

Demand Management

Forecast adjustment algorithm

If the forecast algorithm has been activated for a Product Hierarchy H4, then the following will occur.

Impact: Picaso planning grids and sales projections

Purpose: Automatically adjust forecast every night to open orders and sales history data based on product leadtime to that region (SFDC Lead time) so production planning can quickly react to demand fluctuations. This is at the customer/region/SKU level

The screenshot shows a configuration form for material PVD51381001E. The 'Lead Time (days)' field is highlighted with an orange box and set to 65. Other fields include: Material: PVD51381001E, Package: DU-Dum, 25 TA, Location: 9006 - KOREA 0006, SKU Code: 6282139, SKU Description: PVPF 51381001 drums in pallets 25kg, Resupply from (Location): TaO - TaiwanPVD Taiwan, Resupply in (Package): DU-Dum, 25 TA, Min Reorder Qty: 1, Safety Stock Units: by units, Safety Stock: 0, High Target Units: by units, High Target: 15, Ship resupply to: 0040, Turn Force (days): 0, Stockouts Allowed (days): 0, Feet Ignored (days): 7, Responsible: STK, Search Code: 0, SKU Lag: 0, Cost Srvc Tgt: 95, FC Srvc Dev: 0, Gen Pkg Desc: [checkbox], Supplier: [text], State/Province: [text], Replenishment Type: Continuous, Transit Time (days): 0, Use Physical Inv Date: [checkbox], Physical Inv Date: 4/7/2013, Enable Push Srv: [checkbox], Push To: [dropdown], Push In: [dropdown], Honor III at Push To: [checkbox], Qty Increment: 0.

There is a new line in the forecast hierarchy screen called adjusted fcst. It's located after Sales Rep and before Customer Service. Therefore, it will overwrite the SREP forecast, if needed, but the customer service line is still able to make manual adjustments if needed.

Examples:

If Sales History + Open Orders are greater than (>) Sales rep forecast, the algorithm adjusts. See below

Source	Oct 2019	Nov 2019
Sales History	0	0
Open Orders	5	2
Budget	1	1
Statistical	1	1
Sales Rep	3	2
Adjusted Fcst	5	2
Customer Service	5	2
Sales Control	5	2
Managers	5	2
Final	5	2

If Sales History + Open Orders for month 0 (M0) are less than (<) Sales Rep forecast but open orders are in future months, the algorithm will adjust to M0 = Sales History + Open orders. (See October)** *The assumption is that if there are/are not orders placed this month but orders placed in future months, the customer will probably not place any more orders for the current month.***

Source	Oct 2019	Nov 2019	Dec 2019
Sales History	0	0	0
Open Orders	0	1	
Budget	0	0	
Statistical	0	0	
Sales Rep	0	3	
Adjusted Fcst	0	3	
Customer Service	0	3	
Sales Control	0	3	
Managers	0	3	
Final	0	3	

The algorithm considers the customer lead time for this product and region and will adjust forecast during that time period.

This example has a 14 week lead time (98 days) to the customer.

If Sales History + Open Orders > or < Sales Rep forecast, the algorithm overwrites it within the 14 week leadtime.

Therefore, the algorithm is stating that no more orders can be added to these three months, therefore "locking" in what is currently sold and/or open orders and overwriting the sales rep forecast

Source	Oct 2019	Nov 2019	Dec 2019
Sales History	0	0	0
Open Orders	1	0	2
Budget	0	0	0
Statistical	0	0	0
Sales Rep	0	1	0
Adjusted Fcst	1	0	2
Customer Service	1	0	2
Sales Control	1	0	2
Managers	1	0	2
Final	1	0	2

Source	Oct 2019	Nov 2019	Dec 2019
Sales History	0	0	0
Open Orders	4	0	0
Budget	0	0	0
Statistical	0	0	0
Sales Rep	1	1	0
Adjusted Fcst	4	0	0
Customer Service	4	0	0
Sales Control	4	0	0
Managers	4	0	0
Final	4	0	0