



## KEEPING TRACK

### Summary

This case shows how **ForecastQT**'s tracking functionality helped a global €5bn company in the food & drink sector spot a rapid downturn in forecast performance.

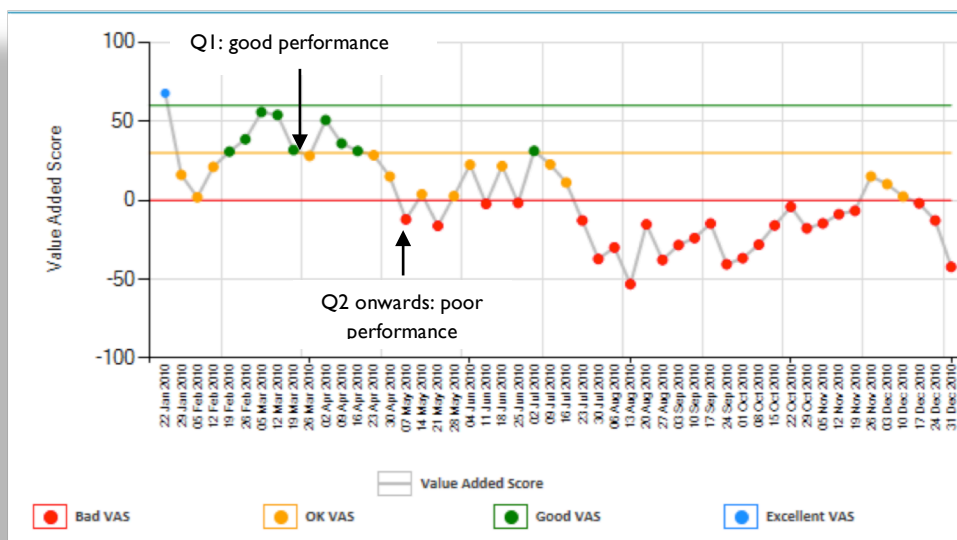
### Story

Forecast performance doesn't vary much and if it does change significantly, it will be immediately obvious; right? Well, not always.

Conventional approaches to measuring forecast performance usually involve high-level metrics, when what really matters is performance at a low (SKU) level – where replenishment decisions are taken. They also tend to lack the nuances of having meaningful benchmarks to help distinguish 'good' from the 'unacceptable'.

Also, in dynamic markets, particularly when the forecast process requires judgement to be applied to incorporate customer and market intelligence, the quality of forecasts can change significantly and very quickly. As a result, many businesses only become aware that they have a problem when inventory levels balloon or they start 'shorting' customer orders.

That was certainly the case for this company, where, in the first quarter of the year, forecast quality was good (as indicated by the green markers, below) but collapsed within the space of less than a month. After this point, their forecasting rarely added any value at all, for the rest of the year -often failing to beat a simple 'same as the last period' benchmark.





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This collapse in forecast performance resulted in inventory levels many €millions higher than they need have been and a deterioration in customer service. But the cause of these problems went undetected for many months. ForecastQT would have showed this decline graphically almost as soon as it started, triggering alarms and suggesting the necessary corrective action required each week to stop the slide – long before it impacted customers and inventory levels.

### **The Message**

ForecastQT provides sensitive and meaningful measures of forecast quality at the level that really matters (SKU), updated daily/weekly/monthly. In this way costs and service can be maintained at optimal levels and any problems swiftly identified and acted upon.