

CPFR Roadmap

You will probably do several collaborative planning, forecasting, and replenishment (CPFR) pilots with different objectives—early implementations emphasizing organization, later ones exploring collaboration. Companies may want to jump into CPFR pilots by following only parts of the map, depending on their starting point. The learning curve is steep, and change is an effort—but knowledge gained is significant. Piloting adapts to a company’s scale, and the *VICS CPFR Roadmap* takes you there.

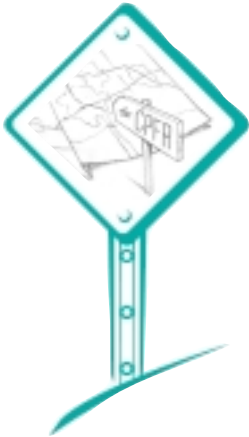
Introduction

You’ve read the *VICS CPFR Guidelines*. You have circulated it among colleagues and executives. You’ve attended conferences and have identified potential partners—and skeptics. So what steps do you take to implement CPFR and demonstrate how it can increase sales and reduce costs?

Many organizations would like to implement collaborative planning, forecasting, and replenishment (CPFR). Piloting can help organizations understand the benefits of CPFR, document changes required for the further expansion, and develop strategies for overcoming obstacles. This section is designed to help companies answer the question, “How do I get started?”

The *VICS CPFR Guidelines* identified the processes that comprise CPFR, from the creation of a Front-End Agreement through Business Planning, Forecasting, and Replenishment. This *VICS CPFR Roadmap* is not meant to replace that work. Instead, it supplements it with basic steps that help you get started with CPFR, test it with a trading partner, and develop rollout plans.

This *VICS CPFR Roadmap* is a path from awareness of CPFR opportunities to making implementation plans. Based on the CPFR process model in the *VICS CPFR Guidelines*, it aligns you and your trading partner to common objectives, and guides you together through forecast exchange, exception management, and the review of performance results. Both partners gain



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a clear understanding of the potential for rolling out CPFR practices throughout their organizations.

The *VICS CPFR Roadmap* is divided into five steps:

- ***Step 1: Evaluate Your Current State***
- ***Step 2: Define Scope and Objectives***
- ***Step 3: Prepare for Collaboration***
- ***Step 4: Execute***
- ***Step 5: Assess Results and Identify Improvements***

The *VICS CPFR Roadmap* provides ready-to-use templates that can be customized for different partnerships. The *Roadmap* also provides a checklist for each step to ensure all critical items have been completed.

Step 1 Evaluate Your Current State

CPFR begins long before piloting, with an assessment of your company's needs, values, culture, strategies, trading partner relationships, and track record in implementing best practices. This step looks for areas where change is needed to implement CPFR successfully. Only after this step is done will your company be prepared to articulate a meaningful vision for CPFR. In addition, the senior leadership of your company must not only understand the concept of CPFR, but also openly offer their support.

Put CPFR into your company's terms in order to gain commitment

CPFR can provide both demand and supply benefits. Mapping these potential benefits to your company's priorities will assist in cross-functional buy-in.

CPFR Benefits: Demand

Enhanced Relationship

Implicitly, CPFR strengthens an existing relationship and substantially accelerates the growth of a new one. Buyer and seller work hand-in-hand from inception through fruition on business plan, base, and promotional forecasts. Continual CPFR meetings strengthen this relationship.

Greater Sales

The close collaboration needed for CPFR implementation drives the planning for an improved business plan between buyer and seller. The strategic business advantage directly translates to increased category sales.

Category Management

Before beginning CPFR, both parties inspect shelf positioning and exposure for targeted SKUs to ensure adequate days of supply, and proper exposure to the consumer. This scrutiny will result in improved shelf positioning and facings through sound category management.

Improved Product Offering

Before CPFR implementation, the buyer and seller collaborate on a mutual product scheme that includes SKU evaluation and additional product opportunities.

