Oberto Sausage Finds the Right Recipe for Forecasting

A Forecast Pro Success Story

PROFILE

Oberto Sausage Company is a leading manufacturer of meat snacks and sausage products. Based in Kent, Washington, the family-owned company has been in business for more than 85 years. Its brands include Oh Boy! Oberto, Lowrey's Meat Snacks, Pacific Gold Meat Snacks and Smokecraft Real Smokehouse Snacks. Oberto sells its products directly to mass merchandisers and major supermarket chains.

CHALLENGES

As a leader in a category which has experienced consistent double-digit growth and where event-driven demand is always present, Oberto needed a forecasting system which would allow them to:

Base demand modeling: Routinely model and forecast ongoing "base" demand

Field knowledge integration: Easily incorporate field-based knowledge of expected deviation from base demand

Change tracking: Keep track of changes to the forecast along with the assumptions underlying those changes

Consumption-based forecasting: Develop consumption-based forecasts for key business segments and integrate those forecasts into the overall forecast

Optimal balance: Maintain an optimal balance between forecast quality and the complexity, cost and resources devoted to generating the forecast

SOLUTION

Eric Kapinos, Director of Forecasting and Planning, structured a successful forecast process combining statistically-based modeling approaches with judgmental input. The process is executed by a focused team using Forecast Pro Unlimited, Forecast Pro Unlimited Collaborator and Forecast Pro XE.

The process begins by creating a relatively conservative "Business as Usual" base forecast that's statistically-driven off history using Expert Selection. Event models accommodate abnormal conditions—promotions, weather, outliers—that aren't expected to recur. This base forecast is passed to the Demand Manager and Customer Service Representatives (CSRs) who review it in Forecast Pro Unlimited Collaborator and incorporate field-based knowledge of expected deviations by entering forecast overrides.

Forecast Analysts focus on important customers for which consumption data is available. They use the dynamic regression (causal) modeling capabilities in Forecast Pro XE. "The Forecast Analysts concentrate on the 20% of our customers and events that drive 80% of our volume," explains Kapinos.

> *"I started out being a big believer in consensus forecasting and collaboration. But I came to realize you never have absolute consensus, and collaboration should only be used where it's adding value."*
>
> — Eric Kapinos, Director of Forecasting and Planning, Oberto Sausage Company

RESULTS

After initially employing a more complex and widely-deployed forecasting process and system, Oberto has opted for a more focused and streamlined approach using Forecast Pro as its backbone. Notes Kapinos, "There's a sweet spot really. What you don't want to do is have a sales team rolling up an SKU-level forecast for every SKU-by-week. We use our sales team to provide intelligence only when history doesn't tell us what's happening—and this approach has worked well."

Kapinos points out key benefits: "We've been able to sustain years of double-digit growth while inventory value has remained constant. We've also been able to strategically identify potential gaps in our plans where we may have shortfalls with important customers and move proactively to fill those gaps."

> *"Having a place to retain overrides and maintain notes systematically—just good administrative practices with forecasting—is very, very useful. Even as simple as it is in Forecast Pro, it is powerful functionality. We're able to quickly review our forecast overrides and understand why they were made."*
>
> — Eric Kapinos, Director of Forecasting and Planning, Oberto Sausage Company