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

**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- Current forecasting methods are “outdated and reactive”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**

- 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:

<table>
<thead>
<tr>
<th>L1 KPIs</th>
<th>L2 KPIs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managed at director level</td>
<td>Managed at supervisor level</td>
</tr>
</tbody>
</table>

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

**Ordering:**
- Optimal order quantity for period given associated costs and known demand variability

**Forecasting:**
- Holt-Winters Method (implemented at branch level to standardize forecasting process)

**Ordering:**
- Newsvendor Model (implemented in Jakarta by Supply and Demand team)