

# The Supply Chain Letter - Data Profits

- Standard
- December 4, 2015

In our last newsletter, we talked about the differences between Demand Forecasting and Sales Forecasting. As a follow-on, this letter highlights several of our posts that reveal how Demand Forecasting can increase overall forecast accuracy (how's 98% sound?) and how Sales Forecasting is not the way to go for replenishment. The first : "Does 98% Demand Forecast Accuracy Get Your Attention?" is a top web download. You'll read how to improve your forecast accuracy to reduce inventory while at the same time increasing sales.

Next, our essay featured in the Retail Value Chain Federation's (RVCF.com) newsletter talks about the differences between Demand Planning for Replenishment and Service Driven Replenishment. The differences while subtle have a huge impact on your bottom line due to the rapid swings in the marketplace today that don't allow for the slower response times of legacy systems.

Last, a blog by Lora Cecere, the Supply Chain Shaman, titled 'It should not be this way...'. Lora highlights some of the key issues with supply chain software technology, why the issues exist, and how some new software companies are addressing the gaps with better technology. We love this article for obvious reasons. Enjoy the 'SUPPLY' Chain Letter, and remember: 'Tighten the Links in Your Chain'.

## latest News & Top Downloaded Blogs

### **A Little Demand Forecasting Mistake that Cost a Retailer > \$250,000**

While the mistake seems small, in reality, over the course of one year, the total dollars in lost profits will be significant. While the mistake may sound old and obvious, in reality, most businesses do not account for these and this provides you an opportunity over your competition. Learn the formula, see examples and download a Free Kit to help you improve today. [Read More..](#)

### **Do You Make these Mistakes with Slow Demand Products?**

These products often are critical to the assortment because a top 20% product is often paired with a selection from an assortment of slow demand product choices. There are two key pieces that must work together for a retailer to win with slow movers:.. [Read More..](#)

### **Seasonal Indexes Serve Up Lost Sales & Low Service Levels**

Seasonal Indexes are a great tool that can be easily used to manage inventory and improve replenishment, allocations and new product releases. The unfortunate truth is many of you fail to use seasonal indexes where you should today. Review the basic math formula & See an example you can immediately apply to your business. [Read More..](#)

### **It Should Not be this Way....**

by Lora Cecere on October 16, 2013

"Why have supply chain planning technologies not been reinvented through technology evolution in a similar manner?" By and large, companies are unhappy with the user experience of supply chain planning and feel that the system output is too difficult to use. So, why has there not been a step change? In the words of Rick Sather,

Kimberly Clark, “Why is there not an app for that?” Here is my answer: Here is my answer: [Read More..](#)

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### **Does 98% Demand Forecast Accuracy Get Your Attention?**

In today’s world of technology savvy consumers and big data, retailers must find an efficient way to merge business intelligence, forecasting and customer insight into usable information that creates results. Several studies (Gartner, Dr. Mentzer, others) consistently show that forecast accuracy delivers a 15% shareholder value increase. We recently worked with a top 100 consumer electronics retailer to help them improve their forecast accuracy from 16.9 percent to 98.2 percent with return on investment realized in the first 60 days! In this blog we talk about some of the elements required to achieve improved accuracy:

- Use of demand forecasting versus sales forecasting
- Tracking and predicting market dynamics in addition to adjusting for seasonality trends
- Tracking and predicting impact of promotions including product placement

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Why Planning and Sales Forecasting are Bad for Replenishment

Why Planning and Sales Forecasting are Bad for Replenishment

How often does key management review a forecast accuracy report? The irony is the same people that don't review the forecast accuracy report are the first to talk about out-of-stocks, overstocks, and open to buy issues. The same people will have this "I can't believe this has happened" look; arm waving, yelling, finger-pointing, and similar activities will often occur in meetings (yes, I've worked in retail).

Your forecast is the critical element to retail success. Forecasting is used to plan, budget, and replenish. Replenishment includes lead-time days and order cycle days or weeks of supply that with a forecast convert from days to a number of units needed in the supply chain. The big question is this: Why is forecasting accuracy left off of many KPI screens, but the results of poor forecasting are front and center in your company as the hot, must-fix agenda? Read More...

This is article was originally published in the June 2013 edition of Retail Value Chain Federation's monthly newsletter, RVCF Link. To see the article in its entirety: [READ More](#). This is part 1 of an ongoing series on Demand Forecasting and Inventory Replenishment.

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## Happy Holidays!!

We hope you have found the information in our newsletters to be informative and valuable. If there is anything we can do to help you improve your forecasting and replenishment, please let us know. We are available for a free consult to review your current inventory and show you where you can make improvements to increase profits.

From the Data Profits team we wish that you, your family, and your friends have a wonderful holiday season!

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