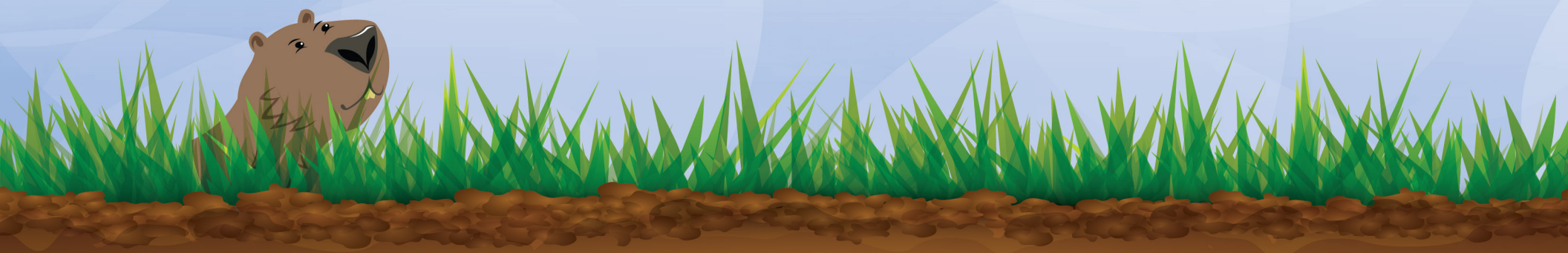
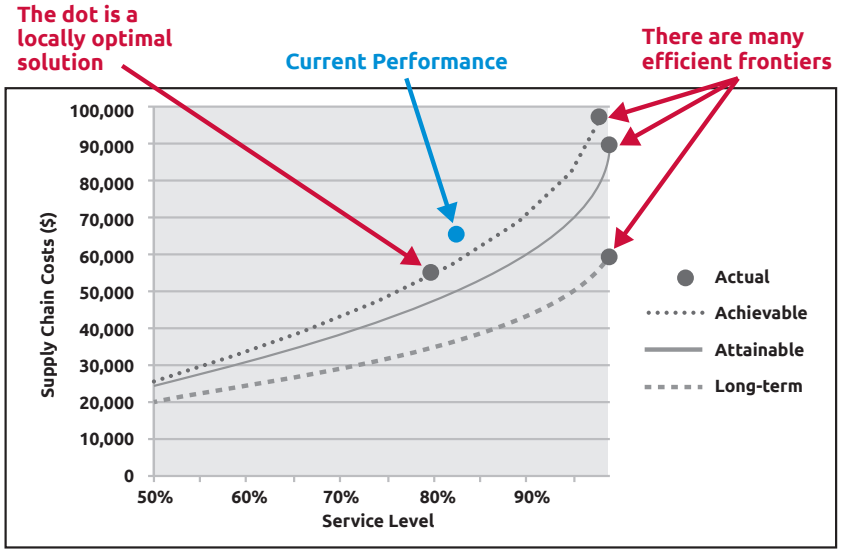
UNEARTHING DEMAND PLANNER EFFICIENCIES

Best practices to achieve more value-adding activities



LOGILITY

The number of products a planner can manage is heavily dependent on how easy or difficult it is to develop a reasonable forecast for those products. Improving a planner's efficiency not only allows each planner to effectively handle more SKUs but can also free up time for planners to focus on ways to further improve forecast accuracy.



Supply Chain Efficient Frontier

Source: Logility, Inc.

Each one percent improvement in forecast accuracy can lead to a corresponding one percent decrease in "just-in-case" inventory or a combination of a decrease in inventory and an increase in customer service. The end result is to move closer to your company's optimal *supply chain efficient frontier.*

