

hawkeye planner



## 5 RULES FOR A SUCCESSFUL CONSENSUS DEMAND MEETING

Ok, Demand Managers, you are officially recognized as a part of the business. Senior management understands the importance of accurate demand plans (sort of), and your sales and marketing teams show up for the meetings you have called. Already you may have gained significant ground. And yet you know that you are not getting the best results possible. Team members are seldom prepared and watching people rationalize their volume projections goes from ludicrous to downright painful. The key issues are not always discussed, and even when they are, feelings and intuition always win out over data.

There are five key rules to lead a successful consensus demand meeting. They are listed in sequential order, but it's not necessary to follow each of these to a T to make improvements. Each follows simple practical applications of the Effective Practice Process Template for Demand Planning.

1. Understand **key** problem areas
2. **Prepare** yourself with analysis
3. Share your findings **beforehand**
4. **Excite** and involve stakeholders
5. Provide **leading** facilitation

### 1. Understand Key Problem Areas

The Demand Planning meeting should be concise. For most businesses, this means that the team cannot go item by item, or even product group by product group, in any detail. Thus, it is the job of the Demand Planner to set the business focus for everyone upfront. Your job is to pick the key products and families that need the most attention in a particular meeting. New product introductions and major product transitions will usually make it to the top of this list. Also, products with high error and especially cumulative forecast bias should be addressed. If your structure is set up by region, channel, or other organization, pick the top two or three points that need addressing. Hash out smaller issues with individual sales and marketing representatives at a later time.

### 2. Prepare Yourself with Analysis

Once the key discussion areas are identified, develop a well-thought out point of view. Too often we demand planners use formulaic standard approaches that get us nowhere.

A common statement by planners is “The forecast accuracy on this group is not good; we need to forecast better.” Although the sentiment seems proactive, we are not helping the business. In a moment of clarity at one Demand Meeting, a sales manager responded to the “we need to forecast better” edict. His response to the Demand Planner was—“Well, Smarty Pants you spend all your time doing *only* forecasting. You tell me what the problem is.”

Here’s another scenario that Demand Planners can propose: “Our suggested forecast is X, but the statistical forecast tells us it should be Y.” Statistically-generated forecasts play an important role in Demand Planning, but they are clearly limited for all situations. Also, because people may not understand the basis of the statistical forecast, they simply see it as another competing forecast—one that usually loses.

Instead, review the data to understand what is happening with the product or family. Decide for yourself if trend, seasonality, promotions, or other activity is driving demand. If you have enough information to make a reasonable conjecture, then put your ideas into a meaningful business story. After all, if you believe that you have the answer, you will then have to convince others.

### **3. Share Your Findings *Beforehand***

No one likes surprises. If you are a Sales Manager and *your* volume projections are being questioned in front of your boss, you wouldn’t like it either. As Demand Managers, we have to realize planning is not just a fact-based, analytical discussion—it involves people, emotions, and even careers.

As a Demand Manager I would always have an initial short sit-down with each of the Sales and Marketing representatives. In most cases, I would share information with them; sometimes they would help me to understand demand patterns based on their knowledge. We would test each other’s ideas and have a mini-consensus right there and then.

However, some representatives can be “logic-resistant” planners. Because of other outside influences, they are not motivated to call out accurate numbers. In those cases, they still need to be briefed in how they should modify their estimates. The Demand Planner needs to let them know beforehand that I would be sharing my point of view (either you tell them or I will). In these scenarios, most sales/marketing reps would consider their positions and move to partially or fully to a better position. Occasionally, they will put up a stronger argument for their estimates—and in some cases they were right and I was wrong.

### **4. *Excite* and Involve Stakeholders**

Commercial Vice Presidents don’t get excited about forecasting. It’s something their people have to do. They don’t even get excited about forecasting well. No Sales VP has ever been rewarded for perfect forecasts while missing their sales targets. With

that in mind, there are still ways to get energy and support from your most important if reluctant stakeholder.

A Demand Manager has the ability to drive sales. This is a very powerful statement, and it is true. The Demand Manager can show which items are performing well or poorly, but more importantly they can tell why. A successful Demand Manager can: recognize which product within a group that is growing and needs additional support; target a region that is not hitting its distribution targets and is falling short; and/or identify if a promotion gave the lift that was expected. When a Demand Planner provides these key insights, s/he helps the Sales and Marketing VP's to focus their resources, ultimately affecting the top line.

As to bottom line performance, the Demand Manager plays a role. By tracking forecast accuracy, one has started the process of demonstrating operational efficiency. When forecast accuracy is linked to operational costs such as finished goods inventory, production OT, and materials costs, then the Demand Planning team can translate their efforts into dollars and cents.

### **5. Provide *Leading* Facilitation**

The first four rules for a successful Consensus Demand Meeting are activities that do not actually take place in the meeting itself! The last rule, however, is employed within the meeting and is perhaps the most important of all. The essence of this rule is that the Demand Manager is a leader of this meeting. Yes, the Sales and Marketing VP may be the owner of the Sales Forecast and may make the final call on all projections. In that sense, the Demand Manager works for him. By taking a trusted leadership role, the Demand Manager uses his credibility to lead the organization to the best possible volume estimate.

The Demand Manager must be a facilitator. By that, we mean that s/he must coordinate the meeting, lead the discussion, and direct the team to the key forecast areas (Rule 1). The Demand Manager must share their analysis (Rule 2), but more importantly let all parties have input in the meeting. After all, the idea is to build consensus for the plan. Hopefully, you have already had discussions with the representatives (Rule 3), and have briefed the stakeholders on hot spots (Rule 4).

Although the facilitator role is key, the trick is to provide a bit of "leading" facilitation. After all, the Demand Manager does have a point of view and has formed an opinion through their analysis. Sometimes, that will take the form of a statement/question such as the following.

### **A Typical Scenario**

"OK, we have missed our projection of Product Group A for two months and inventory is building. The trends show that volume is declining by 10% year over year, and we don't have any strong direction from our customer base. Should we

take the volume down on this one? Can we look for other opportunity areas in the portfolio?”

In this example, the Demand Manager did a few things. The performance was stated and what the effects will be for the supply chain. The analysis was briefly presented, as well as the market intelligence. Then, a recommendation was made in the form of a question, leading to facilitation. Finally, the Demand Manager took the lead after realizing that the volume call-off has ramifications for the Commercial VP, to potentially find upside opportunities.

The five rules to a successful Consensus Demand Meeting should provide the kick start any Demand Manager needs. Of course, this always means a bit more work! More importantly, it reflects a shift in the role—from an analyst to a business leader and key support staff. Hopefully you will find success in these five rules. Good luck!