

Forecast Accuracy: the wrong obsession!

Sales forecasting has recently moved up the agenda of British manufacturers, particularly those under pressure from the retailers. Unfortunately, forecast accuracy has become an obsession, leading them down the wrong path!

“Imagine you have to forecast two products, one that is very predictable and one that is more erratic”, explains Hugh Williams of Hughenden. “The easy way to quickly improve the accuracy of your forecast is to focus your efforts on the predictable product, creating a very detailed forecast. And that is where most companies are wasting their time!” Indeed, Hughenden insist that forecast accuracy has no meaning unless you define the level of detail that is relevant to your products or their families.

For instance, a high volume, predictable product will require a lower level of detail. So focussing your efforts to achieve 100% forecast accuracy on that product will not get you any significant payback. However, a slight increase in forecast accuracy for a highly erratic product will probably save you excess stock, waste or penalties for late delivery.

Hughenden specialises in the people and processes aspects of Supply Chain Planning. “During our sales forecasting training courses, we help the candidates understand how the forecasting process can be improved”, confirms Hugh Williams, Managing Director of Hughenden Limited. “Forecast accuracy then takes a completely different meaning and will help achieve genuine benefits”.

Hughenden specialises in Supply Chain Planning and focuses on the People (*skills, knowledge*) and Processes (*techniques, performance*). The Hughenden team offers focussed consultancy and interactive education. Its customers include Marks & Spencer, Kraft Foods, Johnson & Johnson, Hallmark Cards, and SCA Packaging.

For help to increase your forecast accuracy, email info@hughenden.net or visit www.hughenden.net