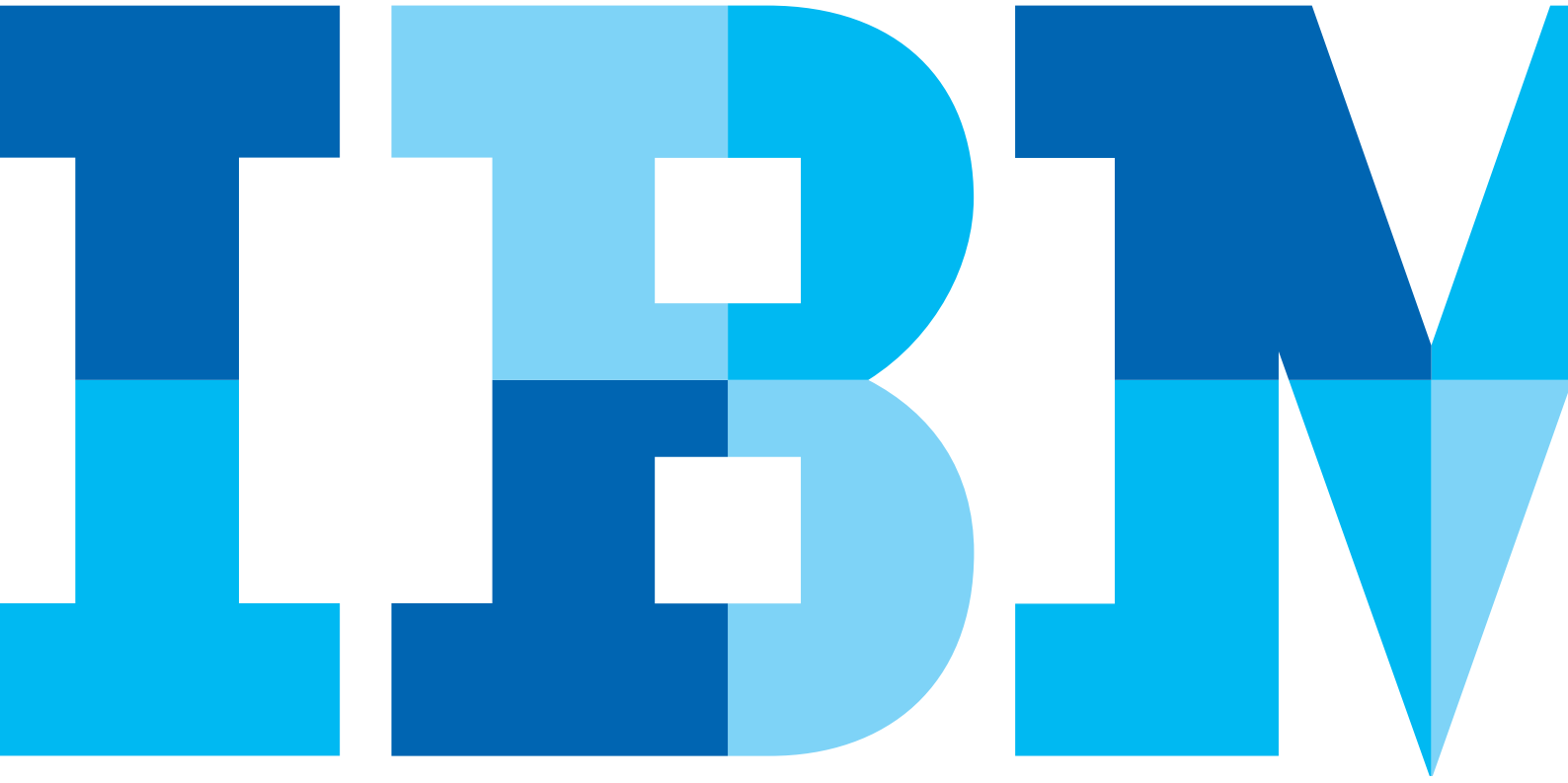
Demand Planning Performance Blueprint



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This application brief demonstrates the *IBM Cognos Demand Planning Performance Blueprint*, which consists of best practices for managing product and customer demand planning using IBM Cognos® TM1 and IBM Cognos 8 BI. Implementing this *Blueprint* enables users to see the possible impact of product decisions at both customer and product levels.

