Business Plan: Democratizing Demand Planning for SMEs

Part 1: Problem Statements & Market Opportunity

The Context: Why Demand Planning Matters

With 8 years of experience as a Demand Planner, I have witnessed firsthand why this role is critical for business sustainability. Large organizations rely on Demand Planning to:

- **Optimize Inventory:** Maximize revenue by ensuring stock availability while preventing Out-of-Stock (OOS) scenarios.
- **Enable Data-Driven Decisions:** Provide early insights to guide commercial strategies rather than relying on gut feelings.
- **Unlock Cash Flow:** Reduce Aging & Excess (A&E) inventory that traps cash and negatively impacts the bottom line through write-offs.
- **Unify Departments:** Ensure Sales, Finance, Commercial, and Supply Chain speak the "same language" and align on targets.
- **Build Scalability:** Establish the fundamental processes required for smooth company growth.

The Corporate Workflow (The Gold Standard)

In MNCs, the process is rigorous: Finance sets the AOP (Annual Operating Plan); Sales targets top-line revenue; Marketing drives promotions; Supply Chain ensures the "Right Product, Right Time, Right Place." These inputs converge during the **S&OP (Sales & Operations Planning)** process to create a consensus number that all stakeholders sign off on.

The SME Gap

Currently, sophisticated Demand Planning roles exist primarily in established MNCs. This raises a critical question for the Malaysian market: **Do SMEs need Demand Planning?**

- Most SMEs lack the budget for a dedicated Demand Planner headcount.
- These responsibilities often fall to the COO, CCO, or the Founders themselves, who may lack the specific technical expertise to forecast accurately.

The Solution Proposition

We can solve this by guiding SMEs to run their "First Lap" of S&OP using their internal data. We will answer critical questions that owners struggle with:

- Where is cash flow stuck? (Which product categories are holding excess stock?)

- Why are warehouse costs high despite low forecast accuracy?
- Why are service levels low (frequent OOS) despite high inventory?
- How much safety stock is mathematically required (moving away from the "guessing game")?
- How do we implement an efficient S&OP meeting structure that focuses on strategy rather than day-to-day firefighting?

Validation Strategy

I am confident these problems exist. Our immediate goal is to validate this with Malaysian SME owners (starting with our F&B pilot) by assessing their current data quality. Once validated, we will deploy a root-cause solution—standardized processes and tools that can be duplicated across multiple companies with minimal customization.

Part 2: Deliverables (The Product Logic)

To solve the problems above, our system (MVP/App) must digest specific inputs to produce actionable outputs.

1.0 Input: Master Data (Static)

To be onboarded once.

- **Product Master Data:** SKU codes, Category, Costing, RRP, UOM, Total Replenishment Lead Time (TRLT), Shelf Life.
- **BOM (Bill of Materials):** Crucial for F&B (e.g., converting a "Poke Bowl" SKU into raw components: Salmon, Corn, Rice).
- **Customer Master Data:** Outlets or "Sold-to" parties.
- **Supplier Master Data:** Vendor details.
- **Product Life Cycle (PIPO):** Phase-in/Phase-out data.
- **Historical Sales Data:** Granular level (Outlet/Sold-to level) for accurate trend analysis.

2.0 Input: Dynamic Data (Transactional)

To be updated regularly.

- **SOH (Stock On Hand):** Current inventory levels.
- **Demand Forecast / ROFO:** Rolling Forecast projections.
- **Forecast Lag X:** Snapshots of previous forecasts (to measure accuracy against actuals).
- **Rolling Sales Data:** Open orders + future Requested Delivery Dates.
- **Product Costing:** Current cost bases.
- **Marketing Calendar:** Promotion periods, tactics, and SKU focus.
- **AOP Targets:** The financial baseline for comparison.

3.0 Output: User Reporting & Analytics

The logic the system must process for the user.

1. **ABC / XYZ Analysis:** Segmenting products by value and volatility.
2. **Product Gross Margin Report:** Profitability analysis.
3. **Marketing Calendar Highlights:** Visualizing promo impacts.
4. **AOP vs. Actuals:** Tracking performance against targets.
5. **Inventory Health Report:** SOH visualization.
6. **Supply Master Report:** Replenishment views.
7. **Demand Forecasting Report:** Projected demand curves.
8. **Forecast Accuracy Reports:** Utilizing WMAPE logic, Bias trends, and identifying top error contributors.
9. **Aging & Excess (A&E) Report:** Identifying risk stock.

4.0 The Business Value (Why they will pay)

By using this system, we elevate the SME's business maturity:

- **Cash Flow:** Free up capital by reducing Excess & Aging stock.
- **Revenue:** Maximize sales of "Class A" SKUs via inventory optimization.
- **Margin:** Protect profits through strategic, data-backed planning.
- **Decision Making:** Replace opinions with factual, data-driven discussions.
- **Alignment:** Achieve "Consensus Forecast Sign-Off"—unifying all departments.
- **Scalability:** Improve data quality, making the business "Investor Ready" or ready for bank financing.

Part 3: The Value Chain (Implementation Steps)

This is our step-by-step roadmap to delivering value to the customer (specifically our F&B pilot).

Step 1: Data Readiness & Ingestion

- **Action:** Collect the Master Data listed in the deliverables section.
- **Service Opportunity:** If the client's data is messy or incomplete, we guide them to fix it. Alternatively, we offer a value-added service to clean and structure the data for them. *Without this step, the system cannot function.*

Step 2: Metrics Determination & Diagnostics

- **Action:** The system processes the data to identify the "Health Status" of the business.
    - Review TRLT and determine Forecast Lag periods.
    - Run ABC classification (Quantity vs. Value).
    - Identify Aging/Excess risks based on shelf life.
    - Compare ROFO (Rolling Forecast) vs. AOP.

- **Significance:** This acts as the "check-engine light." We pinpoint exactly where the bleeding is: Cash stuck in excess inventory, lost sales due to OOS, or margin erosion due to low forecast accuracy.

Step 3: The Problem Statement Presentation

- **Action:** Present the findings to the Founder.
- **Strategy:** We do not just list problems; we visualize the financial impact (Opportunity Cost). This creates urgency and prepares the ground for the solution in Step 4.

Step 4: Solution Deployment (The MVP System)

- **Action:** Deploy the standardized Dashboard/Templates to control the future state.
- **Tech Goal:** Our eventual goal is a Mini S&OP System. Currently, this step involves creating the templates ensuring the data structure is clean and convenient for the Technical Partner to automate later.
- **Outcome:** Transition the client from "Reactive" (fixing problems after they happen) to "Proactive" (identifying signals early to prevent financial loss).

Step 5: Training & Knowledge Transfer

- **Action:** Hand over the operation.
- **Condition:** This only happens once the process is stable. We train the internal Key User (S&OP Leader/Metrics Owner) to maintain the system and drive the process forward independently.