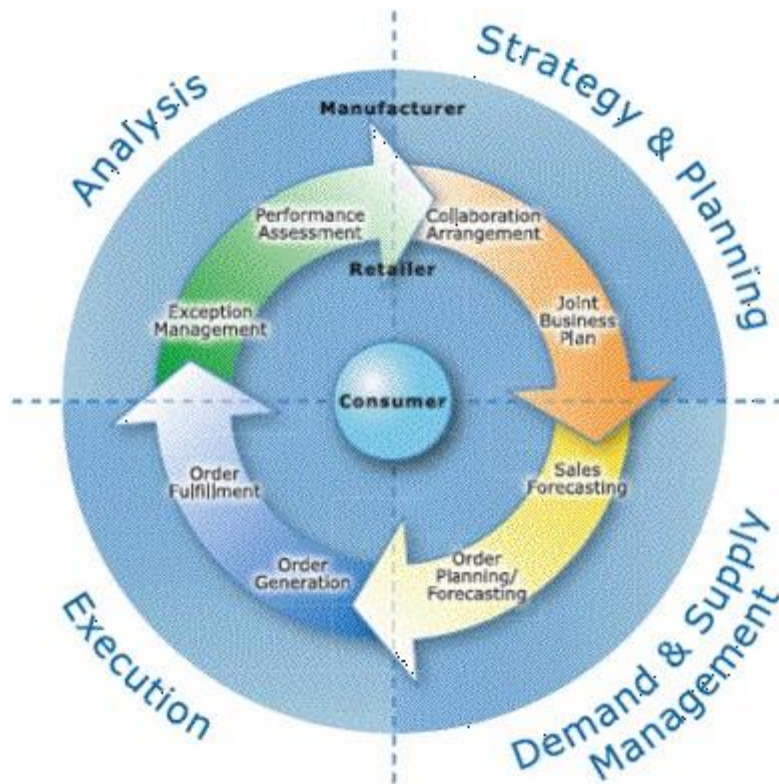


# Collaborative Planning, Forecasting, and Replenishment (CPFR)



## The CPFR Process

Every supply chain and associated collaborative planning model is different. That said, researchers at NC State's Poole College of Management laid out a four stage general guide:

1. Strategy and planning
2. Demand & supply management
3. Execution
4. Analysis

Each stage is described in detail below.

# Strategy and planning

Establish the ground rules for the collaborative relationship. Determine product mix and placement, and develop event plans for the period.

- Define collaboration arrangement
- **Set business goals and define scope** of relationship
- **Assign roles, responsibilities, checkpoints**, and escalation procedures
- **Develop joint business plan**
- **Identify significant events that affect supply and demand:** promotions, inventory policy changes, store openings/closings, product introductions

## Demand & Supply Management

Project POS demand and order and shipment requirements over the planning horizon.

- Use **consumption data to project sales** forecast
- Project demand at points of sale
- **Apply sales forecast, inventory policies, etc. to forecast and** plan orders
  - **Future** product order and **delivery requirements based upon the sales forecast**
  - **Account inventory positions, (transit lead times, shipment quantities, and other factors taken into account)**

## Execution

**Place orders, prepare and deliver shipments, receive and stock product on retail shelves, record sales transactions and make payments, also called the **order to cash** cycle.**

- **Order generation**
- Order forecasts transition into firm demand
- **Order fulfillment**
  - **Producing, shipping, delivering, and stocking the** products

## Analysis

The Analysis stage includes the following:

- Exception management:
  - Actively monitor pre-defined “out-of-bounds” conditions
  - Assess performance
  - Calculate key metrics to evaluate achievement of business goals, uncover trends, or develop alternative strategies
- Performance assessment and collaboration: Specific measures vary from one situation to the next, but generally fall into two categories:
  - Operational measures: Fill rates, service levels, forecast accuracy, lead times, inventory turns, etc.
  - Financial measures: Costs, item and category profitability, etc.