

# Using Collaboration to Improve your Forecast Accuracy

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**velocity**  
CONNECT + ACCELERATE + INNOVATE







# What Do We Do?



**You**Tube

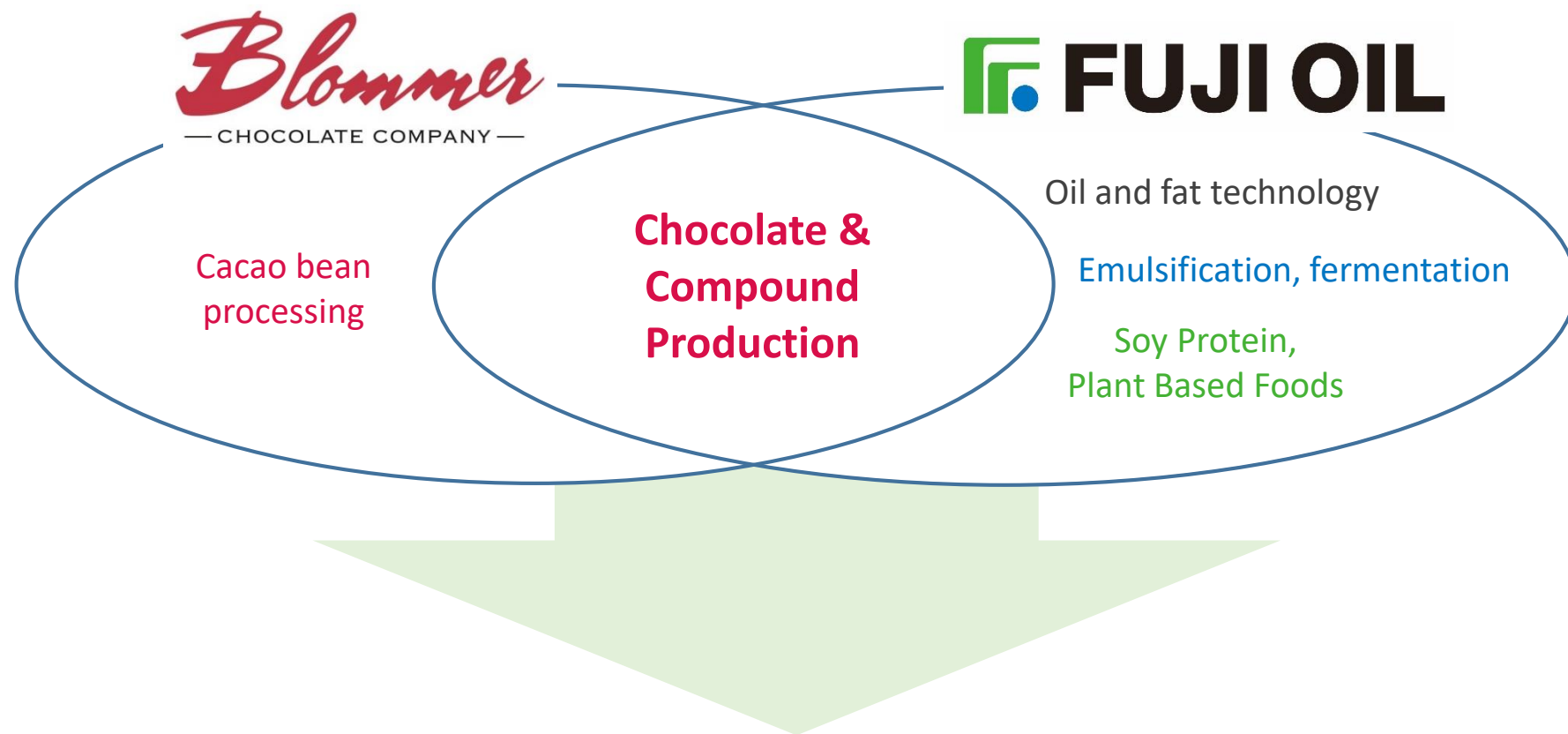
Search, Milk Chocolate,  
From Scratch – How it's  
made





