LEVERAGE DATA TO PRODUCE ACCURATE INVENTORY DEMAND FORECASTS

January 6, 2014 • MHI Solutions • Robin Lamerson

Having the right item in stock when customers are ready to purchase is an essential component of customer satisfaction. Customers have a wide range of choices, so whether they are looking for clothing, appliances or electronics, there is always another business ready to sell to them if their first choice cannot deliver.

The good news is that every business has an abundance of data on consumer preferences and purchasing history that can be used to forecast demand and plan inventory appropriately. The not-so-good news is the overwhelming amount of data and limited staff to handle forecasting does not always result in the most accurate forecasts.

Until three years ago, demand forecasting at A.S. Bryden & Sons (Trinidad) Ltd. was a less structured process and data was imported into a spreadsheet for staff to use to produce a forecast, says James Bobart, business process support manager for the company. "The process was very time-consuming and required a lot of man hours."

Switching to a more formal process supported by technology that incorporated several best practices has reduced the amount of time needed to produce and update forecasts that are more accurate, says Bobart. "The improvements have helped us better schedule resources as well as inventory," he says.