



Demand Planning

As a distributor your largest and most costly asset is inventory. Reducing inventory carrying costs and increasing margins can have a greater effect on the bottom line than increased sales. By doing both you will significantly increase profitability.

Improving your inventory position and replenishment methodology can free up highly valued cash, and improve your customer service levels at the same time.

Built Inside Microsoft® Dynamics™ NAV/D365 Business Central

Demand Planning is built inside the business system, and takes a unique approach of incorporating vital forecasting and replenishment functions inside a single system, providing "Total Access to Data".

Forecast Input

Any forecasting tool is only as good as the accuracy of the historical data used to derive its forecast. Demand Planning provides several ways to improve the accuracy of historical data:

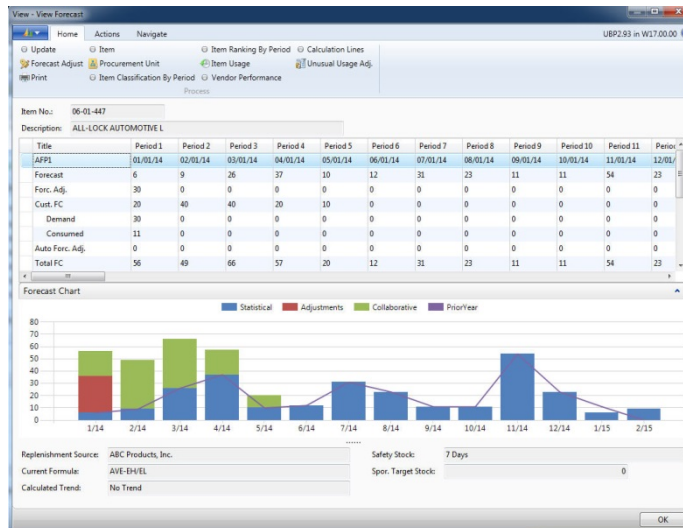
- **Filtered Usage** – Only sales that are expected to reoccur should be considered as historical input for the forecast.
- **One-time sales** can be flagged by the customer service person and excluded from usage.
- **Unusual usage** is flagged by the system to provide the user a means of reviewing and adjusting abnormalities.
- **Smoothed Usage** – Irregular usage can be automatically smoothed to improve usage patterns.
- **Redirected Usage** – Usage history from discontinued items can be reassigned to new items.
- **Cloning** – A percentage of historical usage can be cloned from an existing item to a new item. This allows you to forecast new items without waiting for historical usage to accumulate.
- **Collaborative Input** – Input from large customers who will share their expected buying patterns can be included.

Best-Fit Forecast Method

Demand Planning forecasting uses a best-fit formula approach to ensure that the very best formula is automatically assigned to each item in each warehouse. The result is an extremely accurate 12- to 15-month forecast.

Forecast View

The 12-month forecast is presented with drill-down capabilities to allow the user to view the details of the forecast input, as well as the calculations used. In addition, the forecast is compared to the time-phased expected inventory and then utilized to predict the expected inventory level for any point in the future.



Collaborative Forecast

Many times it is important to collaborate with your large customers relative to their expected purchases.

The collaborative forecast imports customer-provided forecasts and makes them part of the overall forecast. It can be exported to excel and changed by the customer to reflect planned orders. The spreadsheet can then be reimported to your forecast. The collaborative forecast can be very valuable if it is more accurate than the statistical forecast. For this reason, it is compared to actual to determine its accuracy.

The Total Forecast

The total forecast is made up of the following:

- Statistical formula-based forecast
- Adjustments to the statistical forecast, including promotions
- Collaborative forecast

Forecast Summary

The forecast can be rolled up based on the categories you select, and can be presented in quantity, cost, or price.

Adjustments made to any of the forecast summary levels can then be applied as individual adjustments to each item in that level.

Adjustments

Adjustments made to any portion of the forecast are always noted by user and are available for reference.

