

Case Study - Key Customer Forecasts

Company: Large Wholesale – Consumables and Clothing

Industry: Wholesale

Problem: 5 key customers comprise 76% of sales. Investors want to know exposure to potential loss of revenue and also potential growth.

Solution: Develop ground-up scenario forecasts for each key customers.

Time taken: 6 hours

Result: able to substantiate both risk and growth opportunities.

Investors in a large regional wholesaler asked management to ensure that they understand exposure to loss or downsizing of key customers. Second to identify the growth prospects relating to key customers. Company has good relationships with key customers but lacked insight to substantiate risks and growth opportunities that key customers themselves faced. With the pressures from Covid-19 it became necessary to better understand details underpinning revenues.

Company engaged a BlueWave Forecasting consultant to lead the project. Sales representatives, procurement officer and accountant was brought onto the team. Key customers were asked to participate and help us identify their risks and opportunities all agreed. Non-disclosure agreements were signed. Key customers sell into different markets who are affected by the economy and environment, and this is seen with a good degree of correlation in identifiable economic and external derived indicators. Team asked seven industry associations linked to key customers to provide baseline weights for the most common drivers and some were able to also provide monthly and quarterly projects for up to a year for these drivers. Consultant assembled three scenarios for each key customer and the wholesale company. Sales of important and logically grouped SKU's and key items were compiled into an Excel files. Consultant then loaded these onto the BlueWave Forecasting platform and created weighted scenario maps for each key customer and generated their forecasts. These were consolidated and presented to management for discussion. Key customers received their forecasts, and they were happy with the process and increased awareness for their own businesses.

Wholesale company now in addition to monthly forecasts also creates key customer forecasts and the client relationship also strengthened through this project.