

## More Fruitful Demand Planning

The importance of demand planning is expected to significantly increase in today's volatile environment. Our survey reveals there is still significant room for improvement to deploy more sophisticated planning methods and best align demand planning maturity with market requirements.

### Environment

Companies today operate in complex, volatile and uncertain environments. This is reflected by the fact that 2/3rd of the study participants confirm that they have to deal with demand volatility and/or seasonality in their business.

Therefore unsurprisingly 77% of the participants expect planning to become increasingly important in the future. This implies that those challenging environmental impacts need to be adequately reflected in the maturity and characteristics of corporate demand planning processes.

However, only 1/3 of the participating companies say they are satisfied with their current demand planning processes. Satisfaction with a plan is usually driven by its perceived accuracy, and by the amount of effort that has gone into creating it. Therefore in many cases a rework of processes, organization, methods and tools seems to be required.

### Processes

The majority of companies (55%) do not receive market information adequately in advance. This implies that they need to design their planning processes to be flexible, with the ability to incorporate ad hoc changes. 39% of participants confirm that they are already doing this.

This absence of advanced market information is reinforced by the fact that a majority of participating companies (57%) are not involved in systematic collaboration with their customers regarding forecasting. On the other hand the respondents have highlighted a relatively high integration level in their demand planning process between internal teams (e.g. almost 66% confirm integration with the financial plan).

### Organization

Responsibility for demand planning resides in many cases (65%) at least partly within a central team. However, only a quarter of respondents confirm that they have a dedicated demand planning team. Generally the process is well supported as 61% say that they receive support from their top management.

### Methods

Basic planning methods seem to be applied adequately, although companies are still struggling with advanced planning methods, e.g. 19% only confirm that they are able to evaluate alternative scenarios. Statistical calculations with external indices are only used by 21% and Big Data only used by 11% of the survey participants. This could be one significant reason why only roughly one third of respondents are satisfied with the accuracy of their plan.

### KPI's

Measurement of planning performance is not widely adopted. 42% of the participating companies do not use any KPI's. Out of the adopters only 22% confirm that they also link personal employee incentives to their planning KPI's.

### Tools

Excel is the predominant planning tool in the market with 43% of participating companies confirming that they use Excel or Excel + Add Ins as a primary planning tool. Despite this fact, the satisfaction with the performance of planning tools is perceived as high (55% are satisfied) just as with the availability of up-to-date historical operational data (72% confirm this availability). However, only 42% state that the tools fulfill the planning requirements and only 7% rated the usability of the tools as good.

