CASE STUDY

Forecasting and inventory management

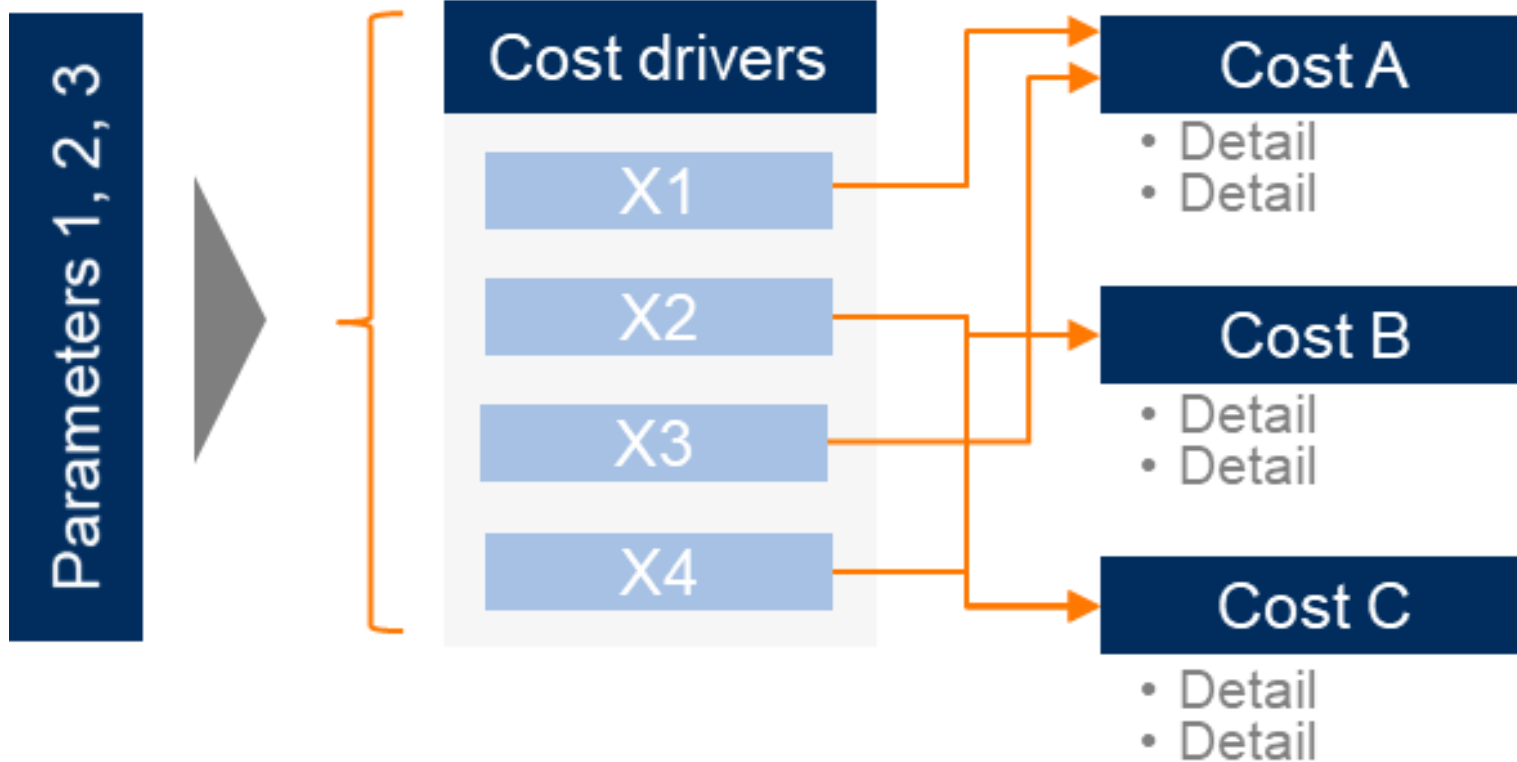# The client needed help managing their product portfolio

Following our engagement with the client to develop the overall corporate strategy and customer segmentation/targeting plan, it became clear that having a winning product assortment was critical to success

We helped create a framework and processes to guide product portfolio decisions

We build tools for evaluating the performance of the current product portfolio and new products on financial and strategic metrics

We helped institutionalize the processes for using the tools, rationalizing the portfolio, and adding new products

