

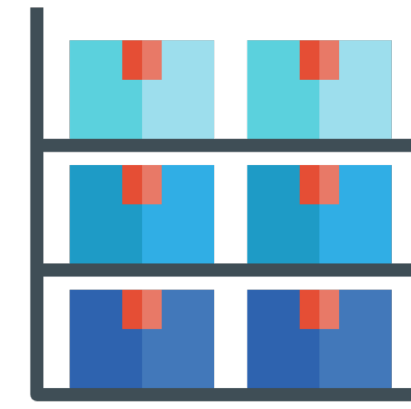


Company Background

Family-owned business in Indonesia

Distributes 3,000 SKUs of food and beverages through 21 DCs

Multiple customer segments and product offerings



Forecasting Issues

Current forecasting methods are "outdated and reactive"

Low service levels to customers

Overstocks occur, compelling promotions to clear inventory



Project Objective

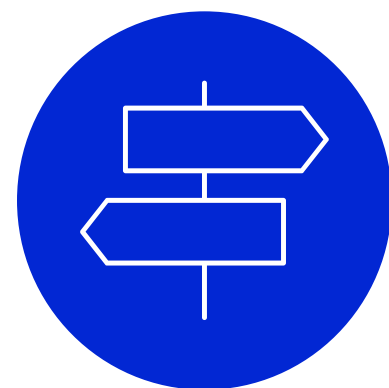
Deliver forecasting **SOP** for a revised forecasting system

Apply **algorithms** to improve forecasting and ordering accuracy

Propose **KPIs** to promote incentive alignment

Key Onsite Findings

We identified **key improvement opportunities** from onsite interviews and branch visits:



No **central** point of **ownership** in forecasting process



Lack of transparency in forecast adjustments, stock availability, and stock allocation



Most important **KPIs** are **individual** or team-specific, not company-wide



Forecasting practices are **manual and vary** from branch to branch

Final Recommendations

Recommend a **two-tiered** approach for KPIs:



L1 KPIs

Managed at director level



L2 KPIs

Managed at supervisor level

KPIs require collaboration across teams.

Consider RACI responsibility matrix:

- **R** – Responsible (executes tasks related to KPI)
- **A** – Accountable (owns KPI at director level)
- **C** – Consulted (provides information to support KPI)
- **I** – Informed (needs information on KPI)



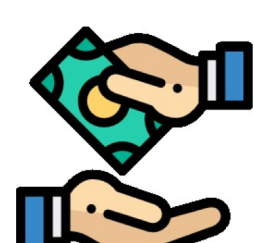
Forecasting:

An estimate of future sales demand

vs

Holt-Winters Method

(implemented at branch level to standardize forecasting process)



Ordering:

Optimal order quantity for period given associated costs and known demand variability

Newsvendor Model

(implemented in Jakarta by Supply and Demand team)

