

Transformance Advisors Inc.

transformations to higher performance

The Imperative of Demand Management

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Supply chain transformations require a holistic view of your end-to-end supply chain and an approach that integrates Demand Management with your Supply Planning processes. Three of the Best Practices in Demand Management include:

1. Collaborate with numerous stakeholders to determine the Consensus Forecast. Different stakeholders can provide unique perspectives that are required to formulate a complete picture of demand. The stakeholders should include Customers, Marketing, Sales, Top Management, and Supply Planning. The imperative is to determine the Consensus Forecast, leveraging the Sales & Operations Planning (S&OP) process, so that the entire supply chain is in sync with true customer requirements.
2. Collaborate with Supply Planning to determine Inventory Planning requirements. For most companies, the worst place to invest inventory dollars is in Finished Goods. The improved flexibility of many supply chains requires taking a holistic view of the entire supply chain and to position inventory so as to support service objectives at the “least total cost.” The imperative is to reach a consensus on where to best invest

resources such as Finished Goods, Components, Raw Materials, Capacity, and Supplier resources.

3. Aggressively address issues required to manage imbalances in demand and supply. A very big benefit of integrated Consensus Forecasting and Supply Planning processes is that an accurate Available-To-Promise (ATP) can be developed. Potential shortages of materials or capacity need to be understood and alternatives need to be investigated. Likewise, potential excess materials and capacity should promote demand stimulation activities. The imperative is to minimize imbalances and, if required, reach a consensus on how to manage the situation in accordance with strategic priorities.

The common aspect of these Best Practices in Demand Management is that each requires a deep integration with Supply Planning processes. Companies must have integrated organizations and processes in order to reach World Class levels of performance.

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