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**A Study to Examine the Importance of Forecast Accuracy
to Supply Chain Performance, the Contributing Factors
and the Improvement Enablers in Practice**

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degree of Master of Logistics and Supply Chain Management

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ABSTRACT

Forecast accuracy plays a critical role in supply chain performance. Various researches have studied this topic from different angles, inspired by these studies, objectives are set up to investigate the recognition of the importance of forecast accuracy in supply chain performance in practice, identify the contributing factors and improvement enablers recognised in practice. This research attempts to comprehensively examine the findings and conclusions that are drawn from literatures in the real supply chain environment, at the same time aims to discover good practices as well as issues from the supply chain practice for future studies, and provides recommendations to the practitioners based on findings and conclusions from both literature review and this research.

An exploratory research approach utilizing a combined quantitative and qualitative method has been taken. The research starts with an on-line questionnaire, then complemented by follow up telephone interviews subject to the candidates' willingness to participate. Information collected through the survey and interviews are analysed using different Excel tools and methods, conclusions and recommendations are then drawn based on the findings and discussions.

It has been concluded that the importance of forecast accuracy for supply chain performance has been well recognized in practice. The contributing factors and improvement enablers identified from the literature review have been commonly acknowledged by the practitioners, however, the level of understanding on these subjects varied among these businesses, and different opinions and approaches have also been discovered. In some cases, actions taken to seek improvement are well lagging behind. Furthermore, new views, fresh ideas, good practices, issues and constraints are also revealed through this research. Recommendation based on both literature review and the research findings are then made to the practitioners. At the same time, suggestions are given for future studies.

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TABLE OF CONTENTS

| | |
|--|----|
| ABSTRACT | ii |
| ACKNOWLEDGEMENTS | iv |
| TABLE OF CONTENTS | vi |
| LIST OF FIGURES | ix |
| LIST OF TABLES | xi |
| Chapter 1 – Introduction | 1 |
| 1.1 Introduction | 1 |
| 1.2 Research Goals and Objectives | 1 |
| 1.3 Thesis Structure..... | 2 |
| Chapter 2 - Literature Review | 4 |
| 2.1 Introduction | 4 |
| 2.2 Overview of the Development of Supply Chain and Supply Chain Management..... | 4 |
| 2.2.1 Introduction..... | 4 |
| 2.2.2 Development of Technology | 5 |
| 2.2.3 Globalization | 5 |
| 2.2.4 Consumer Power | 6 |
| 2.2.5 Focus on Social Responsibility and Environmental Sustainability..... | 6 |
| 2.2.6 Summary | 7 |
| 2.3 The Importance of Forecast Accuracy in Supply Chain Performance and Its Impacts..... | 7 |
| 2.3.1 Introduction..... | 7 |
| 2.3.2 Forecast Accuracy’s Impacts on Production Decision, Pricing Decision and Inventory Level | 8 |
| 2.3.3 Impact on the Overall Supply Chain Performance | 10 |
| 2.3.4 Summary | 11 |
| 2.4 The Key Contributing Factors to Forecast Accuracy | 12 |
| 2.4.1 Introduction..... | 12 |
| 2.4.2 Sharing of Information | 12 |
| 2.4.3 Quality of Information..... | 15 |
| 2.4.4 Range of Information | 16 |
| 2.4.5 Forecasting Capability – Human Factor and Tools and Systems..... | 17 |
| 2.4.6 Forecasting Methods and Approaches..... | 19 |
| 2.4.7 Summary | 21 |
| 2.5 The Improvement Enablers for Forecast Accuracy | 21 |

| | | |
|--|---|-----------|
| 2.5.1 | Introduction..... | 21 |
| 2.5.2 | Cross Functional and Collaborative Programs | 21 |
| 2.5.3 | People Talent and Training..... | 27 |
| 2.5.4 | Supply Chain Design | 28 |
| 2.5.5 | Tools and Systems | 28 |
| 2.5.6 | Motivation for Sharing Information and Improving Forecast Accuracy | 30 |
| 2.5.7 | Monitor and Review Procedure and Mechanism | 32 |
| 2.5.8 | Summary | 32 |
| 2.6 | Summary of Literature Review..... | 33 |
| Chapter 3 - Research Methodology | | 34 |
| 3.1 | Introduction | 34 |
| 3.2 | Research Objectives | 34 |
| 3.3 | Research Method and Design | 35 |
| 3.3.1 | Quantitative Research vs. Qualitative Research | 35 |
| 3.3.2 | Evaluation and Decision on the Method and Design for this Particular Research | 40 |
| 3.4 | Data Collection Methods..... | 42 |
| 3.4.1 | Sampling..... | 42 |
| 3.4.2 | Questionnaire..... | 43 |
| 3.4.3 | Interview Questions | 45 |
| 3.5 | Data Collection Process..... | 45 |
| 3.6 | Data Analysis Methods..... | 46 |
| 3.6.1 | Quantitative Research Data Analysis | 47 |
| 3.6.2 | Qualitative Research Data Analysis..... | 50 |
| Chapter 4 - Survey Results and Discussion | | 52 |
| 4.1 | Introduction | 52 |
| 4.2 | General Information of the Participants and the Companies they Represent | 52 |
| 4.2.1 | The Participants..... | 52 |
| 4.2.2 | Companies Segmentation by Activities in the Supply Chain..... | 56 |
| 4.2.3 | Companies by Industry and Country | 57 |
| 4.2.4 | Company Size by Annual Turnover | 59 |
| 4.2.5 | Establishment and Status of Supply Chain Management | 59 |
| 4.2.6 | Focus on Supply Chain Forecast Accuracy | 61 |
| 4.3 | Importance of Forecast Accuracy and its Impact on Supply Chain Performance | 62 |
| 4.3.1 | The Impacts of Forecast Accuracy on Supply Chain Performance | 62 |
| 4.3.2 | Measurements for the Impacts..... | 69 |
| 4.3.3 | Application of Measurements..... | 73 |

