

How to Beat the Competition Through Effective Sales Forecasting



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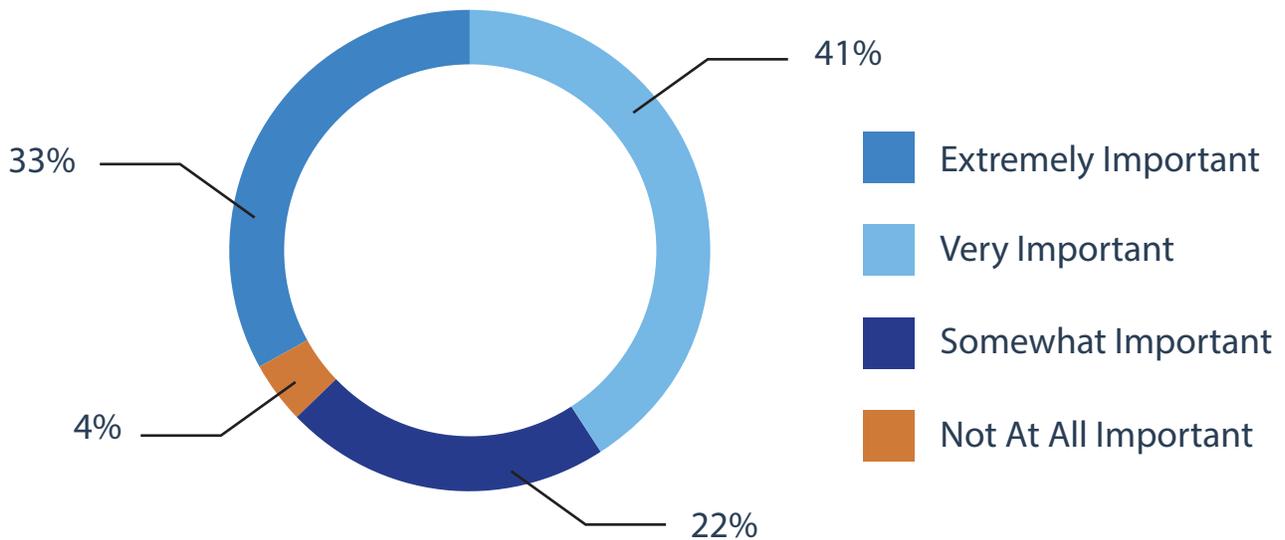
For decades, businesses have optimized the manufacturing process by improving supply chain and operational productivity, while underinvesting in front-office tools. In doing so, manufacturers have sunk reams of money into optimizing back-end production operations.

Manufacturers have achieved great results by leveraging automation, robotics, advanced adhesion techniques, and micro/nano-technologies. However, without a truly unified view of their customers, or front-office integrations that seamlessly connect the manufacturing process to the end customer, manufacturers are ignoring a critical half of the equation.

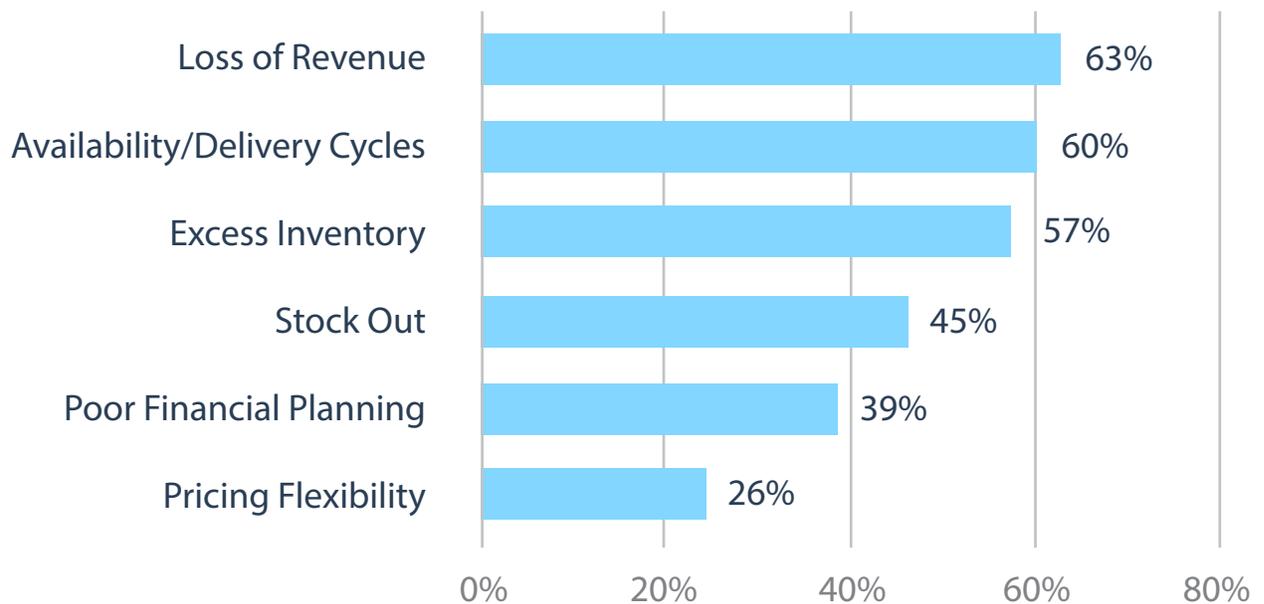
The other half includes empowering sales and marketing teams with the right tools to create and increase revenue streams. This includes accurate, integrated sales forecasting and a consistent, transparent view of all the stakeholders involved in the business lifecycle including suppliers, distributors, dealers, retailers, and the end customers. It also entails engaging with customers through a robust, omni-channel marketing and engagement strategy.

