

SITUATION

In today's market, demand variability and changing economic conditions make forecasting a challenging task. Over or under-estimating demand by a single percentage point can cost consumer goods manufacturers millions of dollars.

A Top 100 food manufacturer was struggling with inventory carrying costs and declining service levels. They needed a solution to optimize their production forecast.

SOLUTION

This manufacturer sought Fiddlehead's Demand Planning services to fix the hidden issues that were driving error and added costs in their forecasts.

Our Forecast Level Optimization offered a robust framework to assess how their datasets, systems and processes addressed product portfolio and market behaviour changes.

Allowing our client to:

- Benchmark performance against all viable forecast configurations per aggregation level, statistical modelling, outlier correction & data cleansing.
- Maximize forecast accuracy by optimizing number of statistical models to sales input, while maintaining ease of use for their demand planning team.
- Spotlight priority SKUs through product portfolio segmentation according to sales patterns, volume & forecastability.

INNOVATION

We used a proprietary modeling engine to generate forecast profiles for over 5,000 SKUs across our client's North American division. We segmented these profiles with machine learning, allowing this manufacturer to prioritize product decisions based on business value and differentiate their forecasting strategy.

OUTCOME

Forecast Level Optimization enabled our client to lower inventory carrying costs, increase service levels and improve margins.

In a year-over-year comparison, this manufacturer realized an 8.86% improvement in overall accuracy, an 8.68% reduction in manual adjustments and a positive value-add to consensus forecasts.