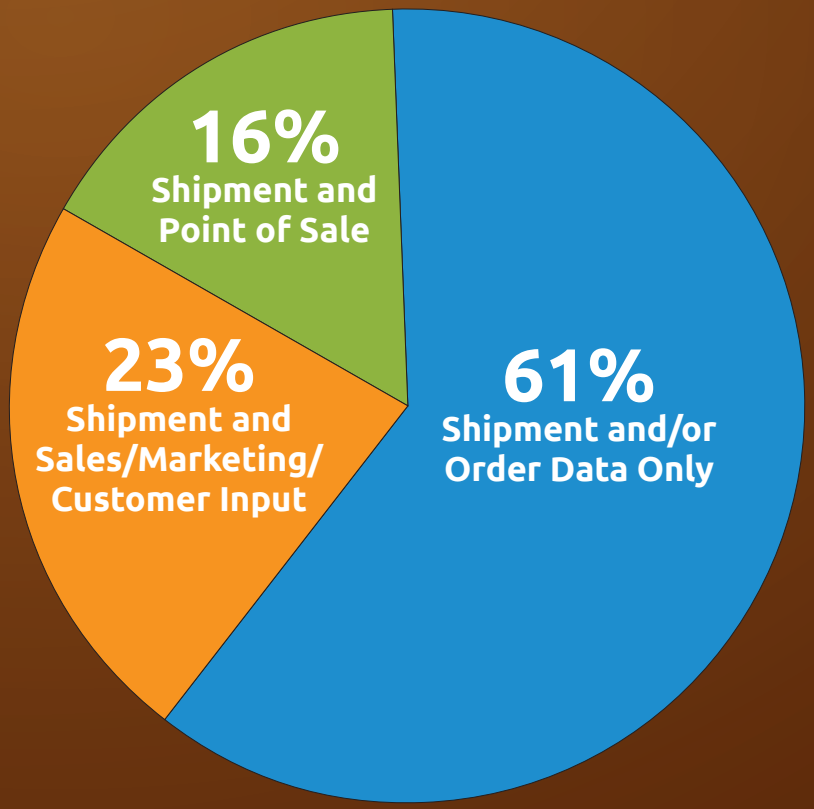
Pulling together data from recent surveys, industry benchmarks and decades of practical experience, this eBook highlights eight best practices to help improve planner efficiency.

BEST PRACTICES

1 Leverage multiple demand signals

Only 30% of planners use historical and POS data to generate a forecast.

Use multiple demand signals to augment historical data and improve forecast accuracy.



Demand Signals Used to Generate Forecasts

Source: Logility, Inc.

BEST PRACTICES 2

Measure forecast accuracy at multiple levels of aggregation and time horizons

A thorough forecast process should always include the use of multiple forecast accuracy measures.

Use measures like Mean Absolute Percentage Error (MAPE), Mean Absolute Deviation (MAD), Mean Squared Error (MSE) and Root Mean Squared Error (RMSE) to better understand forecast errors. Evaluate forecast accuracy measures across different time lags and horizons to truly evaluate the appropriateness of a forecast model.

Level	1-Month Ahead	2-Months Ahead	3-Months Ahead	4-Months Ahead
	% error	% error	% error	% error
SKU	19.91	26.13	26.59	27.80
Category	13.38	12.64	15.83	18.83
Aggregate	10.62	15.17	16.41	15.36

Forecast Accuracy Industry Benchmarks

Source: Benchmarking Forecasting Practices, Graceway Publishing Company Based on MAPE

Reasons for changes are important because advisory adjustments don't always improve the consensus forecast.

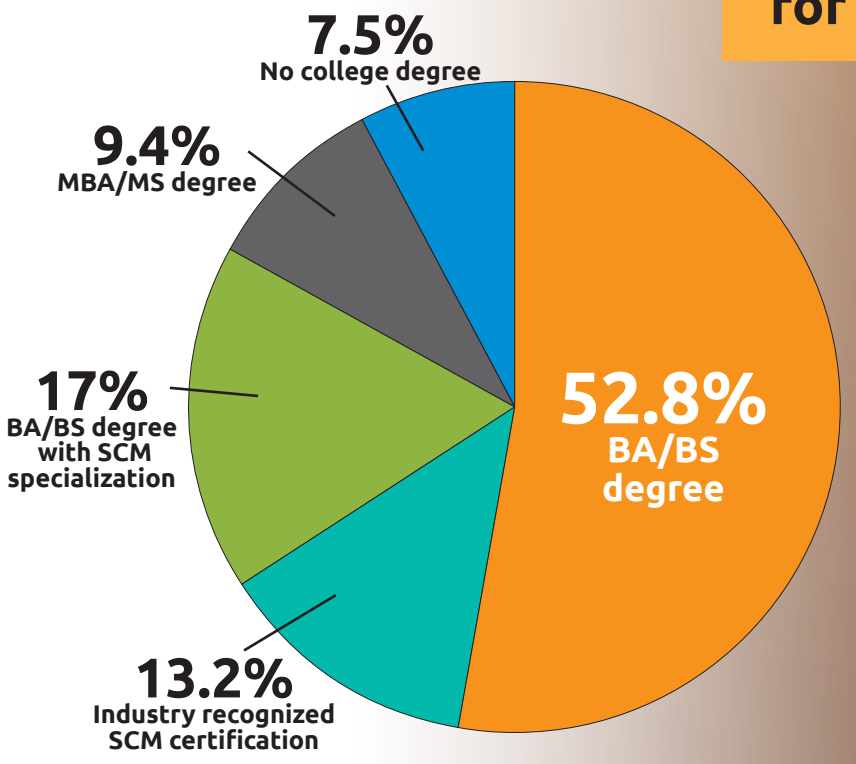
BEST PRACTICES

3 Track changes made to the forecast

Leverage a forecasting solution that captures notes about the reasoning behind adjustments, aiding forecast planners in determining the validity of the provided intelligence.

