

Demand Planning

The Importance of Forecast Accuracy

How can you improve your forecast accuracy?
Back to best practices!

Have you already heard about the 5 steps of the virtuous cycle of forecasting? This infographic outlines the best practices of a 5-step Demand Planning process.

It all starts with a better forecast...

+0,5%

Operating Margin

+3%

Forecast Accuracy

+1%

Service Level

The **Virtuous Cycle** of Forecasting

Actual Sales Analysis

- Detect abnormal values
- Clean-up actual sales
- Event Management
- Segmentation

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Life Cycle Management

- Beginning and end of life
- Manage phase-in/phase out
- Analogy management

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Forecast Generation

- Trend calculation
- Seasonality estimation
- Statistical indicators
- Simulation
- Versioning / Archives

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Collaborative Process

- Manage event & promotion
- Local / central collaboration
- Demand Review

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Performance Measurement

- Forecast accuracy, variability
- Safety stocks estimation
- Gap analysis
- Budget simulation

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The **Demand Planning KPIs**

Improve service level by as much as

40
POINTS

+

Improve forecast accuracy by as much as

90
PERCENT

+

Reduce supply chain costs by as much as

25
PERCENT