

THE ART AND SCIENCE OF SUPPLY CHAIN PLANNING

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AVAILABLE- TO-PROMISE SEGMENTATION

- How unpredictability and volatility challenge us
- The rules of flexibility
- When we learn too late about the demand for high priority products

One of the biggest challenges for all of us is that customer behaviours are ever-changing. We plan for customer orders based on a forecast, but we know those forecasts aren't always right. Available to promise, or ATP, is what we use to respond to those customer orders. It's a customer's prerogative to change, and it can be very unpredictable. Volatility varies by industry sector, and it depends on the relationship with your customer.

We can't control volatility, but we can control how you react to it. A retail environment is very fast-paced, very reactive, very short booking horizon. Their mantra is, don't let that peg on my shelf be empty. I've got customers to support. The white goods sector with large household appliances not so much, because it has a much longer booking horizon and can wait a little bit longer.

In previous sections, we discussed how we prioritise demand. Demand prioritisation used during planning is just as important during the order scheduling. ATP segmentation should support that overall demand prioritisation plan. But that's up to a point. We need to have rules to allow for a little flexibility, because we know that that forecast which drove our ATP wasn't necessarily right.

“We can't control volatility, but we can control how you react to it.”



As the orders come in, we use that prioritisation and segmentation of ATP to support those orders. Without segmentation, the alternative is a FIFO, or first-in-first-out, which means whatever order comes in first, will get product availability.

The problem with that is we can't control the sequence of how orders come in. A very low priority order through the customer and product may come in before a very high-priority customer, and that violates our demand plan. So we need to be realistic about our ability to be flexible in order to support the volatility and variability as those orders come in.

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BRING A STEP CHANGE TO YOUR SUPPLY CHAIN WITH CHAINSEQUENCE

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