# PROCESS OVER PERFORMANCE

Summary

How **ForecastQT** helped a global drinks company determine where their forecast processes were adding/destroying value.

Story

Is forecast performance always improved by having the outcome subject to cross-functional review?

Conventional wisdom has it that 'consensus forecasting' is always 'a good thing', but in our experience this can be one of many parts of forecasting where more is less; where more effort can sometimes produce a worse performance. The risk is that, while manual intervention might help build organisational comfort and confidence in forecasts, this confidence is misplaced.

This proved to be the case with this drinks Company, even after investing lavishly in forecasting software and implementing 'best practice' processes. Had they paid similar attention to performance measurement, e.g. by investing in ForecastQT, they would have learned very quickly that on average their process were destroying value much of the time. In the chart below the red markers indicate where forecast errors fail to beat the crudest benchmark – a naïve forecast.
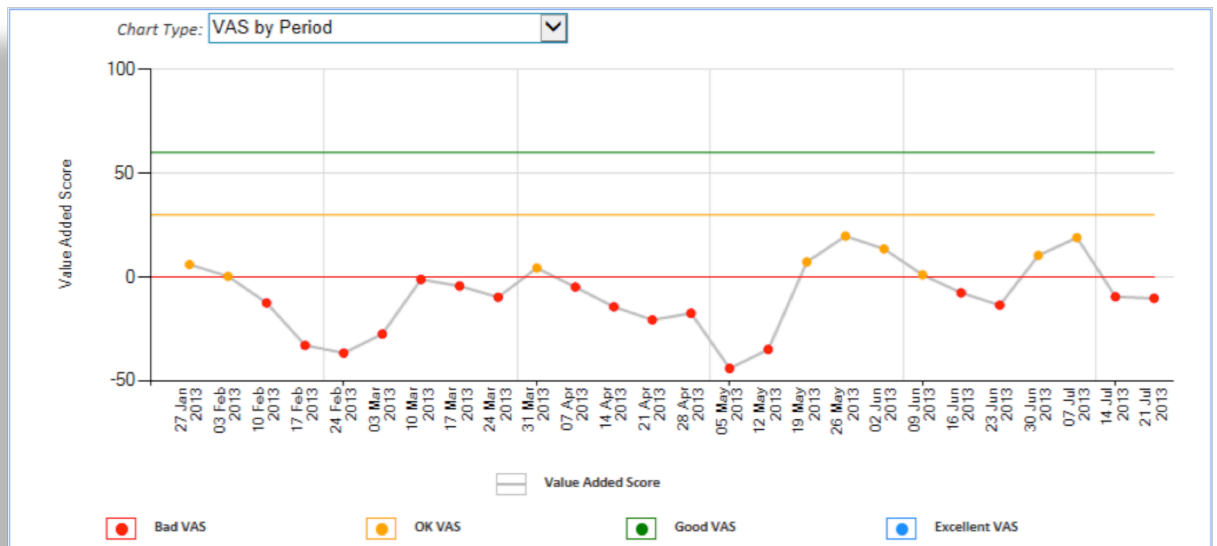
Further analysis would have also revealed that 50% of low-level forecasts failed to add value - either because of high levels of bias, variation or both. Although 'before' and 'after' performance snapshots would prove the point definitively, making fewer, more targeted interventions in the forecast process would almost certainly eliminate most of these problems, with considerable economic benefit to the business. Without rigorous performance tracking to provide forensic feedback on performance this value will remain untapped.
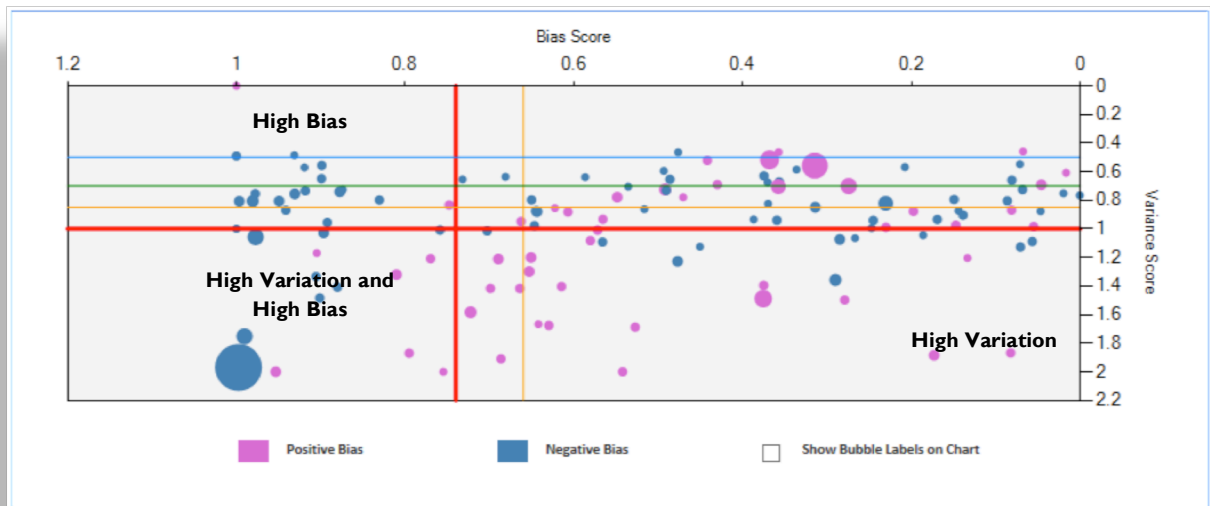
The Message

By providing a simple but scientifically robust method of assessing forecast quality at an aggregated and disaggregated level, ForecastQT makes it easy to objectively assess whether and where the processes add and destroy value, simultaneously helping to maximise performance and minimise effort.