Lean Approach to Increasing Forecast Accuracy

Motivation / Background
Poor forecast accuracy impacts supply chain profitability.

Framework for Maximizing Value Add

Key Question / Hypothesis
Can we create a framework to identify which overrides have the greatest potential for adding value?

- Large overrides distinguishable from forecast error “noise” should be increase forecast accuracy.
- Small overrides indistinguishable from forecast error “noise” will be non value added.

Relevant Literature

Methodology

Time Series Input Data
Metrics & Data Treatment
Data Analysis

Forecast Accuracy

Correlations

Scaled Override

Initial Results
Results from Fildes et. al. imply a relationship between override size and forecast improvement.

Expected Contribution

- Less Wasted Effort
  - Decreased error & bias
  - Fewer stock-outs
  - Reduced schedule changes and expedites

- Profitability
  - Higher Customer Service
  - Engaged experts
  - Lower Working Capital

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