CPFR Benefits: Supply

Improved Order Forecast Accuracy

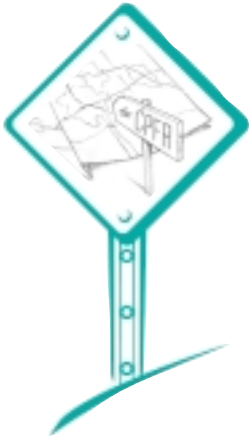
CPFR enables a time-phased order forecast that provides additional information, greater lead time for production planning, and improved forecast accuracy vs. either stand-alone VMI/CRP or other industry tools.

Inventory Reductions

CPFR helps reduce forecast uncertainty and process inefficiencies. How much inventory does your company hold to “cover up” for forecasting errors or a trading partner’s inability to have the product available in a timely manner? With CPFR, product can be produced to actual order instead of storing inventory based on forecast.

Improved Technology ROI

Through the CPFR process, technology investments for internal integration can be enabled with higher quality forecast information. Your company will benefit by driving internal processes with common, high-quality data.



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Improved Overall ROI

As other processes improve, the return on investment from CPFR can be substantial.

Increased Customer Satisfaction

With fewer out-of-stocks resulting from better planning information, higher store service levels will prevail, offering greater consumer satisfaction.

Where does your company stand today?

Consider these questions to learn if your company is ready for CPFR:

Does your company have a culture that values cooperation and communication between its departments and with its trading partners?

For a CPFR partnership to succeed, there must be a commitment to work with and share information between functional areas and between trading partners. Many companies recognize room for improvement here, but both recognizing it and committing to make progress is an overwhelming indicator of the future success of both CPFR and other business partnerships. **Information sharing brings strength that technology alone cannot provide.**

Has your company implemented other industry best practices?

Companies that have adopted industry best practices, such as standard product identification (UPC or EAN-13), Electronic Data Interchange (EDI), and the basic principles of Quick Response or Efficient Consumer Response already understand both their implications and benefits. Companies that have designed a VMI or CRP group have also gained valuable learning applicable to CPFR.

Is using information technology to solve business challenges a company priority?

CPFR has been piloted with relatively little technology assistance. However, once a pilot proves a business case, implementing CPFR on a broader scale may become more effective when technology is applied. CPFR sponsorship by senior management becomes particularly important at this point, as CPFR may be viewed as competition for IT resources. Given proven results, however, it will become evident that CPFR complements IT priorities.

The Internet offers an opportunity to improve both internal and external business communications. Whether using the Internet simply as a vehicle to expedite shared information or to use software, CPFR is a prime example of how Internet technology can be used to enhance business-to-business relationships.

Develop Your Company's CPFR Vision

Before implementation, your company needs a CPFR vision statement. CPFR is a business process that gives continuity to the strategies and tactics of category management, integrating your company goals throughout the supply chain.

A well thought out vision answers these questions:

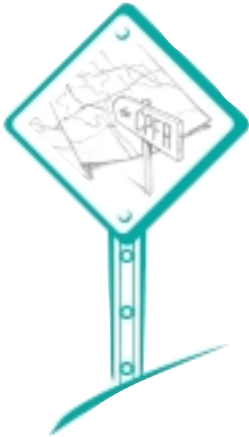
- *What are your company's objectives for CPFR?*
- *What areas of the organization will be impacted, and how?*
- *How will success be measured?*
- *What will be the scope of the project?*
- *Which product lines will be included?*
- *How many stores and DC's will be included?*
- *How many trading partners will you bring on board in order to have a significant impact?*
- *What is the level of technical sophistication of your company and your trading partners?*
- *What is the long-term market position of your trading partners?*
- *What corporate stance will you develop for press releases?*
- *How will you document the vision?*

Are Your Trading Partners Ready for CPFR?

Consider these factors when reviewing potential partners for a CPFR relationship:

Can your trading partner relationships be characterized as open and trusting?

A trusting and open relationship enhances the benefits of CPFR through the sharing of sensitive information.



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Do you and your trading partner have complementary strengths and weaknesses?

Think of what each partner can bring to the CPFR initiative. For example, one may be strong technologically, providing the majority of the technology infrastructure. The other may be strong in market and consumer knowledge, and through the CPFR relationship be able to provide this strength. Be cautious not to assume that your largest trading partner is the most likely candidate.

Does your trading partner have the appropriate commitment and resources required to make CPFR successful?