| | | |
|--|---|------------|
| 4.4 | The Contributing Factors of Forecast Accuracy | 77 |
| 4.4.1 | Rankings of the Contributing Factors..... | 77 |
| 4.4.2 | Quality of Information..... | 78 |
| 4.4.3 | Information Sharing | 85 |
| 4.4.4 | Forecasting Methods and Approaches..... | 91 |
| 4.4.5 | Forecasting Capability – Human Factor and Tools and Systems..... | 93 |
| 4.4.6 | Range of Information | 101 |
| 4.4.7 | Other Factors Contributing to Forecast Accuracy..... | 104 |
| 4.5 | The Improvement Enablers of Forecast Accuracy | 106 |
| 4.5.1 | S&OP Process and the Improvement It Brings to Forecast Accuracy | 106 |
| 4.5.2 | Other Types of Collaboration Programs..... | 115 |
| 4.5.3 | Forecasters’ Training | 118 |
| 4.5.4 | Supply Chain Design and Redesign..... | 119 |
| 4.5.5 | Tools, Systems and Associated Investment | 122 |
| 4.5.6 | Motivation and Incentive Schemes..... | 126 |
| 4.5.7 | Monitor and Review Process..... | 128 |
| 4.6 | Other Findings from the Interviews | 130 |
| Chapter 5 – Conclusions and Recommendations | | 134 |
| 5.1 | Introduction | 134 |
| 5.2 | Conclusions | 134 |
| 5.2.1 | The Development of Supply Chain Management and the Important Role Forecast Accuracy Plays in Supply Chain Management..... | 134 |
| 5.2.2 | The Contributing Factors to Forecast Accuracy | 137 |
| 5.2.3 | The Improvement Enablers for Forecast Accuracy | 140 |
| 5.2.4 | Other Valuable Findings | 146 |
| 5.2.5 | Summary | 146 |
| 5.3 | Recommendations..... | 148 |
| 5.4 | Limitations | 149 |
| 5.5 | Further Research | 150 |
| REFERENCES..... | | 151 |
| APPENDIX A | | 158 |
| APPENDIX B..... | | 166 |