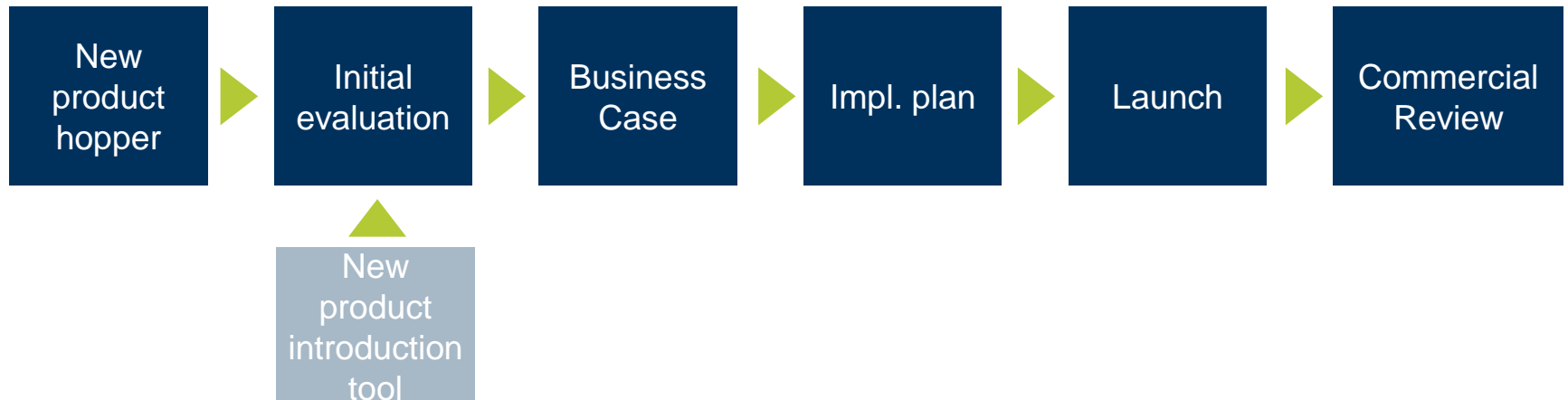# We mapped complex cost drivers by product

We defined the portfolio management process

Annual portfolio evaluation process

| Identify products for elimination | → | Flag in product guide / Website | → | Customer Comm. | → | Check Sales Results | → | Final Elimination | → | Audit Production Sites |

Portfolio evaluation tool

New product introduction process

| New product hopper | → | Initial evaluation | → | Business Case | → | Impl. plan | → | Launch | → | Commercial Review |

New product introduction tool

We defined specific roles in each process

Costing tools maintenance process

Marketing	Hand over tool to Marketing → Perform analysis → Hand tool with financials to marketing → Fill in market data and perform analysis
Finance	Assemble finance data for costing — Re-link tools into latest model → Analyze financials
Accounting	Send annual costing data request → Recalculate standard costs → Lock cost model and deliver to finance / Publish cost list/book — Maintain list of issues and changes, and maintain model for reissuance once per year
Operations	Assemble operational data for costing
Tech / Vet	Assemble technical data for costing