Without a strong commitment to CPFR, its potential will not be realized.

Does your trading partner have experience with CPFR with another partner?

Build on learning. Even though development time may be greatly reduced by leveraging the learning already gained through your partner's previous efforts, the template for each new partnership will probably be different.

Can your trading partner quantify the potential internal and external benefits?

CPFR requires a paradigm shift from an adversarial stance to a win-win relationship, as well as the working together by departments that may have never communicated directly or effectively in the past.

Develop a Business Case to take to your Partners

The Capability Assessment, in *Appendix A*, helps answer these questions, and helps the partners recognize their current state and where they need to change to implement a CPFR partnership successfully.

Pilot experience has already been brought to bear:

- The most productive deployment method was to have the seller team members reach consensus on the scores separately from the buyer team members.
- Once each company reached its consensus on the individual scores, the two companies reviewed each CPFR assessment element together to agree on the

score. Primary differences were documented along with the rationale for the score in each area. The additional scoring rationale provided critical input to improve the process for each element.

- When averaged and viewed in the overall context of the scoring grid, the raw scores identified the relative strength of each of the four CPFR process areas.
- The overall information enabled the partners to set priorities for which CPFR processes to improve.
- At the detailed level, the individual scores and comments provided the information to identify specific actions needed to improve the score on the particular element.

This assessment process is a method to identify areas that need immediate attention or that could be sequenced later in CPFR process improvement.

The key to this assessment process is understanding two critical aspects of CPFR:

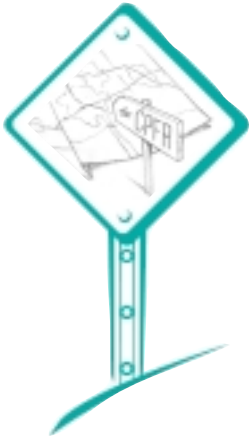
1. All four process areas identified in the assessment must be maximized to fully realize the benefits of CPFR.
2. Partnering companies have the flexibility to decide the priority in which key CPFR processes will be worked on and improved.

Step 2 Define Scope and Objectives

After you create a CPFR Vision, you are ready to begin piloting. Step 2 requires:

1. *Gaining commitment from your trading partner.*
2. *Assigning team members and establishing their roles.*
3. *Selecting products and locations that will be included in the process.*
4. *Deciding which part(s) of the nine-step CPFR process to test.*
5. *Establishing key performance metrics to measure the initiative's success.*

This is truly the implementation of the CPFR Front-End Agreement as designed in the *VICS CPFR Guidelines*.



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Preparations

The project begins by engaging at least one agreeable trading partner. To keep the pilot manageable, no more than five trading partners should be involved.

Template Team Members, Roles, and Responsibilities

- Each trading partner identifies a management-level sponsor. The sponsors select team members, ensure commitment to the project, and review results.
- The management sponsors for each company identify a team of three or more individuals who can participate in the initiative at least 10 hours each week. One team member from each side is assigned to each of these three areas:

Team Members, Roles and Responsibilities

Role	Responsibilities	Typical Position Buyer	Typical Position Seller
Sales Collaboration	The sales collaboration team is responsible for establishing sales forecasts, promotion plans, collecting and reporting sales results. The team is also responsible for recommending and implementing changes to the replenishment system.	Category , Manager Buyer, Replenishment Analyst	Sales Representative (Account Relationship Owner)
Replenishment	The replenishment team determines the order forecast, and collects actual order and inventory information.	Inventory Analyst (Re-) Buyer	Customer Service Manager, Forecast Analyst, Order Management Analyst
Collaboration Technology	The collaboration technology team sets up the collaboration environment, monitors technology effectiveness, and evaluates technical rollout requirements.	IT Coordinator, Project Manager, Systems Manager	IT Coordinator, Project Manager, Systems Manager

Table 1

- The management sponsors may also include an external project facilitator (systems integrator, software vendor, or network services provider) whose prior experience can help guide the project team.
- The management sponsors select a team captain for daily management of the project.

Project Kickoff

Once the project sponsors identify team members and roles, the project is formally initiated with a kickoff meeting.

