



## MISTAKEN IDENTITY

### Summary

How **ForecastQT**'s helped a £4bn consumer packaging company use scientific benchmarks to compare performance across disparate business units operating in very different markets.

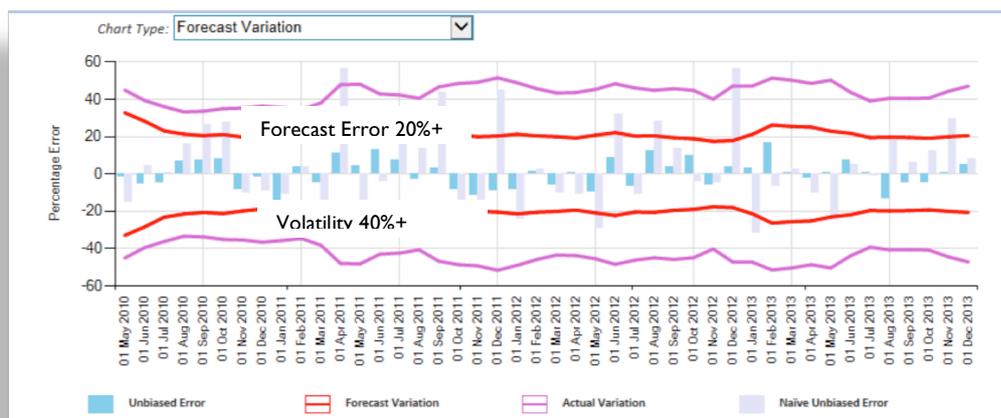
### Story

One of your business units has consistently higher forecast errors than all the rest, but reacts negatively to criticism, claiming that they are being unfairly judged because their products are more difficult to forecast. Do they have a point?

With conventional approaches to measuring forecast quality, it can be impossible to tell. As a result, good performers can be unfairly criticised and poor performance left uncorrected.

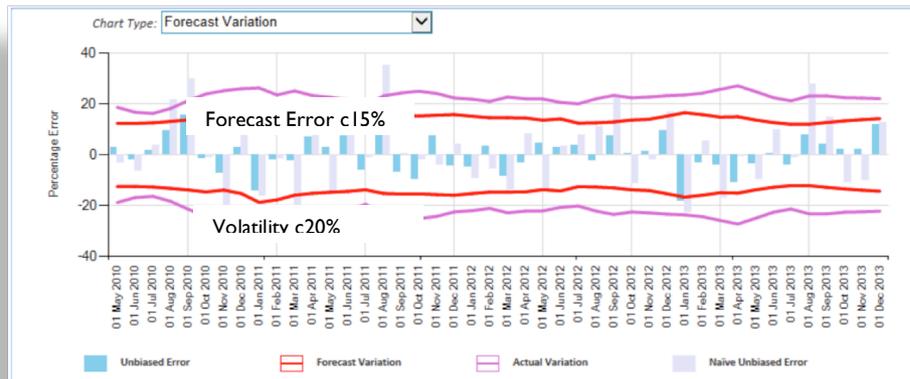
Which is what happened with this Company, where the forecast performance in one of their southern European businesses compared unfavourably with that of a Scandinavian business unit.

Using ForecastQT immediately revealed why this judgement couldn't have been more wrong. In southern Europe the average absolute error typically exceeded 20%. But this was in a very volatile market, where the level of volatility from one period to the next (which limits the level of performance that can be achieved in practice) typically exceeded 40%.





In Sweden, on the other hand, forecast error was indeed lower – by about a quarter, at around 15%. But the level of volatility in the market was roughly half that experienced in Italy, making it significantly easier to forecast.



So using more appropriate measures, ForecastQT's league tables placed Italy at the top of the forecast performance tables, whereas, in the much more benign market in Sweden, they were pushed to the bottom – the exact opposite of what management believed to be the case!

Class	VAS	Ranking	Status
Italy	64	1	
Switzerland	58	2	
United Kingdom	44	3	
Sweden	26	4	

### The Message

By scientifically allowing for differing levels of forecastability, ForecastQT enables meaningful performance benchmarking across the disparate elements of your business. And by focusing management attention on those areas where performance **can** be improved and helping identify where best practice lies, forecasting quality can be raised across the board.