

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 a forecast hierarchy. The fields are as follows:

- *Material: PVDF51351001E
- *Package: DU- Drum, 25 TA
- *Location: 0000 - KOREA 0000
- SKU Code: 0282139
- SKU Description: PVDF 51351001 drums in pallets 25kg
- *Resupply from (Location): TAO - Taiwan PVDF TAO
- *Resupply in (Package): DU- Drum, 25 TA
- *Min Reorder Qty: 1
- Safety Stock Units: inv units
- *Safety Stock: 0
- High Target Units: inv units
- *High Target: 15
- Ship resupply to: 0000
- Time Fence (days): 0
- Stockouts Allowed (days): 0
- Post Ignored (days): 7
- Responsibility: STK
- Search Code: 0
- SKU Lag: 0
- Cost Incr Tgt: 0
- PC Set Dev: 0
- Gen Pkg Trans: ☐
- Supplier:
- State/Province:
- Replenishment Type: Unknown
- Transit Time (days): 0
- Lead Time (days): 05** (highlighted with an orange box)
- Use Physical Inv Date: ☐
- Physical Inv Date: 4/7/2023
- Enable Push GRP: ☐
- Push To: select org
- Push In: select org
- Honor H4 at Push To: ☐
- 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	0
Statistical	0	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