Template Kickoff Meeting

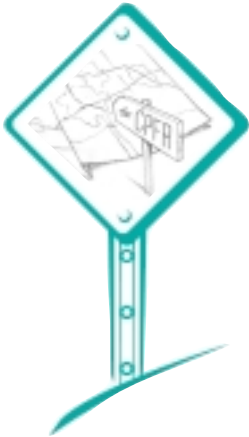
All team members, including sponsors and affected department liaisons attend a one-day kickoff meeting.

Agenda

- 1. Introduce the team.**
- 2. Create the pilot project overview, including performance metrics.**
- 3. Begin joint scope-setting (see template).**
- 4. Begin joint objective-setting (see template).**
- 5. Set future meeting dates, times, and locations.**

A CPFR pilot project is designed to give trading partners a sense of the real impact of CPFR on their organizations by participating in a rapid test. Though it is limited in scope, a pilot project includes the complete cycle of CPFR planning, collaboration, and review. It should also investigate information technology that can automate the process, in preparation for wide-scale future collaboration.

Give all team members the *VICS CPFR Guidelines* and the *VICS CPFR Roadmap*. If a software package is used, distribute the user documentation. IT team members should also receive software package administration and integration documentation. (Detailed training sessions on CPFR practices and associated software are held in the second phase of the project.)



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During the scope- and objective-setting sections of the meeting, discuss adjustments to the basic pilot implementation approach that the team would like to consider, and document them carefully.

Schedule a one-day CPFR/collaboration technology training session for all team members (except sponsors) within two weeks of the kickoff meeting.

All team members attend recap meetings at the conclusion of project steps 2, 3, and 4. These meetings should be in-person, though they may also be conducted as conference calls.

Finalizing Scope and Objectives

If additional work is required after the kickoff meeting to finalize scope and objectives, the sales and replenishment collaboration members work informally within their organizations to come to a conclusion. Templates offer guidelines for a pilot project.

Template Project Scope-Setting

- Limit the initial phase pilot by using only one product category (between 10 to 50 SKUs) and possibly by limiting the number of distribution centers involved. If store-level forecasting is used, the project should involve fewer than 50 stores.
- Determine which CPFR processes will be piloted. Starting with the Front-End Agreement, decide how far into the nine-step process to proceed. For example, some companies test CPFR through the Sales Forecasting Collaboration before proceeding on to Order Forecasting Collaboration.
- Determine which trading partner will take responsibility for the creation of the sales forecast, the order forecast, and generation of the actual order. Since this is probably already established in your relationship, discuss the reasons as they relate to the strengths, systems, and resources of each company. Before making this decision, discover which trading partner has the best data and technology or software that could be used to increase

forecast quality. This is critical, since a high-quality forecast on the front end greatly reduces the amount future exception communication.

- Identify a process for determining both sales and in-stock inventory positions for each SKUs/location(s) that will be included in the project. (This information can be collected and entered from other systems, or manually, if necessary.) Capture baseline data in order to determine if you have met your objectives.
- Identify where the best forecast data resides and how it can be used for the project. Use SKUs where historical data is available.

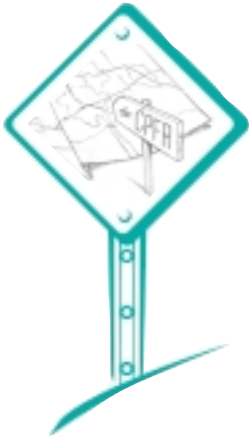
Template **Objective-Setting**

Set performance metrics. The project should focus on increasing forecast and planning accuracy, reducing both safety stock requirements and out-of-stock conditions. The team sets targets for these measures relative to performance in the same period a year earlier (or some other comparable period).

Here is a sample set of objectives:

- *15% increase in forecast accuracy (from 60% to 75%)*
- *10% reduction in supply chain inventory (from 2000 cases to 1800 cases)*
- *3-5% increase in retail in-stock position (from 90% in-stock to 94%)*

When setting objectives, consider how the data will be collected. One common example is total supply chain inventory. Often, manufacturers do not tally inventory by customer, so assessing total supply chain inventory may be difficult. Don't be discouraged. Work with what you have. In this example, a manufacturer may be able to provide good estimates on inventory by analyzing how its total inventory for each item is affected.



