Turning up the heat

Glen Dimplex Home Appliances quickly implemented Demand Solutions to slash the time taken to prepare forecasts and to improve their accuracy.

Glen Dimplex Home Appliances is a leading manufacturer and supplier of some of the UK's top cooking appliance brands—Stoves, Belling and New World. Lec Refrigeration Plc joined its growing portfolio of well-known brands in February 2005, enabling the company to compete in one of the fastest growing areas of the domestic appliance market. The company is part of the Glen Dimplex Group, a leading worldwide appliance manufacturer.

With a wide range of products—from built-in ovens and range cookers to freestanding refrigerators—being sold through a variety of channels, GDHA's manufacturing facilities and supply chain require up-to-date, accurate information if the company is going to meet market demand without keeping excess stock. With the business rapidly expanding, its challenge during 2005 was to speed up the forecasting process.

"Initial forecasts were generated by the account managers on spreadsheets, which were then sent to our forecasting office here," said Jimmy Russell, forecasting manager for GDHA. "We were receiving 15 spreadsheets, each with 57 pages of information. They had to be collated into one, and then 'sense-checked'—examined to ensure there wasn't anything strange in there. The whole process took three weeks."

GDHA recognized that it needed a more efficient system, something that would get the figures out while they were still relevant, and also help improve forecast accuracy. It decided on Demand Solutions Forecast Management and Demand Solutions Feedback, and began implementation towards the end of 2004. "GDHA wanted to implement the system very quickly," said Chris Usher, account manager for Demand Solutions (Europe) Ltd. "The company had taken time to research its needs, but once the decision was made it committed the resources to make it happen, and that made for a very smooth and rapid transition." Russell, his team and GDHA managers had three days of on-site Demand Solutions training to kick off the process.

"We started using DS Feedback immediately after training," said Russell. "One of the things that surprised us was that after we'd implemented the system, we were able to generate the 2005-06 forecasts in December at the SKU and customer level. The annual budgeting forecast is a massive task for us and previously, using spreadsheets, it had been a much longer process."

Demand Solutions includes all items the company sells, by SKU and by account. In sharp contrast to the office-bound spreadsheet system, account managers can access their files online using DS Feedback. They input their forecast for the month based on their own information and general market intelligence, upcoming promotions and other relevant criteria, then upload the information back to Russell's team in Hedge End. "We get all the information at the end of the first week of each month," said Russell, "and Demand Solutions automatically consolidates the different forecasts from the field. We know the top-line figures within 10 minutes and we can send out the full figures the following Monday."

It's a lot easier for the account managers, too. Previously they had to scroll down each page of their spreadsheets in order to interrogate individual SKUs and accounts in detail to ensure that their figures were right. Now, they can look at the top 20 percent of SKUs at the click of a mouse because they're automatically filtered by Demand Solutions' powerful activity-based cost analysis capabilities. "Account managers now have one set of numbers, one system and one process, and everyone knows exactly what to do and they're able to accurately measure fulfillment," Russell said.

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Demand Solutions hasn't just made Russell's life somewhat easier; the positive effects have rippled all the way up and down the company's supply chain. "Between April and December, our forecast accuracy was up 20 percent compared with the previous year. We've been able to improve service levels to our customers—20 percent more volume has been dispatched. Our stock position has improved as we're holding more of the right stock rather than 'just in case' stock of everything. The initial improvement was pretty much in line with our expectations—we knew we weren't buying a crystal ball, and Demand Solutions said they weren't selling one. What we've got is a forecast management system that enables us to better manage and check the forecast integrity on a monthly basis."

While the improvement was apparent quite quickly, the real change came in April, by which time all the account managers were comfortable with the software and Russell's department knew that it was working. The end-of-year forecasting in December went far better than ever before. "It's been much simpler. We've had 12 months experience using the system. Last year, when we wanted to change any element of the annual budget, it was a question of reading the manual and ensuring we were doing it right. Now that we understand it better, it's second nature," Russell concluded. "Our target next year is to get our accuracy up another 20 percent."