

**Precision Approach
Consulting Company, LLC**

Demand Forecasting Audit

Demand Forecasting

Insanity: doing the same thing over and over again and expecting different results.

Albert Einstein



Demand Forecasting - Overview

As companies develop global Supply Chains to reach more customers and low cost sources, managing the Supply Chain becomes an increasing challenge. Symptoms of poor Supply Chain management include; increasing inventories with deteriorating customer service.

Global Supply Chains are more complex and have longer cycle times. Therefore, production/sourcing decisions need to be made sooner, placing greater dependence on the **Demand Forecast**.

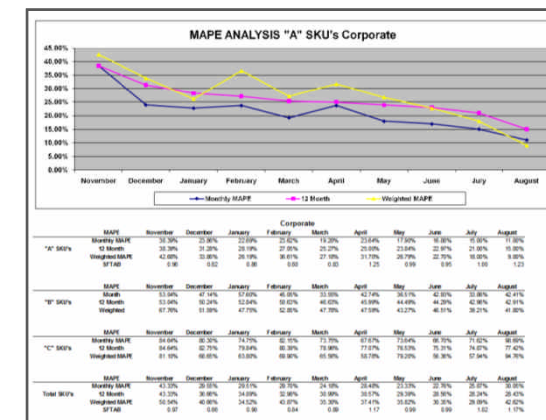


Demand Forecasting – Framework of the Audit

As Demand Forecasting becomes an increasingly important corporate function, companies should periodically undergo an audit of their Demand Forecasting process.

Precision Approach Consulting conducts the Demand Forecasting Audit using the four dimensions of forecast management:

- Functional integration: The functional integration of a company as it pertains to forecasting is a determination of how well the company communicates, coordinates and collaborates.
- Approach: The approach is defined as how well a company determines what is to be forecast and how it is forecast.
- Systems: This dimension characterizes the computer hardware and software used in the development and communication of the sales forecast.
- Performance measurement: The performance measurement dimension includes the methods used for measuring forecasting effectiveness and the information that is gathered to substantiate it.



Demand Forecasting - Audit Methodology

Using the four dimensions approach as a framework, the audit consists of:

- A review with Senior Management to determine the needs, shortcomings and symptoms of the Demand Forecasting process
- One-on-one meetings with all persons involved in the Demand Forecasting process
- A confidential questionnaire to ascertain the organization's perception of Demand Forecasting
- Attending all Demand Forecasting related meetings
- Reviewing all Demand Forecasting related documents
- Comparison and benchmarking with best practices in other companies



Demand Forecasting Audit - Deliverables

- An overview of the strengths and weaknesses of the current Demand Forecasting process
- Results of the confidential survey and the perception of the organization regarding Demand Forecasting
- Comparison with best practices and benchmarks where applicable
- Recommendations based on the four dimensions
- **Potential savings:** inventory reductions, cost savings and improvements to customer service



Demand Forecasting - Audit Cost & Time

Duration of Audit:

- *1 to 3 months depending on schedule, availability of personnel and senior management team.*

Cost of Demand Forecasting Audit:

- *Depends on size and complexity of organization.*

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