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Step 2 **Closure Checklist**

Before beginning Step 3, the team captain verifies the status and reports it to the project sponsors:

- ✓ All team members have been assigned, and time has been allocated for team member participation throughout the project.
- ✓ Products and locations for collaboration have been identified, and associated personnel have been notified.
- ✓ Metrics such as forecast accuracy, inventory reduction, and out-of-stock targets have been established.
- ✓ Sources of forecast data have been identified.
- ✓ CPFR training session and future project team meetings have been scheduled.

Step 3 Prepare for Collaboration

In Step 3, the project team studies the details of the CPFR business process, and identifies the technology and additional resources required to support it. Sales and replenishment team members develop ground rules for managing exceptions and changes. Collaboration technology team members install and configure the information systems (purchased, developed, or simple spreadsheets and e-mails) used to support collaboration between partner pilot teams. At the end of this step, collaboration is ready to begin.

Process and Technology

Step 3 starts with a training session for the team, so team members can begin working with CPFR processes and technology.

Template **Collaboration Training Session**

All team members except sponsors participate in day-long collaboration training.

- The first session reviews the CPFR process model and Front-End Agreement, concluding with a case study.

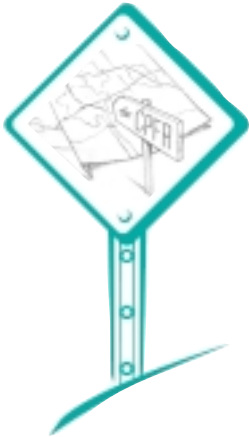
- The second session trains team members how to use the selected technology to review exceptions, revise forecasts, and monitor scorecard measures.
- Training concludes with an on-line simulation of a trading scenario, using the selected technology to interact.
- Collaboration Technology Team members take an additional day of training on technology administration and integration.

Configuration

Once the sales and replenishment collaboration team members are trained, they begin to prepare their forecasts and exception thresholds. Meanwhile, collaboration technology team members set up collaboration technology and integration interfaces.

Template Sales Forecasting Preparation

- The sales collaboration team creates an initial sales forecast for weeks 9-14 of the project. The number of weeks in the forecast can be extended to align with the next fiscal period.
- Create a sales forecast at the SKU level in normal buckets (such as weekly), aggregated to the buyer distribution center level or other appropriate customer ship point (for example, by store, if Direct Store Delivery is being used).
- Specify promotional forecasts (promotions with effective dates, projected prices and volume impacts) independently of the base demand forecast values. Seasonal uplift may be combined with base demand for simplicity. The accuracy of promotional forecast can be greatly enhanced through the use of high-quality lift tables that incorporate historical demand data and related causal information.
- Set exception thresholds...for example thresholds could be at 5% change in base demand, 15% change in promotional demand.
- Share the sales forecast among trading partners. Exceptions are triggered based upon changes to this forecast, regardless of who makes them.



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Template **Order Forecasting Preparation**

- Give replenishment team members early access to promotional plans to develop the order forecast.
- Set the order forecast to the level of detail that you are going to replenish (such as SKU level, weekly, by customer distribution center).
- Either the seller or buyer creates an initial order forecast covering the weeks of sales planned in the sales forecast and incorporating the seller's order requirements (such as minimum order quantities). For example, if the purchase-order-to-store replenishment cycle time is one week, and the sales forecast is for weeks 9-14 of the project, then the order forecast should be for weeks 8-13. Additional weeks can be added to support inventory builds and other logistics to support the sales plan.
- Set exception thresholds. For example thresholds could be at 5% change in base demand, 15% change in promotional demand.
- Share the order forecast among trading partners. Exceptions are triggered based upon changes to this forecast, regardless of who makes them.

Template **Collaboration Technology Configuration**

Each company sets aside server systems for the project or can subscribe to a CPFR service provider.

- IT staff or software vendor personnel install collaboration software on-site, or activate the service provider.
- Each company provides extracts of product and location data to be used in the project. These products and locations remain fixed through the project life cycle, to simplify master data maintenance and integration interfaces for the pilot.
- IT personnel (or business partners) load the product and location data into the collaboration software.
- Each company provides a format for forecast data to be loaded. IT, consulting, or software vendor personnel develop scripts to load and update this data.

