



DMi article

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Unconstrained versus Constrained Demand Plan (forecast)

It has long been understood that the Demand Plan should be based upon the principal of unconstrained Demand Plans (unconstrained from a Supply perspective and not a market perspective).

If the demand is subsequently constrained in the IBP Supply (or Engineering) review then, in keeping with the principal of ‘one set of numbers’, the Demand Plan should be the constrained plan. If this is the case then a key factor is not to lose sight of the unconstrained demand plan because if demand is constrained for long enough then the constrained demand will become the unconstrained because customers will find alternative solutions.

Maintaining potentially these two demand plan lines has always been a challenge and systems have traditionally not been very helpful in supporting this requirement. The Head



Dave Manning

A prime mover in getting a division of Rolls Royce to Class “A” in the 1980’s, Dave has huge experience as an inspirational educator to many companies across continents in how to bring change through implementing Integrated Business Leadership. He spent 18 years with Oliver Wight, 5 years with The Delos Partnership and now runs his own company, DM Integration Limited (DMi).



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of Commercial, David Smith, at one of my clients has come up with a very simple but innovative way of enabling the continued visibility of the unconstrained demand, while managing the business against the constrained demand plan.

The 'complete' unconstrained demand plan is entered into their forecasting tool, if this is then constrained by Supply or Engineering the 'constrained' elements of the demand plan are marked as 'inactive'. The business is then managed against the 'active' (constrained) forecast/demand plan through the IBP process until the constraints have been addressed when the 'inactive' forecasts will be activated.

This then enables a what if scenario exercise to happen at least once a month (typically in preparation of the IBP Demand Review) to activate the inactive forecasts to create an unconstrained view before returning to the inactive view and the constrained view – this innovative approach maintains the principals of:

- Using one set of numbers (constrained demand) through the process
- Maintains visibility of the unconstrained demand
- Enables what if and scenario planning

In my opinion this is a very innovative way to creating to leading edge approach to unconstrained demand management and visibility.”

Dave Manning

DM Integration Ltd

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