

Forecast calls for sales

Wal-Mart suppliers have access to a data warehouse rich with sales and supply chain information and when integrated with various sources of consumer insights the result is a powerful decision-making combination.

In addition, as suppliers look to take category management to a new level it is becoming increasingly important to integrate long range weather forecasts into the mix which is why Weather Trends International established a presence in Northwest Arkansas. The company recently named Bruce Firth as vp of technology integration and business development to aid suppliers in understanding and unlocking the potential benefits that can come from integrating long range forecasts into decision regarding demand forecasting, merchandise allocation, replenishment and price optimization.

“One of my key roles will be to help the supplier community work more closely with Wal-Mart to better understand the influence of weather on their business,” Firth said. “What I want to do is help our clients maximize their return on investment in our tools.”

If Firth’s name sounds familiar it is because he spent 17 years with Wal-Mart before he retired earlier this year. Firth began his career as a business analyst and held various positions in the information systems division and at the time of his retirement he served as sr. manager responsible for Wal-Mart’s predictive, planning and budgeting systems. In that capacity, Firth was focused on advanced analytics of the Wal-Mart data warehouse and was directly responsible for identifying what inventory would be allocated in response to hurricanes, fires, ice storms and other weather events. The group he worked with was also responsible for monitoring Retail Link data to understand the influences of weather on day-to-day operations.

The transition from Wal-Mart to Weather Trends has been an interesting one for Firth because he, like many people, was initially skeptical of the concept of long range weather forecasts. That’s a fairly common reaction because most people are familiar with the difficulties their local meteorologist has forecasting the next day’s weather with any degree of accuracy. However, long range forecasts are not intended to predict

specific weather at set dates for different cities. Instead, a long range forecast is really more of a forecast of how weather during the coming 12 months will deviate from the prior 12 months. Knowing whether it will be hotter or colder, wetter or drier in the future than it was in the past can be incredibly valuable since supplier tend to build plans and budgets off prior year results that were affected by weather patterns.

“We’ve collected all this great transaction data and we are able to compare it against the weather conditions that were taking place at that time and draw correlations between item sales and weather,” Firth said. “We understand those items that are most strongly correlated to weather so it enables a supplier to take forecast information and compare it against a sales history to improve the planning process.”

Firth wants to help Wal-Mart merchants and those in the supplier community become more effective at planning by integrating weather data into their merchandise planning systems. For example, when a supplier looks at their reports on a Monday morning it would include weather data to show what the weather condition was at the time the sales were produced.

“The report would show what the weather conditions were at the time those sales were generated and offer insight into future conditions and insight into what we could potentially see going forward,” Firth said. “I am working with our development team to help them understand what the clients will need.”

Another priority is assembling an implementation guide that retailers and suppliers can use to help understand how to leverage long range weather data.

“The data that we can provide adds value on so many different levels,” Firth said. ■



Bruce Firth, vp of technology integration and business development at Weather Trends International.

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to resolve discrepancies. It requires paying attention to forecast variance, sales trends and event planning. It involves collaboration with Wal-Mart buyers, replenishment managers, transportation analysts and supply chain personnel. And, it requires the ability to not only identify patterns in numbers, but take required actions against those patterns. When issues and opportunities arise, solutions are rarely instantaneous. Retrieving data is easy, but analysis is tricky. Trial and error often play a role in remedying situations.

Fortunately, replenishment analysts have access to a host of training resources through Retail Link, and Wal-Mart offers a variety of classes at its training center. The most recent is the one-day exception management course, which gives attendees an in-depth look at resolving several different issues at item level. Retail Link user group meetings are another excellent way to obtain tips and tricks to maximize usage of this complex system. The annual Replenishment User Group conference, being held in Orlando, Fla., in 2008, provides training, updates and networking opportunities. Another resource is the Supply Chain Certification program developed especially for Wal-Mart by Accenture. Many analysts have taken this correspondence course during the past two years, and cite its virtues as having helped increase their understanding of all things supply chain.

Replenishment professionals must invest the time and energy to continue learning and employers need to be supportive of those individuals striving to maintain expertise in an ever-changing field. Investing in the development of a replenishment analyst lends exceptional return on investment as smarter employees means smarter business decisions, quicker and more innovative solutions and, ultimately, better business results. ■

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