Overview

The Demand Planning Blueprint was developed as one TM1 server, so that customer managers can plan at the individual customer and product SKU level and product demand planners can plan total demand at the product SKU level using data from the customer plan. The model also allows for the inclusion of a statistical and financial forecast. These forecast versions are brought together to drive a consensus demand plan; the results of which could be used to drive the demand side of a Sales and Operations Planning (S&OP) process.

For example, a customer manager can plan very dimensionally rich customer demand, with product unit volume input by customer ship-to location and distribution ship-from location that will immediately determine gross revenue and cost of sales. There is a placeholder for any customer supplied forecasts from which customer managers can use to affect their own forecasts. The model provides the flexibility to allow the customer planner to determine the unit price charged to a customer but potentially not the unit cost. A product planner can plan total demand for each ship from location for all customers, using data from the customer plan, their own forecasts to help derive a consensus plan. They can input the average unit price and unit cost to drive total gross revenue and cost of sales. (Note that unit price and unit cost may be generated by future Blueprints).

Blueprint objectives

The *Demand Planning Blueprint* achieves the following planning objectives:

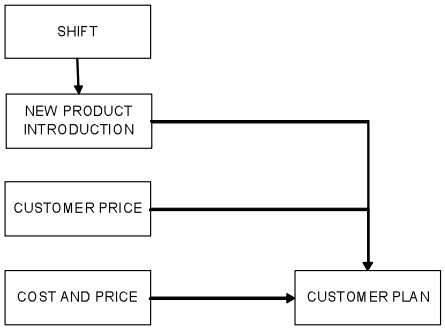
- Manage product demand by customer and product.
- Manage product demand by product.
- Derive a consensus.

Representative workflow: Customer demand planning

The customer demand planning interface (based on the Cognos TM1 Demand Planning server) is what customer managers can use as they forecast product demand for their customers. This section of the Application Brief describes the basic workflow for selecting and inputting unit volumes by customers and products.

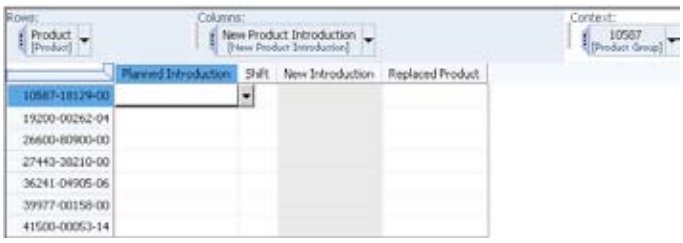
Flowchart

This flowchart shows the components used from the Demand Planning TM1 server to create the Customer Demand Planning Contributor application. The TM1 cubes, shift and cost and price while used by the Contributor application are not part of the user view.



New Product Introduction

Customer managers can see what new products are being introduced, the planned launch date and whether this date has been brought forward or delayed. Changes to the launch date automatically adjust the original plan to the new date. They can also see if the new product replaces an existing product. Customer managers cannot enter data into this cube.