As competition grows fiercer and the pace of change quickens, opportunities for success will come from truly differentiated sales, seamless customer experiences, and the monetization of comprehensive industry, product, and customer behavior data. With the right tools and effectively defined "user journeys", manufacturers can leverage big data and analytics to reduce costs through next generation marketing, sales and operations planning, and distribution optimization. Additionally, manufacturers can introduce new types of after-sales services, including parts, maintenance, and device monitoring.

The Importance of Sales Forecasting



The Consequences of Poor Sales Forecasting



The majority of manufacturers believe that sales forecasting is very to extremely important and that poor sales forecasting is causing revenue loss.

Not All Sales Forecasting Tools are Created Equal

But how can manufacturers invest in front-office infrastructure to take advantage of those opportunities? The answer lies in a sales forecasting solution that:

- Aligns supply and demand to optimize inventory levels
- Makes it easy for sales and marketing to forecast sales
- Creates a comprehensive view of the demand chain
- Generates direct-to-buyer engagement

By empowering sales and marketing teams with a powerful and easy-to-use platform, manufacturers can save the millions of dollars lost through inaccurate forecasts and dramatically increase revenue streams.

Get Sales Forecasting that Supports Demand Planning

Manufacturers often struggle to balance the art and science of accurate and effective sales forecasting.

In a recent survey by the Sales Management Association, 74% of manufacturers considered sales forecasting to be a critical factor in achieving their business objectives.

Particularly in a world of highly customized products, inaccurate sales forecasts make it very difficult to get the right products to customers in time to make revenue goals.

However, sales forecasting is a tricky business. Overestimate demand and manufacturers end up with excess inventory tying up capital. Underestimate demand and manufacturers run out of stock, or end up battling the treacherous cycle of backorders and replacement

options, often costing them their customers. But finding that sweet spot between overestimating and underestimating demand can be a tall order in today's world of multi-partner supply chains and a global customer base that is demanding rapid fulfillment and extreme personalization.

Unfortunately, these capabilities are difficult to develop, and they are becoming increasingly critical to a business's success. Today's manufacturers are dealing with a demand-driven economy where they must be agile in order to stay on top of their customers' needs. Reaching the sweet spot is an achievable goal, but it requires the front- and back-offices to work together to effectively align sales forecasts with production operations and demand planning. Utilizing a reliable sales forecasting tool allows manufacturers to increase efficiency, margins, and sales.

