ACTERYS

A Buyer's Guide to

Demand Planning Tools

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Introduction

With today's economic instability setting worldwide supply chains quaking, businesses have been closely analyzing market conditions to better understand consumer behavior and forecast demand. Because amidst all this uncertainty, comprehensive demand planning is key to managing operational costs, ensuring satisfactory customer experience, and staying profitable in the long run.

But how can you resonate your demand plans with production, sales, and inventory management plans in these fluctuating supply chain conditions? How do you overcome the spreadsheet chaos to simplify and automate the process?

This buyer's guide focuses on answering these critical questions. It will also discuss:

1. **Why demand planning is crucial for delivering a better customer experience and maintaining business performance equilibrium**

2. **The steps to building an effective demand plan**

3. **Why investing in a demand planning & analytics tool should be prioritized**

4. **What key features to look for in a demand planning tool to make the entire process simple and efficient**

Without any further ado, let's explore everything you need to know about demand planning and the right tools for this intricate process.

Why Demand Planning is Critical for Businesses?

Demand planning is all about forecasting potential changes in consumer appetite for your products and creating accurate plans to fulfill it effectively. It requires businesses to keep a close eye on the market shifts and build contingency plans (scenario planning), enabling them to react quickly to meet demand and determine potential opportunities for higher sales, maximizing profitability in the process.

That's not all. It plays a crucial role in optimizing your inventory to keep it at an optimal level, be it finished goods or raw materials for production. This helps in managing costs and ensuring product availability for customers, keeping them happy and coming back for more.
Let's look at the key areas where demand planning has the most impact on your business and its success.

1. Inventory Optimization and Cost Reduction

One of the key objectives of demand planning is better inventory management and maintaining optimal inventory levels at all times.

Generally, changes in demand could occur due to seasonal spikes in the usage of some products. For example, the demand for jackets, cardigans, scarfs, and other outer garments tend to shoot right before and during the winter season. No brand would want their customers to end up buying from their competitors just because their products were out of stock.

To ensure the availability of your products, proper demand planning helps prevent stockouts or understocking by analyzing historical sales data, consumer behavior, and external factors to gauge precise demand for individual products.

It also helps in avoiding overstocking issues, which directly increases warehousing and inventory holding costs. This in turn forces businesses to opt for tactics like offering deep discounts to bring inventory down to an appropriate level and cut down additional costs.

2. Improved Sales & Operations Planning

S&OP is key to aligning sales and production plans. It enables businesses to make predictions for future sales and manage product supply to meet customer demand profitably. It provides important insights into your consumer behavior, market volatility, & factors affecting both, helping optimize your upstream and downstream supply chain processes to match the demand accurately.

And a big part of successful S&OP is accurate demand planning and forecasting. Once you have a clear idea of which products to sell, by when they'll be sold, and the right time to restock, you can effectively plan the supply of your different products. This ensures on-time availability and optimal sales to maintain the required ROI and cash flows.

In other words, demand planning optimizes various aspects of Sales & Operations Planning (S&OP) and helps in streamlining the supply chain processes, allowing for efficient supply management along the way.

3. Better Customer Satisfaction

Modern customers expect everything to be perfect – product availability, on-time delivery, consistent service, and ability to customize orders. Anything less than that can cost a brand their precious loyalty.

Issues like stockouts, delays in the supply chain, expired products, etc., give customers a good reason to switch to competitor brands, which is every business's worst nightmare. Demand planning enables you to understand customer purchasing behavior and trends. This allows you to forecast when different products can go out of stock based on their individual sales and restock right when the inventory reaches the reorder point.

Ensuring customers have a seamless buying experience, from ordering to shipment and receiving the products, is another great reason why you need to take demand planning seriously.

Key Steps of the Demand Planning Process

1. Build a Cross-Functional Team

The first step is to realize that demand planning is not the job of a specific business function alone, be it Finance, Sales, Operations, or Marketing. ġt should always be a highly collaborative effort where all key decision makers from concerned departments provide their valuable input to create a holistic demand plan.