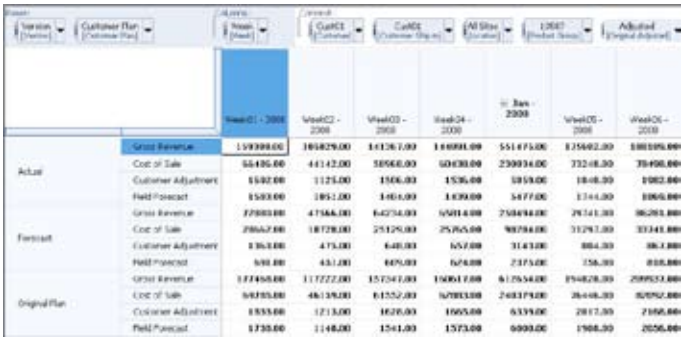


Customer Price

Using the Customer Price tab, a customer manager can input unit price by product and by customer. Prices are input by year and are used to generate gross revenue in the Customer Plan cube.

Customer Plan

Using the Customer Plan cube, customer managers can input units by product to generate gross revenue and cost of sales. Cost of sales is based on the unit cost input by product managers in the Product Demand Planning interface.

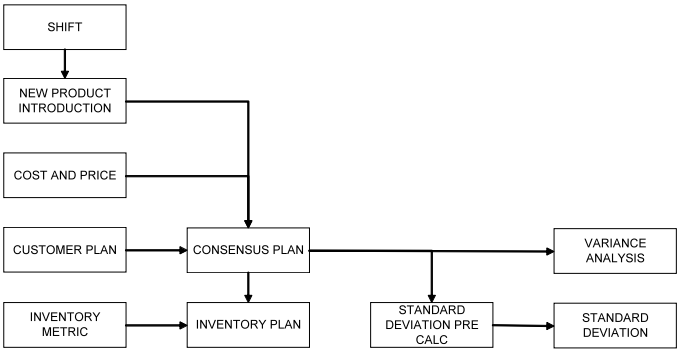


Representative workflow: Product demand planning

The Product Demand Planning interface (based on the Cognos TM1 Demand Planning server) can be used by product managers as they forecast product demand for their product groups. This section of the Application Brief describes the basic workflow for selecting and inputting unit volumes by product.

Flowchart

This flowchart shows the components used from the Demand Planning TM1 server to create the Product Demand Planning interface. The TM1 cubes, shift, customer plan and standard deviation pre calc are not included in the user view.

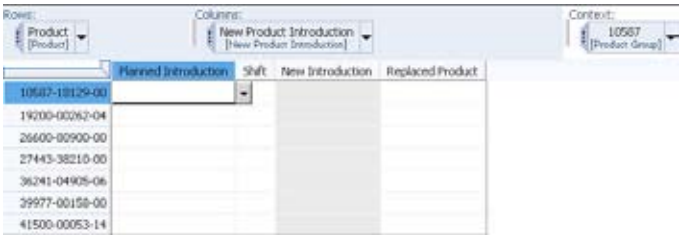


Inventory Metric

With this cube, product managers can input inventory metrics by month.

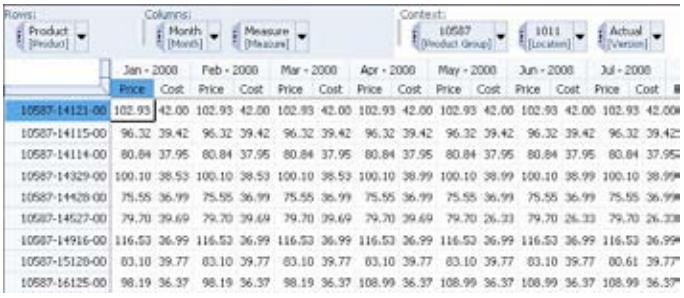
New Product Introduction

Product managers can see what new products are being introduced, the planned launch date and whether this date has been brought forward or delayed. Changes to the launch date automatically adjusts the original plan to the new date. They can also see if the new product replaces an existing product. Product managers can enter data into this cube.



Cost and Price

Product managers input cost and price for each product using this cube. This generates gross revenue and cost of sales in the consensus plan cube. Unit cost from this cube is used to generate cost of sales in the Customer Plan cube.