To complete Step 3, team members should meet to review their readiness for on-line collaboration. By the meeting date, the team should have agreed upon an initial forecast for the collaboration period, and the collaboration software should be up and running with the required products, locations, and initial forecast values entered.

Template Pre-Pilot Meeting

All project team members, including sponsors, participate in a pre-pilot meeting.

Agenda

- 1. Review initial sales forecasts, including planned promotions.*
- 2. Review initial order forecasts.*
- 3. Discuss logistics issues (such as carrier arrangements) that could affect the plans.*
- 4. Review the status of collaboration technology; demonstrate technology with project products and locations configured.*

Step 3 Closure Checklist

Before beginning Step 4, the team captain verifies the status and reports it to the project sponsors:

- ✓ All team members have been trained.
- ✓ Initial sales and order forecasts for all product/location combinations have been agreed upon.

Collaboration technology is ready to begin.

Step 4 Execute: Performing the Pilot

In Step 4, the sales and replenishment collaboration teams begin to exchange forecasts with each other, modifying them to respond to changing conditions. The collaboration technology team gains experience managing the environment, and prepares for rollout to a large number of locations and projects after the pilot is complete.



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The Collaboration Process

Sales and order forecast collaboration follow specific ground rules to secure benefits.

Template Forecast Collaboration

- Determine the rules for changing forecasts.
- The partners exchange new or revised forecasts at least weekly.
- The buyer enters the latest sales results for each product weekly.
- A partner who disagrees with a proposed forecasted value counter-proposes a change, along with comments. Counter-proposals are made within five business days. If a partner does not receive a counter-proposal within that time, the proposal is accepted.
- The order forecast owner is the final arbiter of forecast values. After rounds of three changes, only the order forecast owner can change a forecast.

Technology Rollout Planning

Consideration of technology rollout begins now, although details of the rollout steps themselves are part of Step 5.

The collaboration technology team uses the pilot experience to understand the IT requirements for a larger-scale rollout of forecast collaboration practices, including electronic commerce, security, and application integration issues, as well as staffing, training, backup/recovery, and support procedures. A clear technology rollout plan produced during this phase of the project can greatly accelerate future results.

Template Collaboration Technology Rollout Planning

Each organization develops its own plans for technology rollout.

- Assess prospective trading partners' electronic commerce capabilities.
How many will use EDI? How many will have their own CPFR server?
How many will be client users only?

- Determine which other application data feeds will be required to maintain up-to-date product, location, and partner master data. Evaluate the level of effort required to integrate these sources with the collaboration software.
- Determine which applications require or provide forecast information for the range of products and locations to be covered in a general rollout. Evaluate the level of effort required to integrate these sources to the collaboration software for import/export.
- Configure the corporate firewall and web servers to allow secure access by CPFR trading partners.
- Identify the number of core users (planners), occasional users (management, warehouse personnel, sales people), support personnel, and administrators.
- Estimate training requirements for the proposed user base.
- Develop a technology rollout timeline, including procurement, installation, integration, training, and mobilization of support resources.

Collaboration Review

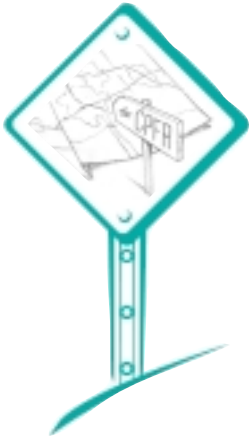
After about four weeks of collaboration, the project team meets to discuss progress, problems, and changes. The team then takes an additional two weeks of collaboration to determine whether adjustments have an impact.

Template Collaboration Review Meeting

All project team members, including sponsors, participate in the collaboration review.

Agenda

- 1. Discuss major exceptions encountered in the first four weeks of collaboration.***
- 2. Evaluate the effectiveness of response to changes.***
- 3. Propose process enhancements.***
- 4. Adjust objectives and collaboration ground rules.***



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Step 4 **Closure Checklist**

- ✓ The project team has participated in at least six weeks of on-line sales and order forecast collaboration.
- ✓ The initial results and participant comments have been summarized and reviewed by both trading partners.
- ✓ The project team has identified future technology and software modifications that will enhance the process.
- ✓ The project team has held a collaboration review meeting, applying ideas from the first four weeks to improving the process in the final two weeks.
- ✓ Results have been reviewed with the Project Sponsor.