Combination is Completed  
January 28, 2019

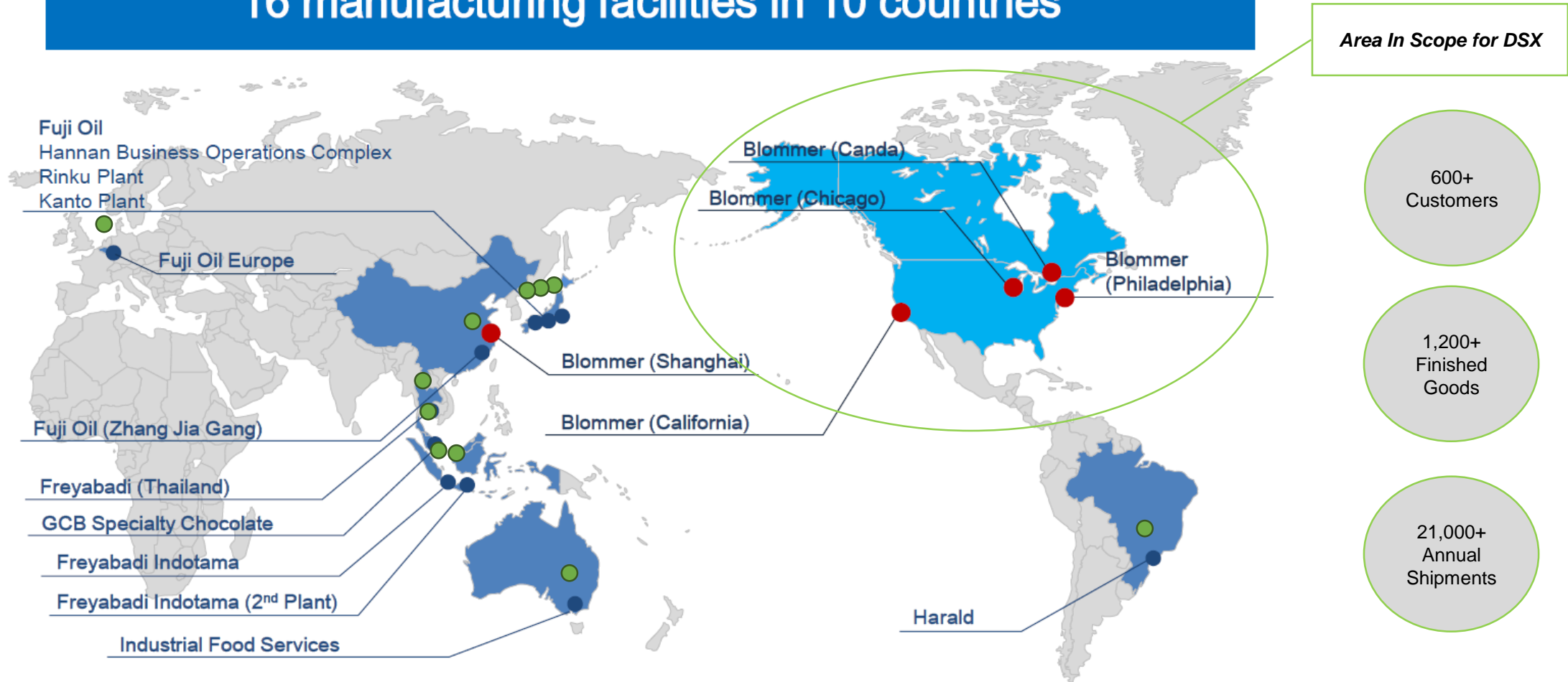




**Broad Technical Platform for Growth and