BEST PRACTICES 4

Provide training for demand planners



Demand Planner Education

Source: Logility, Inc.

Just 30% of demand planners have a certification or specialization in Supply Chain Management.

Focus on continued training to strengthen the skills of your planning team. The portfolio that a planner can handle is directly related to skill level and business knowledge. Training can boost proficiency in supply chain knowledge, use of statistics, data analysis skills and even business expertise. Look to industry organizations and your supply chain planning solution provider for advanced certification and training courses.

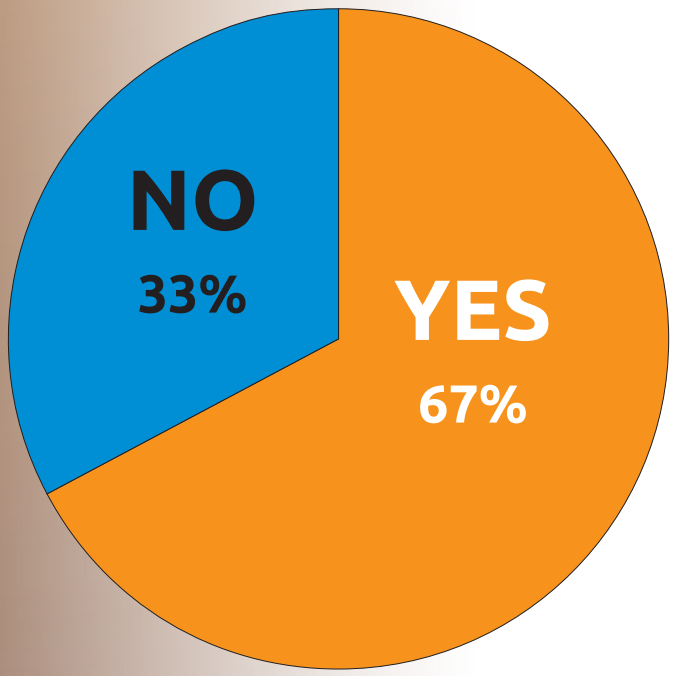
BEST PRACTICES

5

Use segmentation analysis to increase accuracy

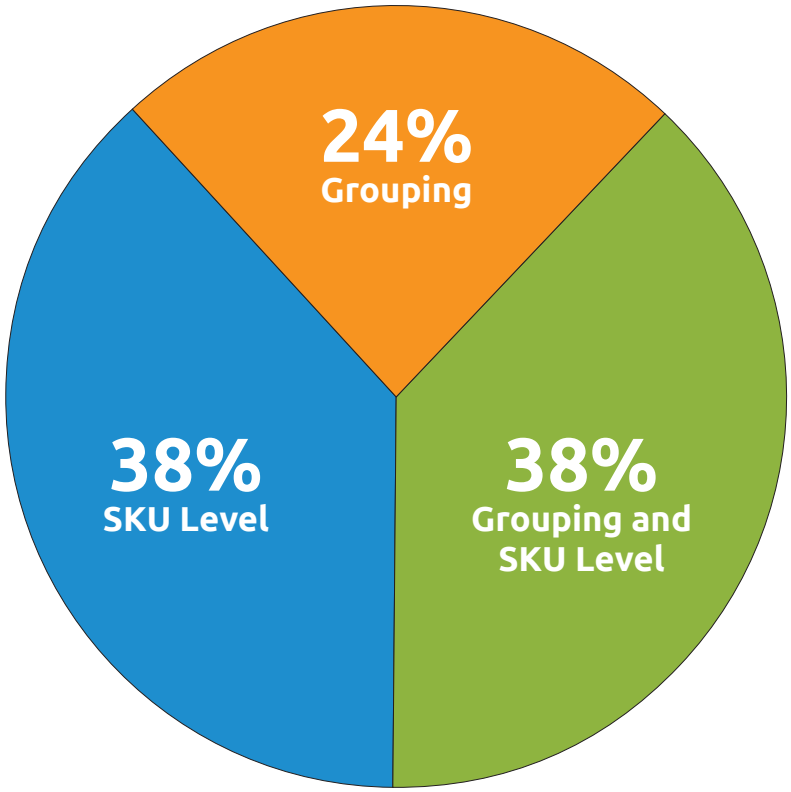
Sixty-seven percent of demand planners leverage demand segmentation to gain market insight.