Step 5 Assess Performance and Identify Next Steps

In Step 5, the team and its management review its progress, report results to their respective organizations, and make preparations for broader CPFR rollout.

Partnership Review

Every six to 12 weeks of collaboration, the business team reviews actual results against the target metrics. The team also considers the business process impact of their partnership.

Template Collaboration Scorecard

Evaluate the actual results against metrics that were agreed upon in the Joint Planning Meeting and against data available from previous periods.

- Compare weekly SKU/store level sales forecast accuracy with the year-ago period, and note changes.
- Compare weekly SKU/DC-level order forecast accuracy with results for the year-ago period, and note changes.

- Compare total in-stock inventory at distribution centers and stores per product with that for the year-ago period. Adjust for changes in the number of products and stores, and note whether the balance of inventory has shifted up or down the supply chain.
- Compare the number of store-level out-of-stock events with those for the year-ago period. Calculate relative to the in-stock percentage per SKU.
- Identify the number of exceptions and their root cause.
- Add any other measures that seem significant after the collaboration period. Has there been significant sales growth in the category? Were there special external conditions (weather, new competitors, product changeovers, promotional merchandise, store openings/closings, staff changes) that affected results? How can these factors be accounted for in the future?

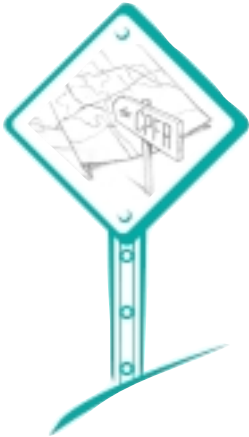
For a sample copy of the pilot team scorecard, see *Appendix F*.

Template **Business Process Review**

- Review cases in which a business process or forecast changed dramatically. What caused the change? Did the CPFR process reduce problems associated with the change? Were there specific benefits over past ways of doing business?
- Based upon the pattern of changes that occurred, what future opportunities are revealed?
- Can purchase orders be eliminated, and collaborative forecasts be used to trigger replenishment (actual orders) instead?
- Were any organizational problems identified?

Template **Collaboration Technology Review**

- Assess the contribution of CPFR technology to achieving project objectives.
- Highlight new opportunities the technology has uncovered, as well as any issues or concerns.
- Present the collaboration technology rollout plan to other team members. Incorporate their feedback.



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Determining Next Steps

Before making a final report, team sponsors discuss what next steps they will recommend to their respective organizations about continued collaboration. Future initiatives between the implementation partners are determined jointly.

Team members from each organization also consider the next steps to take relative to their own trading partner networks after the initial phase reviews are completed. What additional partners should be included? Which product lines should be added? Training requirements, organizational changes, project costs, and rollout time frames should all be estimated.

After a successful pilot, there are a number of ways to expand CPFR, and numerous areas you would want to test and learn about:

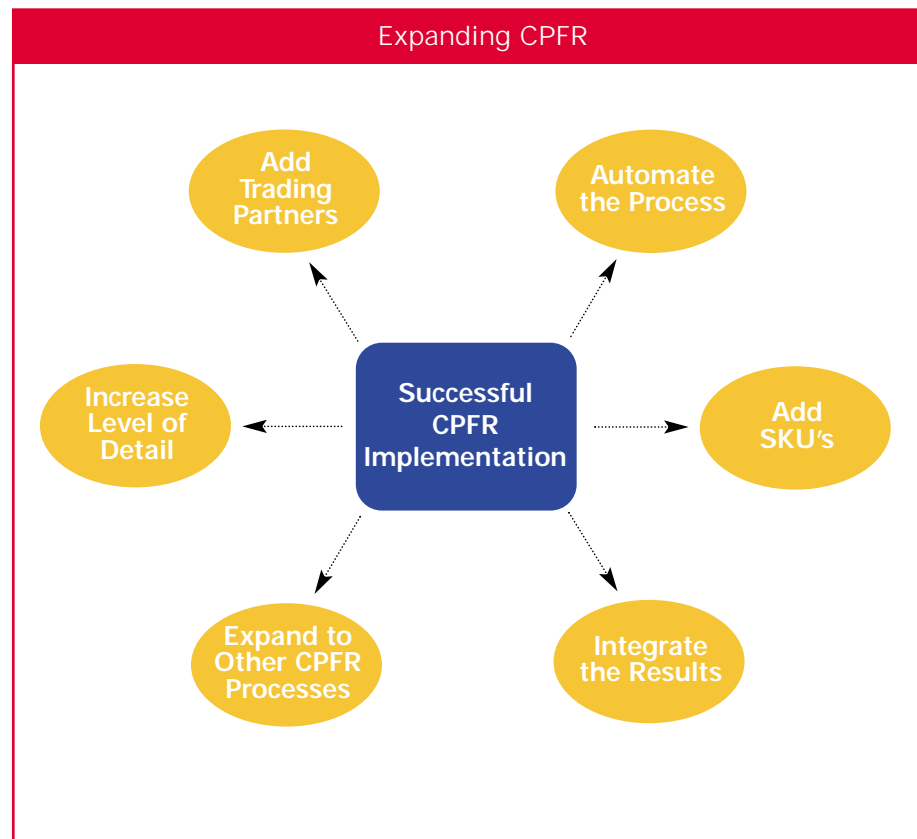


Figure 1

1. Expand to other CPFR processes

If the CPFR implementation focused on joint business planning and sales forecasting, expand to order forecasting collaboration

2. Add SKUs

If the CPFR implementations initially focused on a limited set of items, increase the gains by expanding to other product categories

3. Increase the level of detail

If the implementation focused on warehouse-level information, better results can be achieved by moving to store-level information.

4. Automate the process

Although few of the companies that have initiated CPFR have had to add human resources to complete their implementation, automating the collaboration process will produce increased gains. The vision of CPFR is one of managing forecasts by exception, which can best be achieved through an automated process—especially when the number of products and trading partners increases.

5. Add trading partners

The benefits gained from collaborating with one or a small number of trading partners can be extended to more trading partners, depending on the relationship with, culture, and capabilities of each partner. Even before a “critical mass” is achieved, there are benefits to each relationship.

6. Integrate the results

The benefits of CPFR are fully realized only when the outputs of the collaborative processes are integrated with the internal processes at both companies. For a seller or supplier, this means using the collaborative forecast in the production planning, capacity planning, and materials requirements planning processes, as well as financial planning processes. For the buyer or retailer, this means integrating the collaborative forecast into buying, merchandising, replenishment, and financial planning processes.



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Reporting Results

The project team should publish a joint project report that allows others in each partner organization to understand the impact and potential for collaboration. The initial CPFR experience contributes greatly to a successful general rollout.

Template Project Report

A project report has six major sections:

- 1. *Executive Summary***
- 2. *Project Scope, Objectives, and Resources***
- 3. *Business Process Results***
- 4. *Collaboration Technology Results***
- 5. *Next Steps***
- 6. *Organization-Specific Plans***

- *Executive Summary* provides a high-level overview of the project.
- *Project scope, Objectives, and Resources* discusses the original conditions and changes that were made as a result of the initial CPFR experience.
- *Business Process Results* reports results against key metrics.
- *Collaboration Technology Results* describes how information technology supported the project's objectives.
- *Next Steps* suggests future collaborations between the partners, including the business and technology rollout plans.
- *Organization-Specific Plans* are private to each organization's version of the report. They can include proposals to expand collaboration to other trading partners, projected costs, organizational impact, and preliminary project plans.

The team captain creates a summary presentation to supplement the project report.

Project Completion Checklist

- ✓ The project team held a collaboration review meeting.
- ✓ The project sponsors agreed upon next steps, and developed organization-specific deployment plans for additional collaboration initiatives.
- ✓ The project report for the current review was written and distributed to others within the organization.
- ✓ Senior Management has been informed of the results and has contributed to the recommendations for expansion.



3.0 Roadmap to CPFR