For example, if one of your products is seeing a significant drop in customer orders due to seasonality, manufacturing and procurement would need to manage production schedules and limit acquiring raw materials. On the other hand, warehouse and distribution would have to work on managing inventory, ensuring they don't end up with overstock or worst dead inventory. Marketing might be tasked to offer discounts and running promotions while sales would need to push harder to close deals promptly. In all of this, Finance will work on optimizing costs incurred to cut losses, coordinate plans across departments, and make sure operational plans are in line with the demand forecast.

As you can see, demand planning is the interplay of responsibility among various departments, which requires stakeholders to participate fully to manage consumer demand accurately.

6 STEPS OF DEMAND PLANNING PROCESS

STEP 1
Build a Cross-Functional Team
Demand forecasting is a collaborative process that requires input for functional managers from across the organization.

STEP 2
Internal Data Collection and Consolidation
Create a single source of truth comprising of data from multiple sources, modeled and ready for reporting and analyses.

STEP 3
Utilize Data from External Sources
Enrich datasets with insights from external sources, like customer feedback, market research, industry experts, etc.

STEP 4
Use Statistical Forecasting to Create a Baseline
Use historical data to analyze past demand and fluctuations and use it as a baseline for future forecasts.

STEP 5
Reforecast Demand Continuously
Get a new perspective on your demand forecasts and plans by involving key stakeholders and experts in the review process.

STEP 6
Measure Results to Improve Future Forecasts
See how many of your predictions hit the target, identify what went well, and where to make improvements in future demand plans.

However, with data locked inside information silos and inside hundreds of spreadsheets, it is difficult to consolidate insights and plan collaboratively with functional managers from different departments. The best way to overcome this communication gap is to opt for a single platform to consolidate and analyze data

for creating effective demand forecasts.

2. Internal Data Collection and Consolidation

To build a comprehensive demand plan, you don't only need departmental decision makers gathered around the table – you also need data from their source systems. You must bring historical data of your orders, sales, inventory, product performance, lead times, and other relevant metrics from various internal systems and aggregate it into a single source of truth.

However, the issues most business teams face are that:

1. All their data is managed within a mayhem of spreadsheets, each disconnected from the other, even if they carry data from the same source.
2. It takes days, if not weeks, to consolidate data from hundreds and thousands of spreadsheets to create a "consolidated" version for demand planning.
3. It requires multiple rounds of data quality checks to ensure there aren't any errors (spreadsheets-based processes are notorious for being error-prone)

4. By the time you have that version, the data within it would already be outdated, which means your forecasts and the following demand plans will be based on a few days or weeks old data.

To overcome this problem, you need to implement a solution that automates the data collection process and brings siloed data from various financial and non-financial sources into a single data model.

From there, you can create reports and populate dashboards based on multidimensional datasets with ease. Such solutions allow comparing actuals with forecasted data and simulating unlimited scenarios without switching between files and applications while giving you the ability to edit values right in your preferred analytics solution, like Power BI or Tableau.

3.Utilize Data from External Sources

To further enhance your demand forecast, you must consider external factors that have the potential to impact consumers' appetite for your products. This may include adding customer feedback, delivery/ distribution timelines, consumer purchasing trends, supplier performance, and general economic factors to the mix.

You may also want to reference your findings with the latest news, research reports, and briefings in your industry to ensure you have factored in any recent or upcoming market shifts or potential disruptions. Doing so will help you determine whether any external events could impact the future demand for your products, hence allowing you to add more accuracy to your demand forecasts.

4. Use Statistical Forecasting to Create a Baseline

Now that you have all the data collected from internal and external sources, you are all set to create a snapshot of the past demand and fluctuations based on the historical data. This will serve as a solid indicator for building your upcoming forecasts.

Based on the past patterns, create a reliable baseline forecast that validates your assumptions around various target markets and product performances.

If you have entered a new market or launched an innovative product, there is a good chance that you won't have historical data available. In such situations, your best bet would be to for qualitative, survey-based methods where you resort to gathering data from customers, industry experts, salespeople, competitors, and market research firms.

5. Reforecast Demand Continuously & Align with Business Strategy

Take your demand forecast to stakeholders (executives, board members, consultants etc.) and have them review and analyze the to-date work. This is where their input will help create a new perspective and see if adding any new data still hold the predictions. Because the demand is always evolving, what assumptions you used to create your current plan, let's say in the last few weeks, may not be the same today or tomorrow.

