BETTER TO BEST: LEVEL UP YOUR DEMAND PLANNING

Why and how to transition to analytic-driven demand planning

The social and economic impact of COVID-19 has dramatically impacted supply chains and demand planning, especially for **retail, consumer goods and manufacturing** organizations. Then there's the Amazon effect, which has led to sky-high consumer expectations of the ordering and delivery process.

> " Over the past 18 months, companies have come to realize that they need to forecast from consumer to supply, not from supply to the consumer. "
>
> **CHARLES CHASE, CONSUMPTION-BASED FORECASTING AND PLANNING, WILEY BUSINESS BOOKS (2021)**

WHAT DOES POOR DEMAND PLANNING LOOK LIKE?

1
Being stuck in the past

Relying on ERP and Excel using historical shipment data

2
Having a timing issue

Relying on outdated models of demand and supply rather than being able to predict demand

3
Delivering a subpar customer experience

Resulting in missed revenue and decreased profitability

THE BENEFITS OF ANALYTICALLY DRIVEN DEMAND PLANNING

Increase in forecast accuracy by	Decrease in inventory costs by	Increase on-shelf availability by	Reduce waste by	Increase revenues and gross margin by
10-33%	15-30%	20-30%	10-15%	3-11%

Source: sas.com

> **MCKINSEY**
>
> " Supply chain represents the biggest chunk of AI investment at $976 billion. "

CHANGE THE GAME

Identify your current capabilities and plan your transformation.

STAGE 1 | 100% judgment
Predominantly descriptive reporting and a highly manual process with little centralized data.

STAGE 2 | ERP + collaboration
Reliance on historical data from ERP and manual input into Excel to create final top-down/bottom-up reports. Supply centric planning process influenced by internal politics.

STAGE 3 | Predictive analytics solution + ERP
Formalized forecasting using an automatic large-scale hierarchical forecasting solution, using predictive analytics to complement ERP.

STAGE 4 | Data scientists + demand planners
Data scientists work with demand planners to optimize predictive modeling. Consumption-based forecasting and planning reigns. Speed, accuracy and collaboration are secured using a cloud-based solution.

3 STEPS TO BECOMING ANALYTICALLY DRIVEN

STEP 1

Understand the pitfalls of taking a supply-to-consumer approach to demand planning

If you're taking a supply-to-consumer approach, you'll be unable to predict and react immediately to rapidly changing consumer behavior, disruptive socio-economic impacts or to incorporate commercial causal impacts, such as sales promotions, into demand planning.

STEP 2

Understand the benefits of machine learning in demand planning

Using machine learning will help you better understand how to change the impact of what's going to happen next. Machine learning also drives process automation, planning efficiency, improves forecasting accuracy and frees demand planners from non-valued tasks to value-added tasks with the ability to collaborate with all associated departments.

STEP 3

Acquire data science talent

Having data scientists work alongside demand planners will help further develop the predictive capabilities of forecasting models. By including data scientists in the mix, you'll ensure that the organization experiences the value of innovative techniques. It's people that make AI and machine learning a success, not simply the technology itself.

WHAT'S DIFFERENT ABOUT SAS?

We're an advanced analytics and AI innovator and have been since the 1970s. We help demand planners across retail, consumer goods and manufacturing to operate far more efficiently through intelligent automation using machine learning.

This means demand planners will be free to focus on areas of value, such as working with the lines of business on strategic planning, managing the inter-departmental collaboration process, and working with data scientists to explore new analytical capabilities that optimize the planning and forecasting process.

We also support short-term demand sensing to help you understand changes in consumers' more immediate needs, making your seasonal promotions and one-off offers more successful. By bringing our cloud-based technology solution, automated processes and our expert support to your demand planners, there's no doubt that you'll create an intelligent, predictive, real-time planning capability that will help your organization and your customers find everything they need.

Get our guide to becoming an intelligent demand planning organization