Contents

Chapter 1: The Case for Business Integration —— 1
  What Is Integration? —— 2
    Communication —— 2
    Coordination —— 3
    Collaboration —— 3
    Integration —— 4
  Where Can Integration Occur? —— 5
  How Does Integration Occur? —— 7
    Organizational Structure —— 8
    Integrative Processes —— 10
    Organizational Culture —— 11
  Summary —— 14

Chapter 2: Demand/Supply Integration —— 17
  The Idea Behind DSI —— 17
  How DSI Is Different from S&OP —— 17
  Signals that Demand and Supply Are Not Effectively Integrated —— 19
  The Ideal Picture of Demand Supply Integration —— 20
  DSI Across the Supply Chain —— 24
  Typical DSI Aberrations —— 26
  DSI Principles —— 30
    DSI Should Be Demand Driven —— 30
    DSI Should Be Collaborative —— 30
    DSI Should Be Disciplined —— 31
  Critical Components of DSI —— 32
    Portfolio and Product Review —— 33
    Demand Review —— 34
    Supply Review —— 34
    Reconciliation Review —— 36
    Executive DSI Review —— 36
  Characteristics of Successful DSI Implementations —— 37
  Summary —— 39

Chapter 3: World-Class Demand/Supply Integration —— 41
  Integrative Processes —— 42
    Product and Portfolio Review —— 44
    Demand Review —— 46
Chapter 4: Forecasting as a Management Process — 65
What Is Demand Forecasting? — 65
Definition of Key Terms — 68
Forecasting Level — 68
Forecasting Horizon — 69
Forecasting Interval — 70
Forecasting Form — 70
How Forecasts Are Used by Different Functions in the Firm — 71
The Forecasting Hierarchy — 73
Managing the Forecasting Process — 75
The Nature of the Customer Base — 75
The Nature of the Available Data — 76
The Nature of the Products — 77
The Role of Forecasting Systems — 79
Forecasting Techniques — 82
The Need to Measure Performance — 84
Summary — 84

Chapter 5: Quantitative Forecasting Techniques — 87
The Role of Quantitative Forecasting — 87
Time-Series Analysis — 88
Naive Forecast — 91
Average as a Time-Series Technique — 91
Moving Average as a Time-Series Technique — 95
Exponential Smoothing — 98
Regression Analysis — 106
Summary — 112
Chapter 6: Qualitative Forecasting — 113
What Is Qualitative Forecasting? — 113
Who Does Qualitative Forecasting? — 115
Advantages and Problems with Qualitative Forecasting — 116
Advantages of Qualitative Forecasting Techniques — 116
Problems with Qualitative Forecasting Techniques — 117
Summary: Qualitative Technique Advantages and Problems — 120
Qualitative Techniques and Tools — 121
Jury of Executive Opinion — 122
Delphi Method — 124
Sales Force Composite — 125
Summary — 130

Chapter 7: Incorporating Market Intelligence into the Forecast — 133
What Is Market Intelligence? — 133
Bottom-up Versus Top-Down Forecasts — 134
What Do Demand Forecasters Need to Do? — 136
Customer-Generated Forecasts — 137
Types of Customers and Forecasts — 137
Issues with Customer-Generated Forecasts — 138
Summary of Customer-Generated Forecasts — 144
Putting It All Together into a Final Forecast — 144
Summary — 147

Chapter 8: Performance Measurement — 149
Why Bother Measuring Forecasting Performance? — 149
Process Metrics Versus Outcome Metrics — 151
Measuring Forecasting Performance — 152
The Building Block: Percent Error — 152
Identifying Bias — 155
Measuring Accuracy — 160
Outcome Metrics—The Results of Forecasting Excellence — 168
Summary — 171

Chapter 9: World-Class Demand Forecasting — 173
Dimension 1: Functional Integration — 176
DSI Processes — 177
Organization — 179
Accountability — 181
Role of Forecasting versus Planning —— 182
Training —— 184
Summary: How Companies Can Improve on the Dimension of Functional Integration —— 185
Dimension 2: Approach —— 186
Forecasting Point of View —— 188
What Is Being Forecasted? —— 190
Forecasting Hierarchy —— 191
Statistical Analysis —— 192
Incorporation of Qualitative Input —— 193
Summary: How Companies Can Improve on the Dimension of Approach —— 195
Dimension 3: Systems —— 196
Level of Integration —— 198
Access to Performance Measurement Reports —— 200
Data Integrity —— 201
System Infrastructure —— 202
Summary: How Companies Can Improve on the Dimension of Systems —— 203
Dimension 4: Performance Measurement —— 204
How Is Performance Measured? —— 205
How Is Performance Rewarded? —— 206
Summary: How Companies Can Improve on the Dimension of Performance Measurement —— 207
Summary —— 208

Chapter 10 Bringing It Back to Demand/Supply Integration: Managing the Demand Review —— 211
Phase I: Preparation of Initial Forecast —— 212
Phase II: Gap Analysis —— 214
Phase III: Demand Review Meeting —— 219
Summary —— 223

Index —— 225