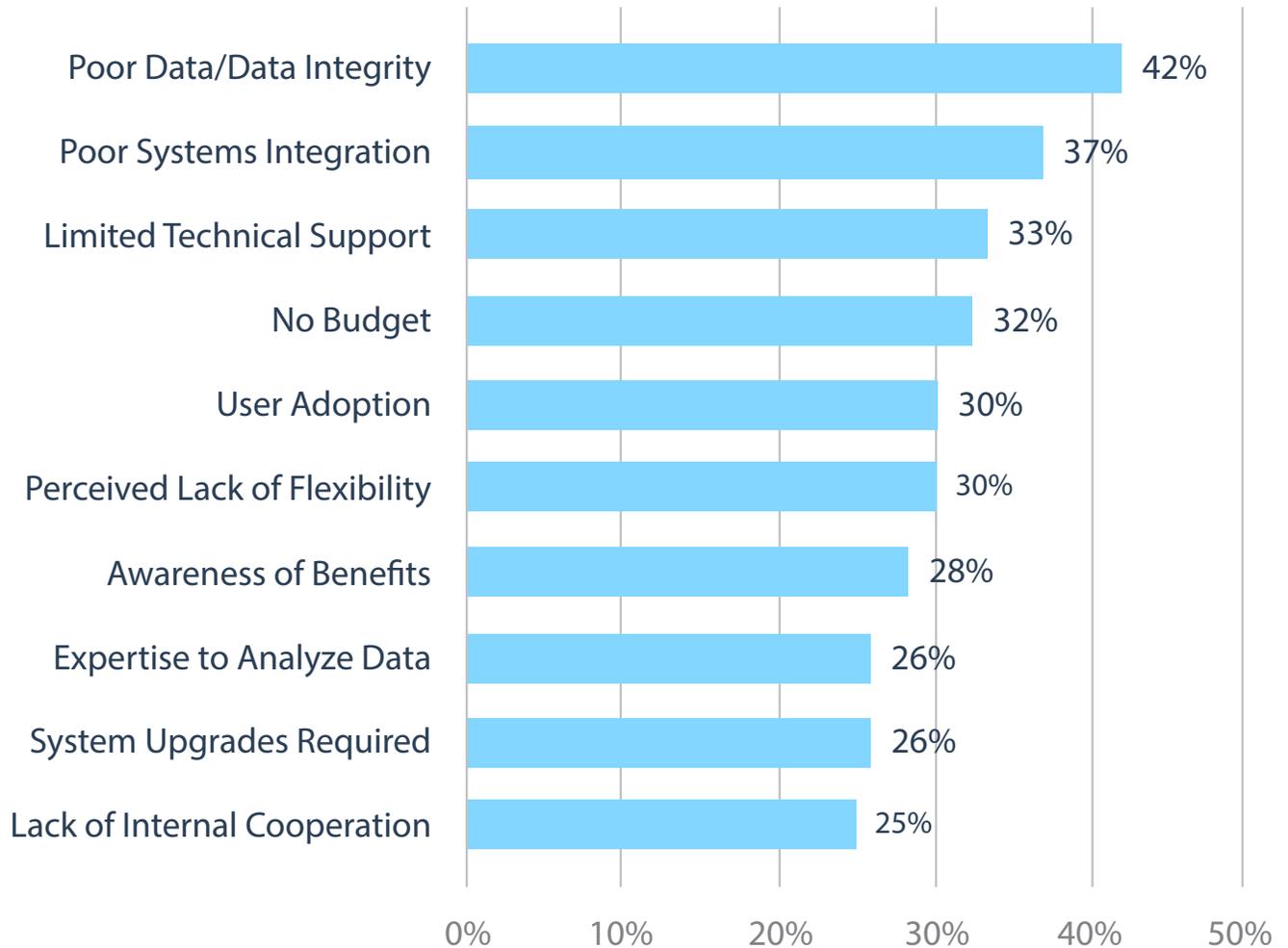
Make It Easy for Sales Staff

Many corporations use spreadsheets to try and achieve this kind of coordination, but all too often, sales forecasts become inert, unreliable spreadsheets that sit on a manager's desk—and at best get updated a couple times a month. Too often, spreadsheet-based manual inputs lead to inaccurate or conflicting information—and employees don't trust them to be reliable or timely. These obsolete methods fail to easily answer simple questions such as:

- What are our current customers planning to buy?
- What have our current customers purchased in the past?
- What new products are our current customers negotiating?
- What products are new prospects requesting?
- What does the supply chain team think?

Additionally, legacy systems are often difficult to use and don't have the flexibility to adapt to various types of opportunities. The far more effective alternative is an interactive application that integrates with existing front- and back-office systems to aggregate information—and a company culture that encourages the capture and use of the data. This allows for more accurate forecasting, increasingly aligned production and distribution, greater customer satisfaction, and increased revenue.