Innovation**

# Expanded Global Network

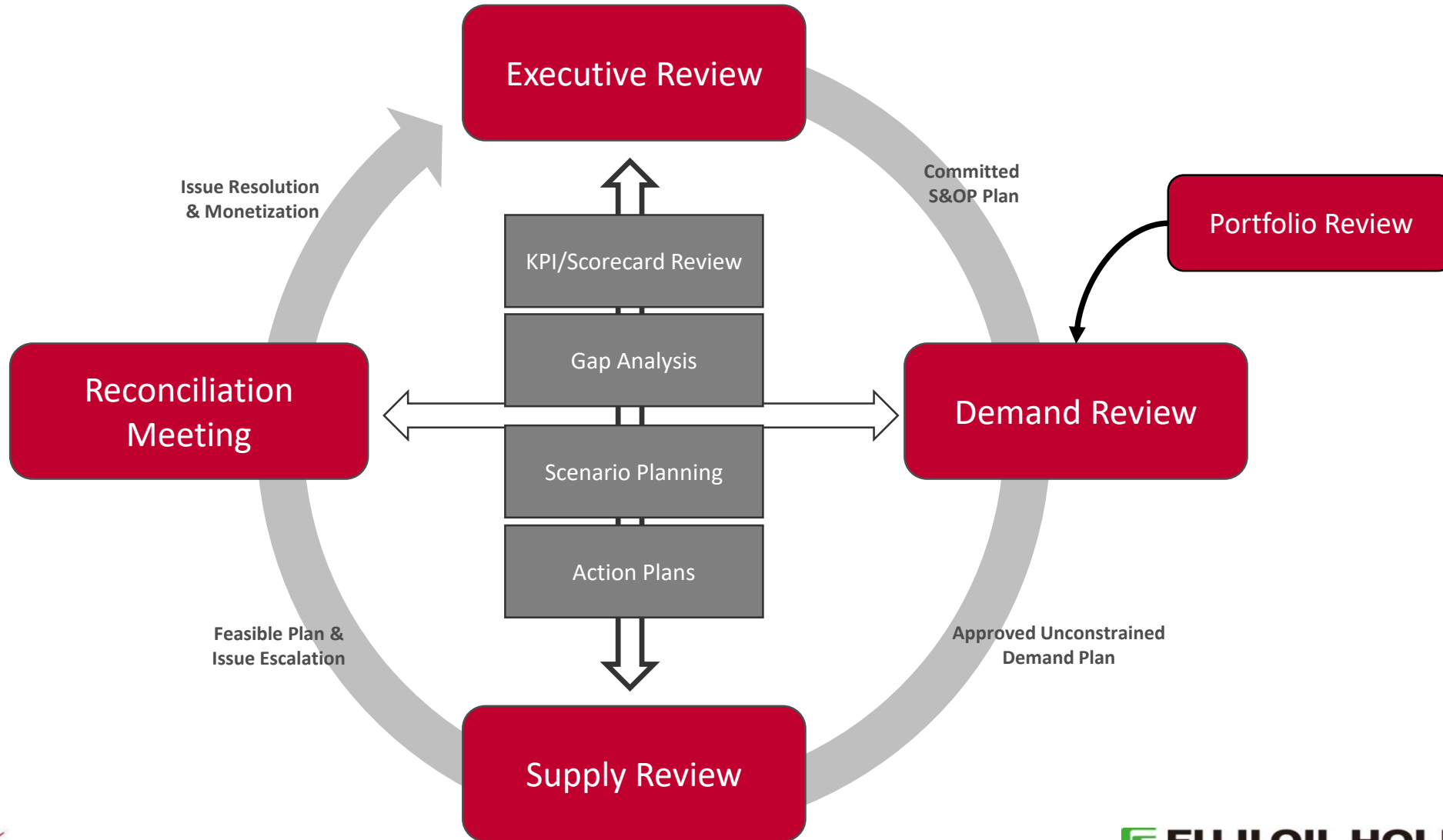
16 manufacturing facilities in 10 countries





