



Three Essential Capabilities of Supply Chains That Are 'Ready for Anything'

The real world doesn't follow the rules. Here's how
your supply chain can be ready for whatever
tomorrow might bring.

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The real world doesn't always follow the rules.

Nobody saw this trend coming. And why should they? Customer demand followed the exact same seasonal pattern every year for the past five years in a row. Until, of course, it didn't. But there's a lot these days that doesn't go as planned. Like slow-moving inventory. Special promotions. And the global economy. For that matter, with sales, merchandising, production, IT, and finance all seeing things differently, even your planning doesn't always go as planned.



Today's supply chains face unprecedented challenges—and the trends are only accelerating. To compete in this complex, fast-paced world, you need to be ready for whatever tomorrow will bring. But how?

To be ready for anything, you need to do **three** things:

1 Predict More Behaviors

...by understanding the uniqueness of demand for each item you sell, across location, time frame and other key factors ranging from promotions to weather

2 Protect Against Surprises

...by using automation to anticipate real-world uncertainty and plan for service levels your customers can count on, no matter what happens

3 Perform More Efficiently

...by optimizing your product inventory, distribution, and replenishment from the point of supply to point of consumption, maximizing your revenue and profit

ToolsGroup is how organizations achieve their target service levels while optimizing inventory—no matter how complex their supply chain is or how much demand changes. This way, they can be ready for anything.



+ What Does Being Ready for Anything Look Like?

Let's dive into each of the three capabilities to understand how together they enable you to be ready for anything.

1

Predict More Behaviors

2

Protect Against Surprises

3

Perform More Efficiently



The real world rarely lives up to your single-number forecast

You did the math. And you got your target number. You know exactly how many units you need to meet demand this month. Except that demand for this particular product is starting to vary wildly between SKUs. And you can't forecast down to the SKU level. Besides, a flash promotion next Friday will throw all your predictions off. And a flash flood in Houston will slash regional demand. No single-number forecast can account for this much variability. You would need a lot more numbers based on a range of probable events. And that's where traditional demand forecasting simply can't keep up.

With ToolsGroup, you can predict more behaviors—by understanding the uniqueness of demand for each item you sell, across location, time frame, and other key factors ranging from promotions to weather.

1 Predict More Behaviors

- Move beyond single-number forecasts by identifying a range of outcomes and the probability of each of those outcomes occurring
 - Better predict the unpredictable by factoring in key causal data including promotions, social media, weather, new product introductions and more
 - Leverage automation to model the probability of deviations from your demand forecast more easily
 - Tap into the power of machine learning to continually improve your demand model
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No one can predict the future with 100% accuracy

Okay, so you've arrived at the best possible prediction of future demand. You've taken into account a wide range of potential outcomes. But, what if you're still wrong? What if there are other factors outside your control that you had no way of knowing about? Like a surprise promotion from a third party. How in the world can you hedge against all the crazy uncertainties of real-world demand to ensure that customers have the products they want when they want them? Especially when your team's capacity is already stretched thin as it is?

With ToolsGroup, you can protect against surprises—by using automation to anticipate real-world uncertainty and plan for service levels your customers can count on, no matter what happens.

2 Protect Against Surprises

- Define service objectives for products and markets considering business objectives such as: minimize working capital, maximize margin, reduce obsolescence risk and more
 - Determine the optimal safety stocks to hedge against uncertainty while meeting service levels, using our proprietary inventory model
 - Reduce forecast bias by eliminating the inevitable inconsistencies and errors created by human intervention
 - Plan and react faster to market changes with processes that let you adapt more quickly and speed decision-making
 - Get a self-learning platform that makes smarter predictions over time and prevents the loss of institutional knowledge
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Enable your supply chain to keep up with your forecast

Let's say your next round of demand forecasts turn out to be shockingly accurate this time. Congratulations. Now all you have to do is figure out how to turn all those predictions and probabilities into a practical plan of action that will actually hit all those fancy new service targets. So let's see, that means balancing inventory levels across your entire supply chain—from one end of suppliers and factories... through the multi-echelons of your distribution network...all the way down to the other end of retailers and end-users. Oh, and do it all as cheaply as possible while trying to schedule production, trim transportation costs, and optimize safety stock. How hard can it be, right?

With ToolsGroup, you can perform more efficiently—by optimizing your product inventory, distribution, and replenishment from the point of supply to point of consumption, maximizing your revenue and profit.

3 Perform More Efficiently

- Optimize replenishment cycles to perform more efficiently and effectively at scale
 - Reduce logistics costs by determining the most efficient way possible to move products from one end of your supply chain to the other
 - Develop a more efficient production schedule by taking into account capacity constraints and connecting the dots between sales and logistics for more seamless supply chain planning
 - Add more dollars to your bottom line by reducing excess inventory and minimizing losses from product obsolescence
 - Increase company-wide visibility with an easy-to-use platform that gets every department on the same page
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- + **Only ToolsGroup lets you predict more behaviors, protect against surprises, and perform more efficiently, so you can be ready for anything.**

What Will You Be Ready For?

Growing network complexity, supplier changes and shut-downs, Amazon's next move...the list of business disruptions goes on and on. What will you be ready for with service-level planning automation?