Evaluate your business from multiple perspectives such as product velocity, margin contribution, channel, customer and region to increase value and drive precision.



Leverage Segmentation to Drive Accuracy

Source: Logility, Inc.



Use of Multi-dimensional Forecasting

Source: Logility, Inc.

BEST PRACTICES 6

Take advantage of the benefits of flexible aggregation

Flexibility provides a clear advantage.

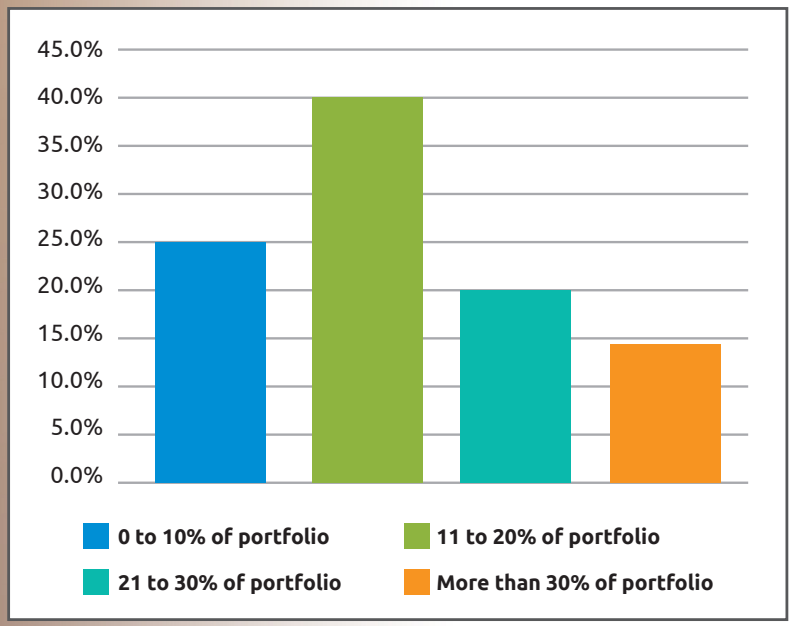
Bottom up detailed forecasts can offer location specific needs that summarize to broader market trends and opportunities. Multi-dimensional forecasting drives new business insights, is usually more accurate and requires less effort to maintain, freeing up planner time to work on more value-added activities.

BEST PRACTICES

7 Adjust the technique to the stage of the product life cycle

New products represent 10-40% of product portfolios each year.

Use different types of forecasting methods at different product life cycle stages. A Demand Profile technique is best when launching a new product, while a more statistical technique like exponential smoothing or modified Croston may be more suitable for mature products. For phasing out a product, consider the End-of-Life demand profile method. Through Machine Learning, advanced systems incorporate automatic model switching to take the guesswork out of the process and let you focus on driving profitable growth for your business.



Percentage of New Product Introductions

Source: Logility, Inc.

BEST PRACTICES

8

Enable more mature capabilities with a robust demand planning solution

Break your reliance on spreadsheets to run your business. Surveys show that the number one issue holding back companies from improving planning capabilities is their reliance on manual spreadsheet-based processes.

The number of SKUs a planner can manage depends on a number of controllable factors.

Free up time with planning technology to boost accuracy, gain insights and increase efficiency.

With these new insights, your planners can see new opportunities to drive top-line growth and bottom-line profits.

With Logility, your demand and supply planners can transform what may currently be a multi-month effort into just a few days, with significantly higher accuracy and greater confidence.

ABOUT LOGILITY

With more than 1,250 customers worldwide, Logility is a leading provider of collaborative supply chain optimization and advanced retail planning solutions that help small, medium, large, and Fortune 500 companies realize substantial bottom-line results in record time.

Logility Voyager Solutions™ is a complete supply chain management and retail optimization solution that features an advanced analytics architecture and provides supply chain visibility; demand, inventory and replenishment planning; sales and operations planning (S&OP); integrated business planning (IBP); supply and inventory optimization; manufacturing planning and scheduling; retail merchandise planning, assortment and allocation; and transportation planning and management.

For more information, contact Logility:

Worldwide Headquarters **800.762.5207**

United Kingdom **+44 (0) 121 629 7866**

www.logility.com

Visit our library of educational materials including white papers, webcasts, customer videos and more.

LOGILITY