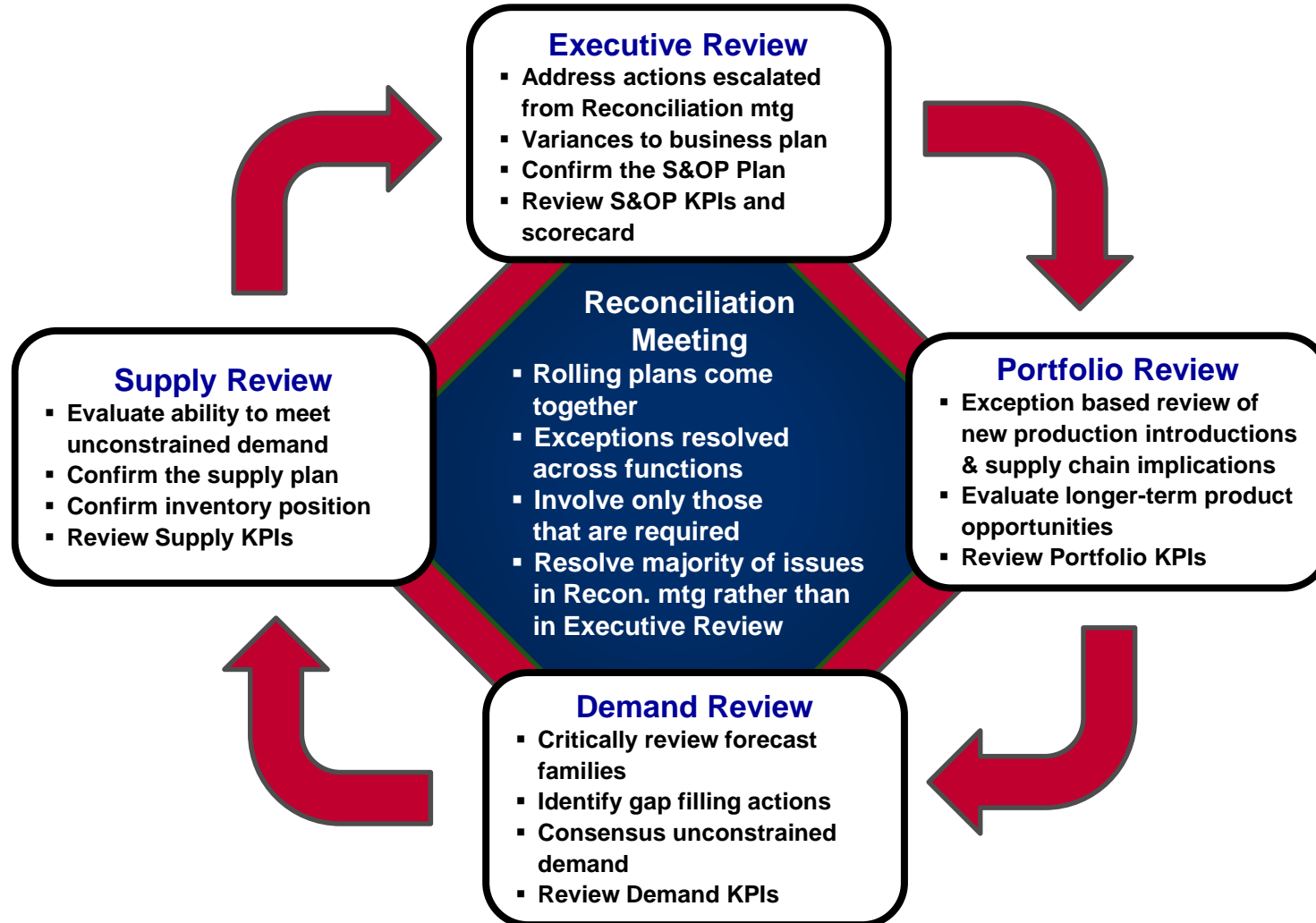


# Overview of S&OP Process

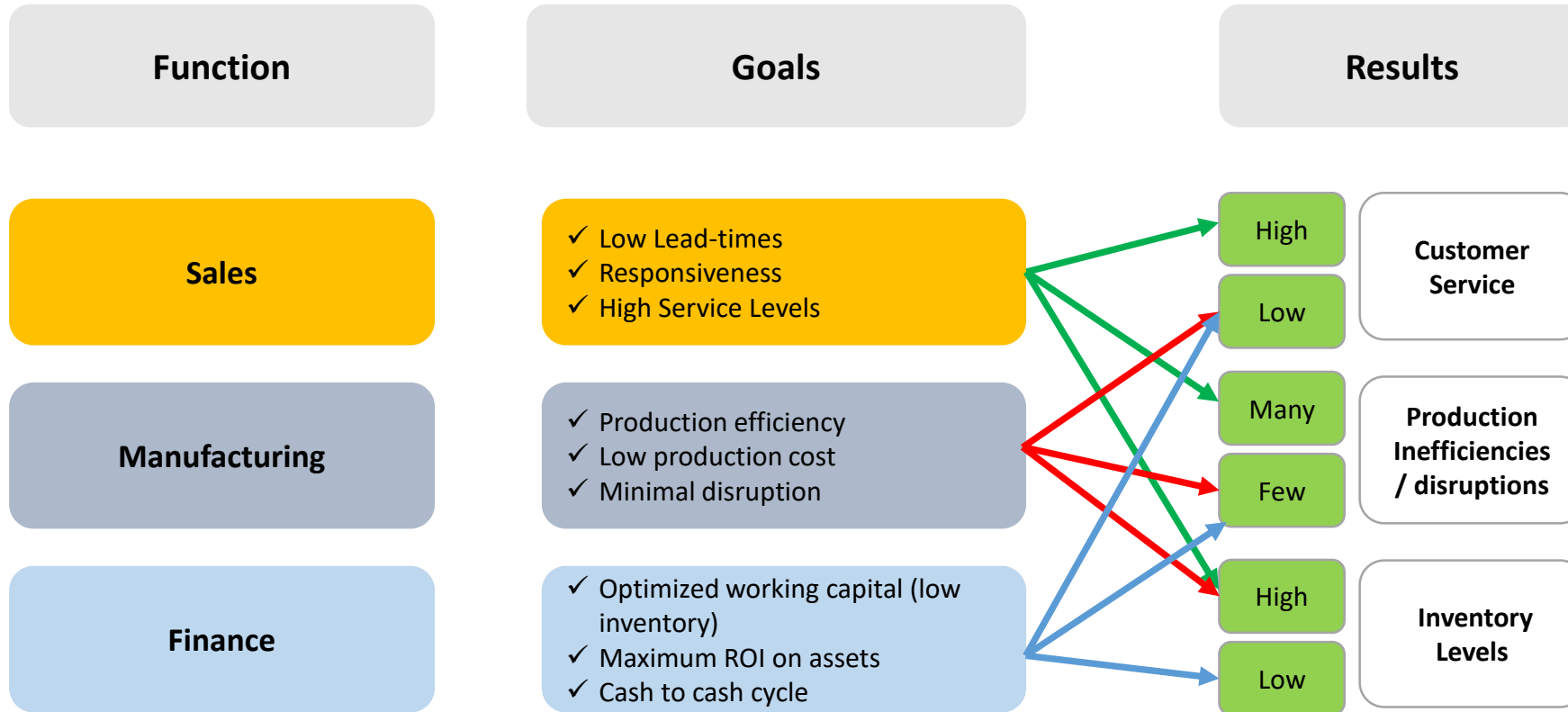




# How Does Sales Input Drive the Process?



# Align Functional Goals to Results in S&OP







# Inputs to Demand Planning

Sales team contributes their knowledge of the customer as well as information from their customer contacts to provide insight into future demand requirements.

Customer information provided directly or indirectly + competitor information.

New business opportunities are fed into the plan.

New Opportunities

Input from Sales, Finance, Marketing

Customer and Competitor Information

Any inputs from customers and/or sales team relating to events or promos that will impact demand.

Inputs from Events, Promos, and Incentives

Demand planner uses forecasting software to generate statistical forecasts using sales history.

Statistical Forecast

Consensus Forecast



**Consensus forecasting is about ensuring we are all working off the same set of assumptions.**





# Sales Forecasting Guidelines

**The Sales Forecasting guidelines below define how the Sales organization should manage the forecasting of their existing business as well as the new business upsides.**

- ▶ Sales forecasts at the customer-item level.
- ▶ The Sales organization should focus their forecasting effort on their sales volume that makes up the Top 80% of sales. These customer-items will be classified as “A” items.
- ▶ Account Managers should review and update their forecasts for months 1-24.
- ▶ Focus on other “specialty” areas of forecast.
- ▶ Statistical forecasts will be used for months 13-24 and for all “B” items.
- ▶ Account Managers will need to review and forecast all new products (New) since there will be no sales history for new products. Sales will need to forecast New products for the first 6 months of sales, after which statistical forecasting will take over and the product classification will be changed from “Managed” to either “A” or “B.”
- ▶ Account Managers should send customer forecasts to Demand Planner for entry into DSX. This will allow a forecast accuracy comparison against the Sales and statistical forecasts to see which one is the most accurate.
- ▶ High volume demand consensus meetings.
- ▶ Sales opportunities also included in demand plan.



# Sales View - DSX

Filter Region  --     Show Fiscal

Excel Version

Totals and/or averages only reflects displayed periods.  Totals and/or averages reflect all periods.

