Common APO DP Pain Points & Root Causes

There are common themes seen across industries when assessing why companies are not fully leveraging APO DP, some to the extent of using a customized manual solutions like Excel to support their respective demand planning cycles. What are the drivers behind this behavior?

**Pain Point:** The technology solution does not align or maintain alignment to the ever evolving demand planning processes.

Symptoms include:

- Cluttered Data Views that span several demand planning processes makes the planner’s workspace difficult and frustrating to use.
- System performance issues with slower Planning Book refresh rates and initial load times.
- General sense from your Demand Planners of being overwhelmed by too many exceptions on SKUs.

As your demand planning processes evolve, your need to assess, rationalize or expand your data views becomes even more critical.

Take the “Building Block” approach, where data views need to promote organization and harmony, which enables the Planner to be better focused on their “Day in the Life” activities.

**Pain Point:** Statistical Forecasting is Not Properly Optimized. System and User performance is critically impacted, entry and maintenance of manual forecast adjustments in APO DP ultimately creating a back fall into working outside of the APO system.

**Diagnosis:**

- Lack of understanding of the many forecast strategies available in APO (> 25) and how to efficiently use them is often an underlying reason planners migrate back to excel.
- In APO DP Forecast strategies are managed through Profiles which adds a layer of complexity to the forecast process.

Build a strong, robust profile strategy that the users understand and buy into. Begin with predefined models that are assigned to planning items based on a classification methodology. Do not overreact to demand anomalies understand the history and move in a methodical manner.

**Pain Point:** Too Many Alerts to Manage. This overwhelms Planners and they begin to lag in resolving exceptions due to the sheer magnitude of them.

**Preventative measures:**

- During a typical APO implementation business rules often become alert macros that identify exceptions. Reserve these for the most critical and take the time to define what “Critical” means. It may slow down design but it is well worth the effort.
- Bake your segmentation or classification process in business rule definition to help better prioritize and guide the planners through the exception based management process.

Alerts need to provide focus. Demand Planning teams often lack clear understanding of where to gain the biggest financial BANG for their time. Segment Planning Items and define Critical items to re-focus efforts efficiently and remove the burden of magnitude. For example, a 1% forecast improvement for an “A” item can drop $2M to the bottom line vs. another “C” item’s 20% improvement only adding $200K. It’s important the Planner knows that!

**Bottom Line:** APO DP is a flexible and robust technology solution. But with that comes complexity. The best way to gain real value from the solution is to drive clarity and prioritization which requires rigor from planners. Demand Prioritization / Classification is critical.
About Spinnaker:

Spinnaker is a supply chain services company that helps clients grow, manage risk, reduce costs, and improve customer service by developing world-class supply chain capabilities. Our services help clients develop the right supply chain strategy for their business challenges and implement the process and technology solutions to improve Demand/Supply Planning, Procurement and Sourcing, Logistics and Warehousing, and Reverse Logistics business performance. Spinnaker offers a unique service delivery model that combines the strength of deeply experienced management and technology consultants with a seasoned team of business process outsourcing (BPO) and 3rd-party logistics (3PL) professionals. Founded in 2002, Spinnaker has offices in Boston, Columbus, Denver, Houston, Memphis, Pittsburgh, London, and Singapore.

Phone: 877-476-0576

Email: info@spinnakermgmt.com