/ Sporadic demand and escalating SKUs. Fast-moving products are easy to forecast. The slow and intermittent movers are another story. With probability forecasting you can better understand specific demand patterns for both fast and slow-moving items to achieve aggressive service level targets with minimal inventory.

/ New product introductions. Use machine learning to weigh attributes (such as color, style and size) of similar items to generate an enhanced baseline forecast by location. During the launch period the solution learns from early demand signals and actual sales data to sharpen the forecast. The result: you're ready for successful new product launches without excess inventory and markdowns.

/ Shifting product trends and Internet-ignited crazes. Today trends can shift on a dime. By looking for patterns in point-of-sale (PoS), promotion, social media, new product introduction, weather, IoT, internet search and economic data you can make near-term and lasting improvements to your forecast and inventory placement to react faster to market changes.

/ Acquisitions and divestiture. When businesses combine or split up, or a major contract shifts, you'll be ready. Segment individual demand signals to easily understand the impact of the change on your plan—and adjust accordingly to meet company and service goals.

/ Tariffs and trade wars. Regulatory changes can impact product pricing and profitability. Being ready for anything means that if you need to adjust your sourcing strategies, you can also figure out the resulting multi-echelon requirements and changes so you don't miss a beat.



/ New partners and channels, e.g. ecommerce and direct to consumer. One channel may be performing well while another is declining; or perhaps you're launching a new channel such as buy online/pick up in store. You'll be ready for anything with the ability to measure and predict sales for each demand signal.

/ Tighter service level requirements. Nowadays, if you don't meet or exceed service levels, it often means paying a penalty. Next time you're hit with a service increase, you'll be ready. Instead of loading up on inventory at the warehouse, make the stock you have work better. Self-adaptive demand and inventory models automatically define the optimal mix of inventory across the multi-echelon supply chain to meet planned service levels.

/ The next S&OP meeting. Often the only consensus in an S&OP session is that the forecast stinks. To be sales-ready you need a solid-foundation forecast that people can understand and trust for smarter, faster decisions. Optimized inventory and replenishment planning makes S&OP work by enabling you to agree on where increases may be needed.

'Ready for Anything' Story

Outdoor adventure products provider gears up for seasonal demand with improved service and reduced inventory

Picture this... premium outdoor gear provider Thule is on top of the world, distributing its market-leading automobile cargo equipment and outdoor bags across 140 countries.

But growing distribution complexity and the highly seasonal nature of its products were causing some serious supply chain challenges. Thule's inventory left it highly susceptible to both seasonal demand and intermittent demand. And with nearly a thousand different part numbers, the company struggled with slow-moving spare parts inventory.

So Thule turned to ToolsGroup and its partner Optron to implement an automated forecasting system that delivered a more efficient and accurate demand planning process. By aggregating inventory items and assigning specific target service levels to each family of products, Thule could achieve significantly higher overall service levels without raising inventory levels.

Now Thule has increased service levels from below 80% to 92% in two years' time. And they did it with lower inventories—and are moving toward a goal of 15% inventory reduction. And they achieved all that during a period of considerable sales and SKU growth using their existing team.



'Ready for Anything' Story



Luxury car maker accelerates growth in spite of unexpected regulatory speed bump

Picture this...luxury sports car manufacturer Aston Martin has been in business for more than 100 years. It's built a brand that's synonymous with style, performance, and status. And it has a growing clientele outside the UK including the Middle East and Asia.

But new demands from its international client base prompted Aston Martin's board to raise targets for first time availability (FTA) for its parts across all car categories by two percent without increasing inventory. They're already a ToolsGroup customer, but now need to take their 95% service level to 97%. No small feat.

So Aston Martin turned to ToolsGroup again to leverage some new innovations in machine learning and causal clustering to enable them to not only meet the new goal for availability, but do it while carrying less inventory.

Within two months, they've improved service levels to 97.1% and reduced inventory by 18%, freeing up more working capital. They can count on continued success in this important market and move forward with confidence—all because they're ready for anything.



'Ready for Anything' Story



Kitchen equipment maker cuts through supply chain complexity, and slices forecasting time in half

Picture this... billion-dollar residential kitchen and bathroom equipment provider Franke has been in business for more than a century. What started as a one-man workshop is now a global employer of 9,000 people in 40 countries.

But, all this growth has brought major complexity to the supply chain network—including 12 production facilities, four echelons, and more than 125,000 SKUs. Plus, it's taking 17 different ERP systems to handle them all, with no uniform data structures or planning.

Franke turned to ToolsGroup to get them up and running with its service-level planning automation software, integrating with SAP and unifying the entire planning process. With a sophisticated algorithm that automatically generates probability forecasts, they can ensure better service levels for a highly diverse product portfolio.

Now Franke has cut forecasting and demand planning time in half. Forecast accuracy is up, with MAPE dropping eight points. Seasonal demand shifts and other real-world challenges can no longer catch Franke by surprise because now they're ready for anything.





Is Your Company Ready for Whatever Tomorrow Will Bring?

ToolsGroup is always working on new ways to help organizations keep up with the shifting trends and unpredictable demands of the real world. We've continued to push the boundaries on what's possible, such as pioneering the use of machine learning and AI years ahead of its time. We're now helping companies around the globe predict more behaviors, protect against surprises and perform more efficiently in a constantly changing global economy.

Learn more at toolsgroup.com/be-ready-for-anything

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