	Adj Hist. (17-...	Adj Hist (18-19)	Invoiced Hist...	Firm (19-20)	Customer (19-20)	SFCST 1-12 (...)	SFCST 13-24...	Planning F (...)	Contract (19-...	Upside (19-20)	Budget (19-2...
March	85,500	42,750	0	42,750	0	42,750	42,750	53,131	3,348	0	0
April	0	42,750	0	128,250	0	42,750	42,750	52,951	9,131	0	0
May	85,500	42,750	0	0	0	42,750	42,750	55,648	9,436	0	0
June	42,750	42,750	0	0	0	42,750	42,750	61,455	9,131	0	0
July	42,750	0	0	0	0	42,750	42,750	55,438	9,436	0	0
August	85,500	42,750	0	0	0	42,750	42,750	59,669	9,436	0	0
September	85,500	85,500	0	0	0	85,500	85,500	66,975	9,131	0	0
October	0	42,750	0	0	0	42,750	42,750	50,633	9,436	0	0
November	42,750	85,500	0	0	0	85,500	0	51,803	9,131	0	0
December	42,750	42,750	0	0	0	42,750	0	45,527	9,436	0	0
January	42,750	85,500	85,500	0	0	42,750	0	56,341	9,436	0	0
February	42,750	42,750	0	0	0	42,750	0	49,922	8,827	0	0
<b>Total</b>	<b>598,500</b>	<b>598,500</b>	<b>85,500</b>	<b>171,000</b>	<b>0</b>	<b>598,500</b>	<b>384,750</b>	<b>659,493</b>	<b>105,314</b>	<b>0</b>	<b>0</b>
<b>Average</b>	<b>49,875</b>	<b>49,875</b>		<b>14,250</b>	<b>0</b>	<b>49,875</b>			<b>8,776</b>	<b>0</b>	<b>0</b>
<b>6 Mo Avg</b>	<b>42,750</b>	<b>64,125</b>		<b>28,500</b>	<b>0</b>	<b>42,750</b>			<b>8,320</b>	<b>0</b>	<b>0</b>
<b>3 Mo Avg</b>	<b>42,750</b>	<b>57,000</b>		<b>57,000</b>	<b>0</b>	<b>42,750</b>			<b>7,305</b>	<b>0</b>	<b>0</b>

# Measuring Performance - Examples

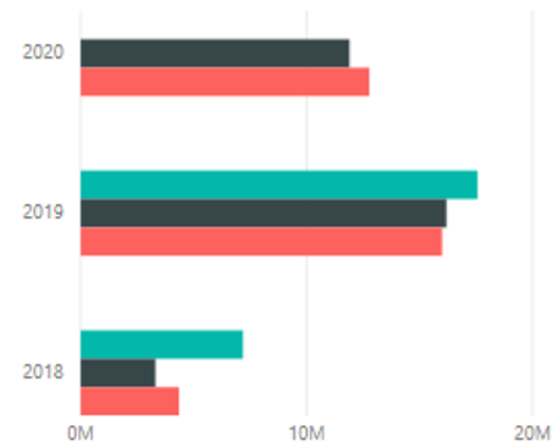
- ▶ Need top down support and measurement of KPI's

### Forecast Accuracy/Bias

Sales Person Full Name	Demand	Sales Forecast Summary Save	Sales Absolute Value of Difference	Sales Forecast Accuracy	Sales Forecast Bias
	7,241,486	7,516,242	684,524	90.9 %	3.8 %
	13,097,151	12,297,976	1,381,463	89.5 %	-6.1 %
	9,755,750	10,452,450	1,271,602	87.8 %	7.1 %
	11,253,559	12,108,060	1,803,259	85.1 %	7.6 %
	21,441,038	21,692,181	3,573,227	83.5 %	1.2 %
	1,965,460	2,664,000	698,540	73.8 %	35.5 %
	<b>74,900,257</b>	<b>77,512,617</b>	<b>12,733,132</b>	<b>83.6 %</b>	<b>3.5 %</b>

Total Invoiced Volume, Sales Forecast and Planning Fore...

● Total Invoiced Volume ● Sales Forecast ● Planning Forecast



2019	Total Invoiced Volume	Sales Forecast	Planning Forecast
	4,559,369	5,231,406	5,199,636
	1,188,920	1,241,000	1,228,681
	2,434,339	2,468,603	2,145,204
	1,049,150	1,212,167	1,074,962
	880,940	1,046,560	1,146,709
	1,227,417	1,339,706	1,493,972
	484,480	638,280	831,513
	360,281	439,141	301,406
	398,942	429,080	384,121
	341,285	426,280	328,208
	223,200	296,615	376,620
	256,569	309,700	296,628
	121,500	160,500	133,681
	111,832	134,000	117,677
	83,031	57,000	106,241
	50,000	41,608	111,991
	2,000	2,000	2,000
	84,000	94,000	136,816
	<b>17,558,850</b>	<b>16,187,128</b>	<b>15,994,944</b>

- ▶ More forecast activity = higher accuracy and closed to 0 Bias

## Summary

- ▶ Top Down Support for S&OP Process
- ▶ Executive support for sales involvement in demand planning
- ▶ Aligning desired results to actions and focus areas (i.e.- forecast items for the result of high levels of service)
- ▶ Fact based discussions
- ▶ Consensus discussions with advance preparation / agendas
- ▶ Demand consensus meetings that sales **feel as though they are beneficial and add value**
- ▶ Measurement of KPI's
- ▶ Continued refinement of process as focal areas change



# QUESTIONS?

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THANK YOU