Obstacles and Concerns



Major concerns around sales forecasting systems can be addressed by choosing an experienced partner.

Piece Together the Demand Chain

Despite all the tools available today to record data, aggregating that data for full demand chain transparency seems to be an elusive objective. Globalization and mergers make demand chain management more important, while simultaneously rendering it more difficult to achieve. Departments often become disconnected from the rest of the company—and from each other.

However, the front-end infrastructure is where manufacturers can help compensate for gaps in demand chain management by bringing all the data together in a centralized and meaningful way. However, without the right technology, that data will not be as insightful.

Many manufacturers know that accessing, unifying, and analyzing data from suppliers leads to better inventory production and management. It works the same way on the downstream side: manufacturers need a transparent and complete view of their distributors, wholesalers, retailers, and end customers in order to assess and understand product distribution and market forces.

If manufacturers know which distributors get products to market fastest and which take the fewest returns, they have increased visibility into which distributors are developing healthy relationships with end customers. The right analysis can help manufacturers identify best practices of the most successful distributors and note potential problems with distributors that are struggling. With that information, they can allocate resources accordingly. In addition, insight into the distributors' relationships with their customers can help manufacturers capitalize on existing successful customer relationships.

Connect with the End Consumer to Increase Direct Sales

In today's environment, it isn't enough to only provide high-quality products at competitive prices. To succeed, companies need to bring value to their customers beyond just their product offerings. By capturing data on business processes and customer experiences, manufacturers can provide new service opportunities, anticipate potential problems, and extend business processes to please their customers.

The right solution will allow manufacturers to analyze the complete demand chain, all the way down to detailed customer interactions. From there, manufacturers can use the data to improve service efficiency, enhance equipment uptime and performance, and monitor customer satisfaction. These data points can also bolster an omni-channel marketing strategy that can engage customers and increase loyalty.

By enhancing the customer experience, service calls can be transformed into opportunities to drive customer loyalty. In addition, combining sales forecasting with data from the Internet of Things (IoT) allows businesses to engage with customers directly through connected products and target offers based on customer behaviors and device performance. As consumers demand more customization of end products, IoT also enables robust personalization capabilities. Pivoting to a customer-centric approach can transform business processes, organization, and customer experience.

Acumen Solutions: Integrated Sales Forecasting

The modern manufacturing industry faces an array of shifting industry trends and new challenges. The number of relationships and the amount of data that needs to be managed on the demand side of the equation are only increasing. Businesses aim to engage directly with consumers as well as gain crystal clear visibility into supply and demand chains. By integrating the right front-office approach into your company's operations, you can enhance productivity, efficiency, sales, and customer service.

Acumen Solutions builds technology solutions that significantly increase sales revenue, customer engagement, and employee productivity.

Clients choose Acumen Solutions because they know that experience delivers success.

Scenario

- Annual Sales \$1B
- Equipment Gross Margin = 40%
- Stock out cost multiplier 2
- Service Level 97%
- Current forecast error is 20%

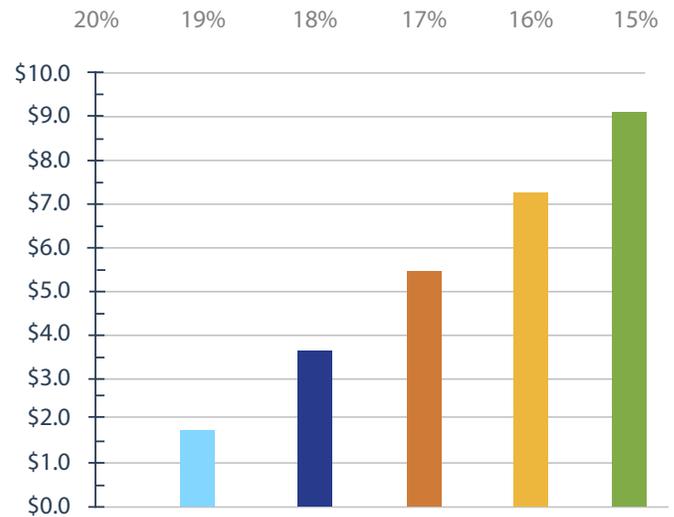
Consideration

Annual Sales
x (1-Service Level)
x Gross Margin
x Forecast Error Improvement

Reference: LOKAD

Impact

Annual Savings (\$M) by Forecaster Error Reduction



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