Promotions

Promotions are used initially to increase the future forecast to ensure that adequate inventory will be available for the anticipated sales. These promotions usually increase sales, but sometimes their historical usage serves as a source of future forecast errors. Demand Planning separates the usage created by promotions and provides the user with suggested adjustments to remove the effects of the promotion from historical usage.

Vendor Collaboration

Vendor collaboration creates a collaborative forecast for you to provide to your suppliers. The collaborative forecast shows your anticipated demand of the products that vendors will supply to you over the coming months.

Replenishment

Even a forecast that is 100% accurate does not solve the entire inventory management problem. Stocking levels, long and short lead times, unanticipated demand, surplus inventory, excess inventory, dead stock, late and early purchase orders, kits, and branch replenishment are only a few of the issues that must be handled each day. Demand Planning places as much emphasis on replenishment as it does on the forecast. Creating an accurate forecast and coupling it with sound replenishment principles increases the effectiveness of both tools.

Distribution Requirements Planning (DRP)

In a multi-warehouse environment, it is very important to deploy your inventory in the right warehouse with the right quantities, based on their respective forecast and time-phased expected inventory.

This DRP functionality, available in Demand Planning, handles both hub-and-spoke replenishment through the replenishment path, as well as, the balancing of inventory across the supply chain.

Suggested Order

The suggested order is automatically created for each vendor during the overnight process. Buyers then review the suggested orders with access to all the calculations used to make the suggestion.

Using this information, the user can make changes to the suggested order, if necessary, before creating a purchase order. As the purchase order is created, the suggested order is also saved along with all information that was used to make the recommendation.

Surplus and Excess Inventory

The system reviews inventory levels in other warehouses for all the items being suggested to order. If surplus is found in another warehouse, the user is notified, and a transfer can be created instead of purchasing more inventory from the vendor.

Reducing Inventory

All of Demand Planning's strong methodologies work to provide the most accurate forecast and replenishment plans available today. The net result is a reduction in inventory, while maintaining or improving customer service levels.

Surplus inventory is reduced, and dead stock is identified for elimination. Many companies that currently use Demand Planning, enjoy the efficiencies this provides and the cash it frees up to fund future growth.

Software Requirements

Demand Planning requires Microsoft Dynamics NAV/D365 Business Central.

Related Fact Sheets

- Inbound Container Tracking
- POS Data Analytics

Alerts

Alerts support management by exception. You are notified of situations before they become a problem. For instance, possible stock outs within lead time, or late purchase orders trigger alerts.

Containerization

Containerization enables the user to create multiple purchase orders from a single suggested order, one purchase order per container. An option exists to split a line between two or more containers to maximize loading. You can also put multiple suggested orders (vendors) into a single container. Once the container is initialized, you can change quantities or move an item from one container to another.

Complete Visibility

When reviewing the suggested order you have access to:

- Detailed sales history by period
- Total forecast detail
- Time-Phased expected inventory
 - On-hand inventory
 - Open sales orders
 - Purchase orders
 - Warehouse transfers
 - Kit components
- Surplus and excess inventory in all warehouses
- Replenishment path of each item
- Detailed calculation lines for each item

Demand Planning Software Modules

Module Description	Module Number
Demand Planning (DP) Basic *Required	14000370
DP Collaborative Forecasting	14000510
DP Advanced Forecasting *Required	14000520
DP Production Forecasting	14000530

About the Developer

Lanham Associates® provides supply chain business value to middle market distributors and manufacturers by streamlining operations, cutting costs, and increasing overall productivity.

Specialists in distribution and Microsoft Dynamics NAV right from the start, Lanham prides itself in creating and implementing quality software and services that improve customers' business processes. With Lanham solutions you can also count on staying current since Lanham stays in lockstep with Microsoft on the latest technology offerings.

Uniquely, Lanham solutions allow users to keep all of their data right at their fingertips in NAV/D365 Business Central. No tedious customizations or integrations with external sources. No new user interfaces to learn. All the drill-down and reporting capabilities of NAV, and all your key data inside *your* business system. It's seamless simplicity at its best, and it's reflected in all of Lanham's offerings.

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