Issues
Issues
Issues

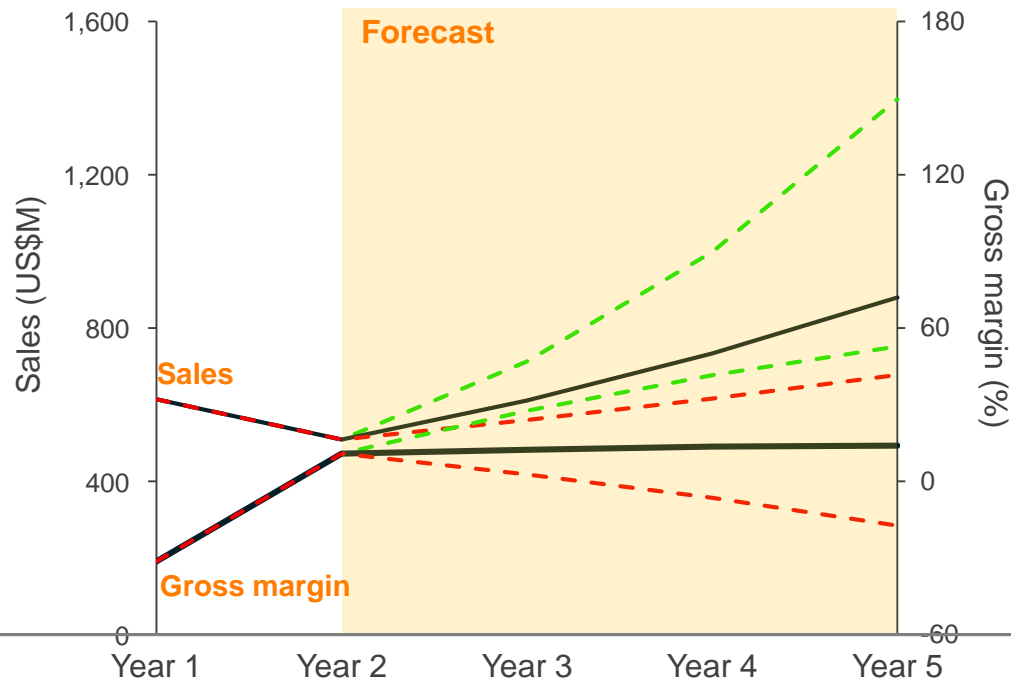# We created a tool to rationalize SKUs

Gross Margin
GROSS MARGIN %
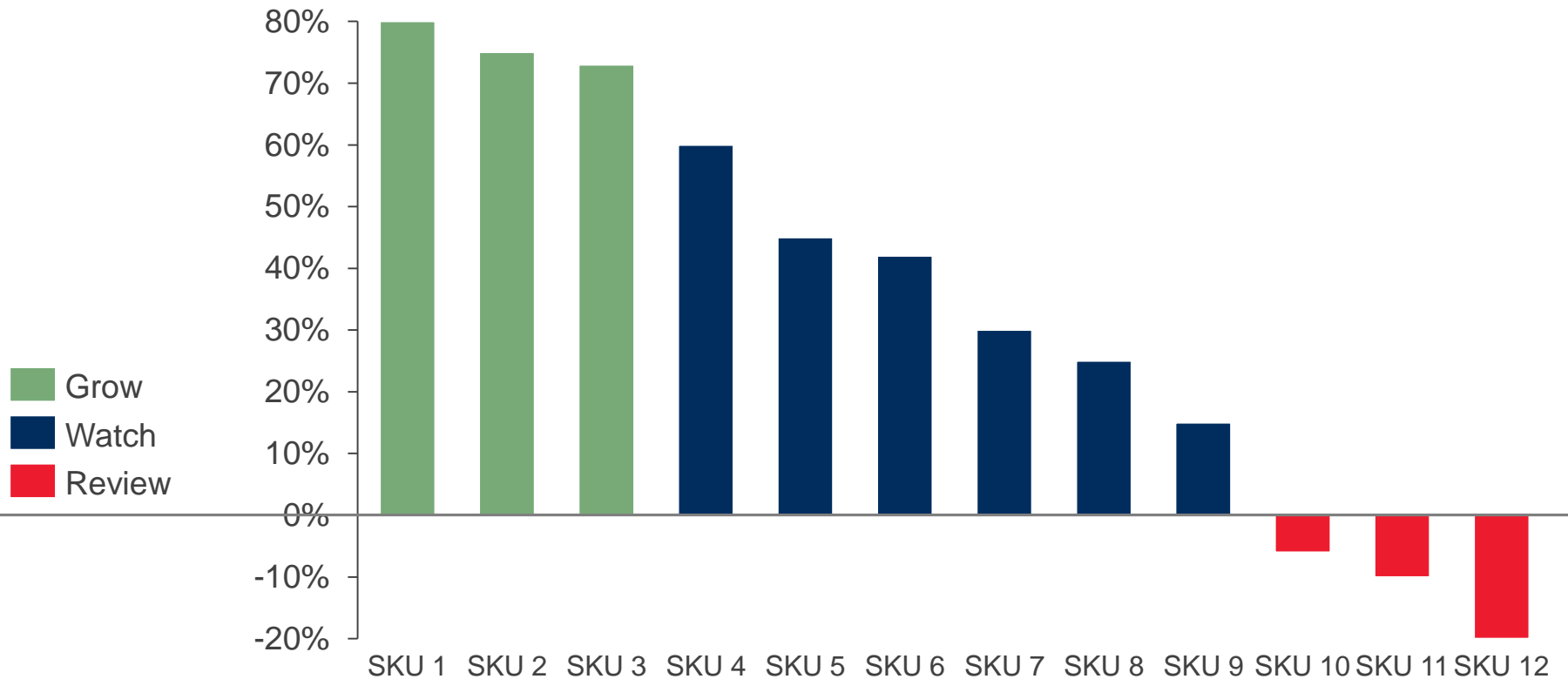
We automated the forecasting of potential product introductions

5-year financials: Product XYZ
SALES AND GROSS MARGIN, US $M, GLOBAL

Key parameters	
Parameter	Value
Average sale price	$X
Average manufacturing cost with scrap	$X
Current scrap level (or scrap assumption)	X%
Average annual fixed costs	$X