comprehensive approach** - Our SCM experts interviewed individuals or teams from each participating company using a questionnaire to guide the discussion in areas such as:
    - Business Objectives,
    - Organizational Design
    - Process Design & Details
    - Data Availability & Integrity
    - Software Utilization
    - Thoughts on the Future.
  5. **Compile and share results** - A presentation on the key findings, conclusions, and recommendations has been distributed to each participant.

If you would like to learn more about benchmarking in general or about best practices in managing imbalances in demand and supply, then contact Mike Loughrin at [mloughrin@transformanceadvisors.com](mailto:mloughrin@transformanceadvisors.com).