Consensus Plan

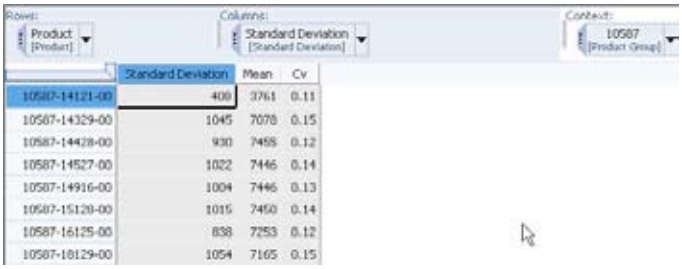
Using the Consensus Plan cube, product managers input units by product, compare their forecast against the field forecast and come to a consensus forecast.

Inventory Plan

This cube enables product managers to input internal production and outsourced production and to view ending inventory.

Standard Deviation

This cube shows product manager the volatility of the actual demand for the products they are forecasting.



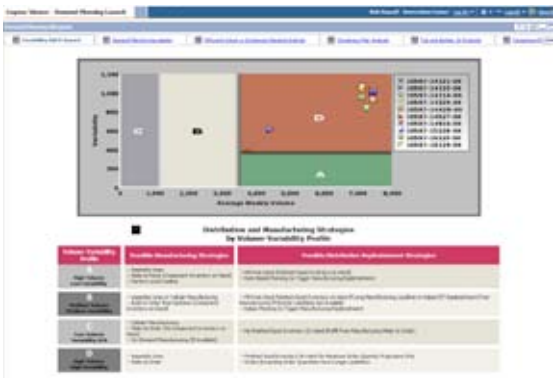
Variance Analysis

This cube shows product managers various variances between actual, forecast and original plan.

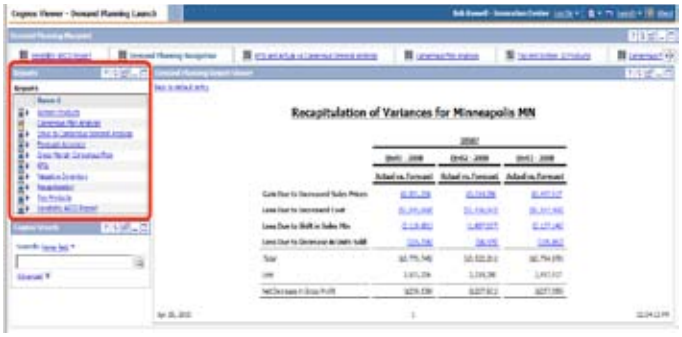
Business Intelligence Model

The Demand Planning Dashboard presents critical information to executives at a glance so they can quickly drive and devise resolutions for improving demand planning efficiency. The Demand Planning Dashboard was designed using a tabular approach to represent, highlight and group respective areas of analysis for easy navigation and visibility. These tabs present pertinent trending statistics and data to be used for better management of the demand planning process. The Dashboard also contains a tab which nests the Consumer Plan cube to provide the functionality for viewing/modifying the plan and forecast without having to leave the Dashboard. In this section, we have included screen captures and descriptions of a few of the invaluable reports and analysis that you can use and modify to fit your objectives and goals.

The Demand Planning Dashboard by default opens to the Variability ABCD Report. The Variability ABCD Report uses dots to indicate how a particular SKU falls in terms of its combined volume and variability.



The Demand Planning Navigation tab provides a list of key reports, highlighted in red, along with search capabilities. When a report is selected, the Demand Planning Navigation tab displays the results in the nested Report Viewer Pane.



The Top and Bottom 10 show the highest and lowest unit volumes and drive a review based on negative or positive trends over time.

About IBM Business Analytics

IBM Business Analytics software delivers complete, consistent and accurate information that decision-makers trust to improve business performance. A comprehensive portfolio of business intelligence, advanced analytics, financial performance and strategy management and analytic applications gives you clear, immediate and actionable insights into current performance and the ability to predict future outcomes.

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