Important Traits of Historical Data for Forecasting

1. It needs to be a minimum of 2 years to get insights into the previous market trends and consumer behavior around seasonality.
2. It must be high-quality, complete, and error-free (which sometimes gets corrupted during consolidation processes from manual spreadsheets).

It is essential that your demand plan is continuously updated based on real-time data and readily integrated into operational decisions. But chasing database tables or spreadsheets for new data is an impractical task. Go for a demand planning solution that can create automated workflows for refreshing data as soon as it arrives in the source database, pass it through qualification checks, and adjust them into your data models so that your demand plans and forecasts are based on the most recent data.

At the end of the day, you want to ensure that all your plans, whether they are for Sales, Operations, or Finance, are in sync with one another and align perfectly with your business strategy. The final step is to use your KPIs to measure the effectiveness of your demand plan and make adjustments as needed so that it aligns with your business strategy

6. Measure Results to Improve Future Forecasts

Finally, after executing your demand plan, you'd want to keep a close eye on how many of your predictions hit the bullseye. As mentioned in the last point, your demand plan needs to evolve with the changing conditions and that involves looking at the performance of your previous demand plans, measuring what went well, and the areas of improvement.

Here, you can use your KPIs, like actual vs forecasted sales, inventory turnover rate, production efficiency, etc. can help is gauging the overall accuracy of your demand forecast and enable you to plan better in the future.

Now that you know the steps for building a demand plan and an idea about the key role of a demand planning tool in ensuring fruitful forecasts, let's look at the essential capabilities you should look for in a solution.
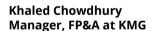
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" Financial planning has become a breeze as has sales planning. Consolidations used to take days with huge spreadsheets and inaccuracies, i now click on refresh and make my Consolidation entries and then im Done. ġ use Acterys writeback for other non-financial data, such as recording ETA's for stock, modelling sales with different pricing models. These are reports that would of taken me weeks and now its only days. "

Gavin Kelman
Fin Director at Denso Australia

" This is a great addition to enable any authorized user to edit your data model all from the comfort of Power BI. This combined with numeric write back is a game-changer. We use it for product, inventory and demand planning. "

Khaled Chowdhury
Manager, FP&A at KMG

What to Look for in the Right Demand Planning Tool

Trusting productivity tools, like Excel and its spreadsheets, with such an elaborative and intricate task could cause headaches for your team and spell disaster for your business. That's why you must partner with a reliable, efficient demand planning solution that can automate repetitive tasks and streamline forecasting processes, allowing your team to focus on reporting and analyses.

The following are some key features to look for in a demand planning tool:

1. Automated Data Integration

Demand planning requires collecting and consolidating data from multiple sources, such as inventory, ERP, CRM, HRM, and other upstream and downstream systems to create a single source of truth for forecasting and planning. However, with data scattered across the internal and external sources in individual databases, spreadsheets, and data warehouses, each having its own specific formatting, it can be daunting to gather and standardize data quickly and effectively.

Hence, your demand planning tool must automate most, if not all, data integration tasks involved in creating a consolidated dataset for your subsequent processes.

2. Customizable Data Modeling

With all your key business data in place, the next is to transform it into a central data model that will serve as the logic driver for your reporting, forecasting, planning & analytics processes. Your demand planning tool should be able to create holistic, customizable data models and enable you to extend them with powerful statistical and ML algorithms (e.g., regression, clustering, etc.) for data-driven prediction/forecasting. making.

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3. Integrated Planning Platform

Working with multiple tools for achieving an output means your process is disconnected and your team has to suffer from information silos. That's why you should opt for an integrated platform that provides consolidation, modeling, reporting, planning, analytics, and dashboarding solutions, all into one. Having such a platform will help quickly analyze how fluctuations in key supply chain metrics impact your financial, operational, and strategic plans from a single, consolidated dashboard for snap decision-making.

Fig. Finance dashboard for demand planning in Acterys

4. Automated Workflows

Workflows allow you to build an automated, repeatable process for data consolidation and schedule forecast approvals, report distribution, and other routine tasks. This saves a lot of time spent in manual data collection and ensures you are working with fresh data every time and plan for demand in real time.

