

Demand Management is More Critical Than Ever

It seems like everywhere we look, supply can't keep up with demand. So why bother building an unconstrained demand forecast when the supply organization has no hope of meeting that demand? Shouldn't we spend our time and attention on getting the supply chain right rather than bothering with the demand plan now?

If your organization is doing Demand Management well, you may enjoy two less-than-obvious benefits of continuing to use best practices to manage customer demand in these unprecedented times:

- *By gaining insights into the marketplace through the unconstrained demand forecast, you have the information needed to optimize your supply chain for efficiency and your product mix for profitability.*
- *Through strong execution of the demand plan, supply is balanced with demand. Marketing, Sales, Finance and Supply are working off of the same set of numbers. Better yet, your cross-functional team is actively addressing unanticipated orders so that customer satisfaction doesn't suffer.*

The unconstrained demand forecast is more than a forecast. It is an interactive view of your portion of the addressable market that is shaped by the actions of Marketing and Sales. When Marketing and Sales teams increase price, change sales policies, and offer new products, the demand landscape also changes. The unconstrained forecast provides a feedback-loop as well as a view into the future for your Marketing and Sales teams.

It is unlikely that the future demand for your products will be constant over the next year or two. Whether that change results from a shift in your supply capability, the competitive landscape, or the economy, it's safe to say that change is coming. With a view into the marketplace through the unconstrained forecast, your organization will sense the change and be ready to proactively influence demand.

Demand Management starts with influencing demand that is 6 to 18 months into the future. But **Demand Management also includes executing the current frozen demand plans by ensuring successful order fulfillment and healthy forecast accuracy.** When supply and demand are as unsteady as they are now, strong Demand Execution can provide a calming effect, reducing the organizational anxiety that is often experienced in fulfilling the current demand plan.

Demand managers have perspectives into both the supply chain and the commercial organization. They are uniquely positioned to ensure execution of the demand plan in a way that reduces organizational churn and improves customer satisfaction. To enable successful demand execution, the following are required:

- alignment on customer prioritization criteria
- business processes designed to address unanticipated orders
- tools that enable identification of unconsumed demand
- skilled demand managers who can apply judgement and influence

There is no doubt that this is a unique time. It's more critical than ever to stick with Demand Management best practices that help to ground your cross-functional organization, provide insight into what's coming, and maximize your customers' satisfaction.



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