CatchBull
MAKE FORECASTING PAY

HIDDEN PROBLEMS

Summary

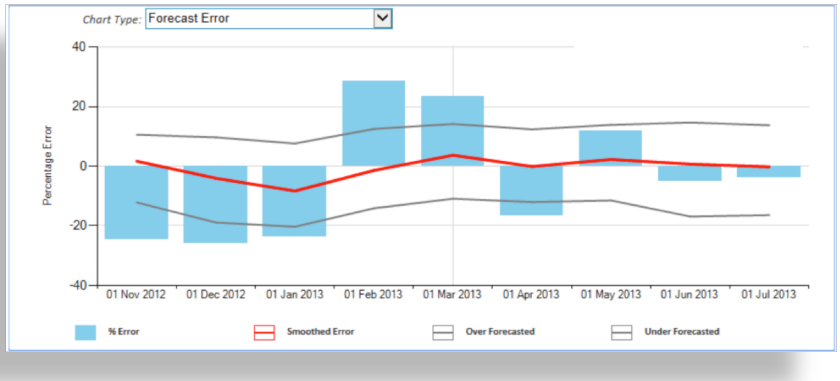
How ForecastQT helped a UK company in the food & drink sector, with sales of over £1bn, discover problems with low level forecasts that their traditional measures masked.

Story

Have you ever wondered why your forecast quality measures look good but you consistently have high levels of stock and customer service failures?

The reason could be that conventional metrics measure forecast errors at a high level in the product hierarchy whereas what drives stock and service is the quality of low level (SKU) forecast performance.

This company's metrics revealed no bias in the forecasts for their largest customer, Tesco. However, ForecastQT revealed that the low error rates reported at a high level (represented by the red line) disguised the fact that at lower levels, there were significant rates of both over-forecasting and under-forecasting (as shown by the grey lines) which were netted off against each other, concealing the ugly truth.



Demand managers are routinely alerted to problems like this by ForecastQT's alarms. In this case there was a statistically significant level of over-forecasting and under-forecasting in the Tesco account (as shown by the up and down red arrows below). 'Alarmed' SKU's with very high levels of bias accounted for almost exactly half of the total avoidable error of 147,000 units, and ForecastQT enabled the user to drill down through the product hierarchy to identify the individual products concerned, and take corrective action.

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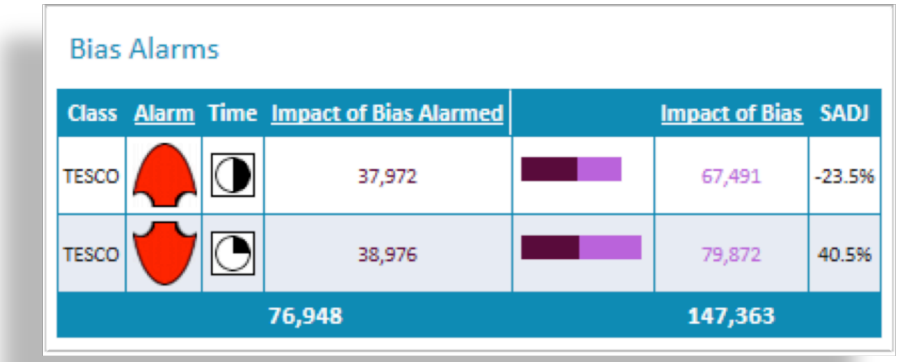

The Message

ForecastQT provides a high level perspective on the quality of low level forecasts. This, supported by statistically driven exception alarms and drill down capability enables management to assess and manage the health of forecasting of large and complex portfolios.