5. Interactive Reporting and Dashboards

Workflows allow you to build an automated, repeatable process for data consolidation and schedule forecast approvals, report distribution, and other routine tasks. This saves a lot of time spent in manual data collection and ensures you are working with fresh data every time and plan for demand in real time.

6. Supports Cross-Functional Collaboration

Your demand planning tool should serve as a binding tool for core business functions. Unfortunately, with data trapped inside hundreds of spreadsheets and workbooks shared via email, collaboration with effective communication becomes extremely difficult.

Your best bet is to go for a unified software that brings all users, from C-level execs to functional managers, onto a single platform to consolidate, plan, report, visualize, and analyze data. Doing so will help you get input from core business functions (sales, finance, production, etc.) and collaborate at every step to perform consensus demand planning.

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Acterys – Next Level Demand Planning in Power BI & Excel

The Acterys Power BI platform provides proven, enterprise-grade planning and analytics solutions that support multi-dimensional modelling and forecasting simulations to handle your specific demand planning needs. It offers advanced features, like writeback & AI-assisted planning, smart data warehousing, multi-currency handling, automated data integration, workflows, and more, enabling your team to forecast demand and plan your next moves confidently.

With all these capabilities packed into a unified platform, you get a forecasting powerhouse that helps identify changing consumer patterns, sense demand signals, and predict possible market shifts accurately.

Some of the key features Acterys offers include:

All-in-one Solution: A single unified platform to consolidate data, transform it into interactive reports, and manipulate it in real-time for demand planning and forecasting with market-leading SQL Server technologies (Azure & on-premise)

Instant Connectivity: Get started in minutes with one-click ERP/accounting/CRM software connectors or use our proprietary Instant Link technology for easy integration with all your operational source systems

Smart Data Warehouse: Dedicated SQL-based data warehouses containing all the clients' financial and non-financial data from linked Xero, HubSpot, QB, Stripe, Deputy, or MYOB entities, which can be scheduled for real-time data using Acterys Power Sync.

Model Driven Styles: Control table formatting centrally within your data model & automatically apply to your reports, giving you standardized styles & formats across the board.

Write-enabled Planning: Use Power BI Apps and Custom Visuals focused on write-back and planning, a two-way (read/write) Excel integration and best practice process templates

Built-in Workflows: Easy to use, automated workflows for cost center, HR, CAPEX, cash flow budgeting and forecasting as well as legal consolidation, speeding up real-time the demand forecasting process

Ready-to-Use Templates: Use fully editable Power BI financial reporting templates, as well as Power BI custom visuals that enable comprehensive demand planning features and editing directly on your Power BI report.

Fluid Collaboration between Teams: Integrated with Microsoft's latest technologies like Microsoft Teams, Powerapps, and Microsoft Flow that allow you to set up real-time collaboration, powerful workflows, and tailored mobile/web analytical applications without any coding.

Conclusion

With supply chains in disequilibrium and uncertainty throwing businesses off track, leaders understand how important the ability to react quickly can mean for managing consumer appetite for products and overall profitability. In such conditions, taking preemptive measures is highly critical, and effective demand planning is the most reliable way to ensure business stability and growth.

To ensure data accuracy, organization-wide collaboration, and quicker time-to-insights, a demand planning tool is essential. It works as a facilitator and enabler to ensure timely output for steering your business strategy in the right direction. You should consider creating a checklist of requirements and flesh out a planning process, which will ultimately help in choosing the right platform to facilitate and scale up your demand forecasting and planning efforts.

Try out the Acterys platform today to see how its well-rounded functionality can automate and accelerate your demand planning and forecasting efforts.

Get Your Free Trial

About Acterys

Acterys enables instant clarity for present & future through end-to-end analytics & planning solutions for major ERP and SaaS solutions. On top of the single version of the truth data model, the solution offers out of the box templates for all performance management aspects that can be easily customized by business users in their familiar environments like Power BI & Excel. This typically guarantees significant cost savings as multiple disparate CPM solutions e.g., separate applications for data analytics, consolidation, and planning, are consolidated on a single platform based on Microsoft standard technologies.

Our Global Presence

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