

How are demand management and production planning

Business



Modern managers face two pressing and intractable problems. On the one hand life is becoming increasingly difficult: they face increasingly dynamic, complex and unpredictable environments where technology, the nature of competition, industry boundaries and the rules of the game are changing dramatically.

On the other hand they are faced by an avalanche of advice and prescription about how to develop competitive strategies, how to change, and improve efficiency.

Firms have choices to make if they are to survive. Those which are strategic include: the selection of goals, the choice of products and services to offer; the design and configuration of policies determining how the firm positions itself to compete in product-markets (e. G. Competitive strategy); the choice of a suitable level of scope and diversity; and the design of organization structure, administrative systems and policies used to define and co-ordinate work. What was true more than two thousand years ago is just as true today.

We live in a world where “ business as usual” IS change. Project-based working, innovative initiatives, technology Improvements, staying ahead of the competition – these things come together to drive ongoing changes to the way we work. Identifying the need for organization-wide change and leading organizations through that change Is widely recognized as one of the most critical and challenging responsibilities of organizational leadership. Some critics suggest that most of organization change efforts (TTS, reengineering, organization learning) are just fads.

However, organization change efforts, such as TTS are needed for organizations to survive today's unpredictable environment. Total Quality Management (TQM) is more than a fad or buzzword.

It is even more than a method for controlling and motivating employees. TQM defies conventional management techniques and the theories that underlie them. Therefore it cannot simply be grafted onto traditional management structures and systems. If its benefits are to be fully realized, then companies need to prepare themselves for organization wide change; including top management's relinquishing of power.

Additionally, TQM practices cannot be combined with strategic initiatives, such as corporate restructuring, that are based on conventional management theories. The failure of one or both is inevitable.

The demand management process is concerned with balancing the customers' requirements with the capabilities of the supply chain. " (Kelly L. Croûton, 2002) A successful logistical supply chain has to try to finding a middle ground between inventory supplies and expectations of customer requirements.

One way to accomplish this is through demand management. This type of management " focuses on creating forecast consistency across multiple products and warehouse facilities.

" (Bowers, Close, Cooper, & Boxy, 2009, p. 135) " Supply chains use the concepts of demand sensing, shaping, translation, and orchestration. "

(Secure, 2 This allows for logistics managers to discern what the customer

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wants before they do, by integrating historic data and forecasting with other information that could influence future market events.

This is as opposed to the business model of purely waiting for orders with a multi-week turn-around time, because the vendor is waiting for the supplies necessary to fill the order. This is an important necessity in a business model because it allows for flexibility in the management of the supply chain.

Managers are able to reduce variability and costs, but still react easier to any customer driven variability.

“ The demand management activities in any global supply chain consist of three activities: demand management, demand planning, and sales forecasting management” (Mentor and Moon Bibb).

These three activities are the foot prints which make up demand management. “ Demand management is the creation across the supply chain and its markets of a coordinated flow of demand” (Mentor and Moon Bibb). Demand management biggest role is to decrease demand. “

Demand planning is the coordination flow of derived and dependent demand through companies in the supply chain (Mentor and Moon Bibb). In other words, demand planning is a process that business uses to develop a demand forecast as a effort to control production, inventory, and revenue.