LIST OF FIGURES

| | |
|---|-----|
| Figure 4.1 Titles of Participants..... | 54 |
| Figure 4.2 Company Segmentation..... | 56 |
| Figure 4.3 Industry Sector..... | 58 |
| Figure 4.4 Establishment of Supply Chain Management..... | 60 |
| Figure 4.5 Time of Establishment of Supply Chain Management..... | 61 |
| Figure 4.6 Focus on Forecast and Forecast Accuracy..... | 62 |
| Figure 4.7 Impacts of Forecast Accuracy on Supply Chain Performance..... | 63 |
| Figure 4.8 Measurement in Place for the Impacts..... | 70 |
| Figure 4.9 Recognition of Impacts vs. Actions to Gauge Impacts..... | 71 |
| Figure 4.10 Impact Measurement Set Up Status..... | 73 |
| Figure 4.11 Rankings of the Contributing Factors..... | 77 |
| Figure 4.12 Rank of Information Quality..... | 78 |
| Figure 4.13 Rating of Information Quality – In Time..... | 79 |
| Figure 4.14 Rating of Information Quality – Accuracy..... | 80 |
| Figure 4.15 Rating of Information Quality – Access Convenience..... | 80 |
| Figure 4.16 Rating of Information Quality – Reliability..... | 81 |
| Figure 4.17 Average Data Handovers..... | 83 |
| Figure 4.18 Relationship between Number of Handovers and Information Quality..... | 84 |
| Figure 4.19 Rating of Data Providers’ Credibility..... | 85 |
| Figure 4.20 Rank of Information Sharing..... | 86 |
| Figure 4.21 Use of Different Information Sharing Methods..... | 87 |
| Figure 4.22 Use of Single or Multiple Information Sharing Methods..... | 88 |
| Figure 4.23 Average Extent of Usage of Different Types of Information Sharing Method..... | 90 |
| Figure 4.24 Rank of Forecasting Methods and Approaches..... | 92 |
| Figure 4.25 Forecasting Methods and Approaches Adopted in Practice..... | 93 |
| Figure 4.26 Rank of Forecasters’ Skills and Capabilities..... | 93 |
| Figure 4.27 Forecasters’ Required Knowledge, Skills and Capabilities..... | 94 |
| Figure 4.28 Use of Managerial/Judgemental Adjustment..... | 96 |
| Figure 4.29 Value of Managerial/Judgemental Adjustment..... | 96 |
| Figure 4.30 Rank of Tools and Systems..... | 97 |
| Figure 4.31 Use of Tools and Systems..... | 98 |
| Figure 4.32 Value of Tools and Systems..... | 99 |
| Figure 4.33 Use of Excel..... | 101 |
| Figure 4.34 Rank of Range of Information..... | 102 |
| Figure 4.35 Types of Information Used in Forecasting..... | 104 |
| Figure 4.36 Other Contributing Factors to Forecast Accuracy..... | 106 |
| Figure 4.37 Presence of S&OP Process..... | 107 |
| Figure 4.38 Time S&OP Established..... | 108 |
| Figure 4.39 Improvement S&OP Brought to Forecast Accuracy..... | 109 |
| Figure 4.40 Management Involvement in S&OP Process..... | 112 |
| Figure 4.41 Departments and Functions Involved in S&OP Meetings..... | 113 |
| Figure 4.42 Frequency of S&OP Meetings..... | 115 |
| Figure 4.43 Other Collaboration Programs Adopted..... | 116 |
| Figure 4.44 Trainings Provided to Forecasters..... | 119 |

| | |
|--|-----|
| Figure 4.45 Relationship of Supply Chain Design and Forecast Accuracy..... | 122 |
| Figure 4.46 Plan of Implementation of More Tools and Systems..... | 123 |
| Figure 4.47 Concern on Investment of Tools and Systems..... | 126 |
| Figure 4.48 Motivation and Incentive Scheme | 128 |
| Figure 4.49 Monitor and Review Process..... | 129 |

LIST OF TABLES

| | |
|--|-----|
| Table 4.1 Questionnaire Completion Status | 53 |
| Table 4.2 Titles of Participants | 55 |
| Table 4.3 Other Segments | 57 |
| Table 4.4 Other Industry Sectors | 58 |
| Table 4.5 Company Location | 59 |
| Table 4.6 Company Average Annual Turnover..... | 59 |
| Table 4.7 the Spread of the Measurements..... | 72 |
| Table 4.8 Rating Details on Information Quality (Ratings with more than two 'low' or none above 'OK' are highlighted in green. Totalling 13 counts)..... | 82 |
| Table 4.9 Extent of Usage of Different Types of Information Sharing Method | 89 |
| Table 4.10 Time Taken From Establishment of Supply Chain Management to Establishment of S&OP Process | 108 |
| Table 4.11 Display of the Situation of Various Collaboration Programs Adopted ... | 117 |

Chapter 1 – Introduction

1.1 Introduction

Supply chain and supply chain management have been developing rapidly in the last two decades as a result of the economic globalization, technology development, growing consumer power and an increasing global focus on sustainability. Among various supply chain focuses and processes, supply chain forecast and its accuracy has been one of the major focus areas drawing attention from both researchers and practitioners. Numerous studies have investigated forecast accuracy from different angles, and best practices from real business world have also emerged and been spreading.

However, most academic studies are based on models with certain assumptions which are either simple or ideal, though they provide a theoretical insight to supply chain issues and performance evaluation, they do not suffice as true practical solutions (Zhao & Xie 2002, p313, Acar, Yavuz & Gardner, 2012, p842), and quite often, focusing on single subject or a limited areas, these studies do not provide highly practical guidance in the real supply chain field. There appears to be a lack of review based on real world practice, where the theories and conclusions from the academic studies can be investigated and examined in a live environment extensively.

1.2 Research Goals and Objectives

Originated from the researcher's previous supply chain working experience and inspired by the relevant academic literatures, a project has been set up to pursue an exploratory study on the subject of supply chain forecast accuracy. The research aims to examine the findings and conclusions drawn from related literatures in the real supply chain environment. Three objectives have been defined as below.

- To evaluate the development of supply chain management and the recognition of the important role forecast accuracy plays in supply chain performance in the real business world.