Fountain Tire improved forecast accuracy by 15%

CCH® Tagetik Supply Chain Planning

"Integrating forecasts into our processes used to consume at least a day and was never completed in a consistent matter. With [CCH® Tagetik], we can now integrate our forecasts seamlessly in a matter of minutes and manage these forecasts uniformly across all desired product categories."

Ken Miller, Director of Inventory, Fountain Tire

The Challenge

Fountain Tire, a Canadian tire dealer and automotive service provider, was experiencing growth in sales volume and complexity that began to outpace its internal planning capabilities. Due to growing sales volume, SKU proliferation, expansion, supply disruptions, demand volatility and the need for more diverse stakeholder input, Fountain Tire’s current forecasting methods were failing to meet the required accuracy for responsible purchase order creation and customer satisfaction based service level agreements.

Until that point, Fountain Tire’s sales and supply planners’ process was spreadsheet based with forecasts derived only quarterly. Structured workflow was minimal with little time or opportunity provided for validation and collaboration. Error-prone forecasts reduced confidence, causing increased manual forecast and purchase order adjustments. This time consuming task produced varied results with analysts choosing to order products based on differing interpretations of lead time, safety stock and ordering methodology. Lost time on repetitive manual data tasks, an inability to scale the business efficiently, an increasing disconnect between forecast and actual purchase orders was resulting in predictive blindness. Without consistency and standardization of the forecast and ordering process, driving improvements to procurement accuracy and efficiency were impossible.

The Solution

Fountain Tire selected CCH® Tagetik Supply Chain Planning, a forecasting software capable of quick, detailed and AI-based SKU level forecasting. CCH® Tagetik enables Fountain Tire to create item, region, and monthly forecasts quickly and accurately.

Now with CCH® Tagetik, instead of juggling cumbersome spreadsheets and manually adjusting forecasts with rudimentary forecast calculations, inventory analysts at Fountain Tire use CCH® Tagetik Supply Chain Planning to automatically prepare new baseline forecasts.
**Requirements**

A forecasting software capable of quick, detailed, and AI-based SKU level forecasting, in order to improve forecast accuracy.

**Benefits & Results**

- 15% Improved Forecast Accuracy
- Reduced 3rd Party purchases by 9%
- Reduced Costs
- 80% Reduction in Response Time

The system imports historical supply chain data directly from Fountain Tire's database. The AI-based modeling then automatically determines and applies the most accurate forecast method to each product. Not only have the forecast results dramatically improve, but the time analysts spent manually entering and reviewing forecasts and purchase orders is replaced with value-added time on forecast and order management. Analysts instead focus their attention on adjusting the improved baseline forecasts based on market intelligence, collaboration and coordinated goals and sales projections.

CCH® Tagetik Supply Chain Planning automatically generates better standard forecasts, enables Fountain Tire to accurately predict and react across exceptional market and supply disruptions and guides users to focus on forecast exceptions and trouble spots; a zero-effort alternative to combing through spreadsheet forecasts.

**The Result and Benefits**

**15% Improved Forecast Accuracy**

Due to the differing volume of sales in their SKUs, Fountain Tire uses a Weighted Mean Percent Error (wMAPE) to measure their forecast accuracy. This metric calculates the percent error, weighted for the item’s unit sales volume. Based on wMAPE, Fountain Tire’s forecasts are more than 15% more accurate since CCH® Tagetik was implemented.

**Reduced 3rd Party Purchases**

One concern that Fountain Tire wanted to focus on was why stores choose to buy products from a 3rd party vendor rather than Fountain Tire’s internal distribution centers. One of the leading reasons for this issue was not having the inventory on hand at the primary distribution center for a particular store location. Fountain Tire measures their in-stock metric by SKU and distribution center. Producing better demand forecasts at the most granular review level improves in-stock levels at their distribution centers and therefore helps eliminate the out of stock driver behind 3rd party purchases. Now with CCH® Tagetik Supply Chain Planning, improved forecasts, workflow and faster forecast to purchase order alignment, 3rd Party purchases were reduced by 9% after the first year of implementing CCH® Tagetik Supply Chain Planning.

**Reduced Costs**

After implementing CCH® Tagetik Supply Chain Planning, Fountain Tire experienced better inventory turnover and forecast accuracy. Now, with more accurate forecasts, there is greater accuracy with the right items being in stock at the right distribution centers at levels consistent with forecast expectations. Slow moving inventory, particularly excess inventory caused by erroneous forecast and ordering execution, is dramatically reduced without negative impact to in-stock levels. Overall DC inventory level reductions across the network helped eliminate excess costs normally associated with seasonal peak inventory storage issues and helped exceed Fountain Tire’s working capital goals for 2020.

**80% Reduction in Response Time**

Since CCH® Tagetik Supply Chain Planning implementation, Fountain Tire’s forecasts are no longer uploaded quarterly. They now have the agility to upload forecasts at any time with any frequency. Fountain Tire built procedures to better upload forecasts to the database; a process that used to take hours now only takes a handful of minutes. Deprecated ETL processes were used to upload prior to CCH® Tagetik where they could only upload 150,000 records at once. This resulted in multiple uploads, and difficulty managing uploaded records. A new process was written to upload an unlimited number of forecasts to the system in a matter of minutes, where the old process would have taken 4-6 hours. Fountain Tire’s analysts are now alerted to poor performing forecasts and use CCH® Tagetik’s Last Absolute
Deviation Z-Score to analyze and adjust poor forecasts. They are able to make decisions about altering forecasts based on this information 80% faster than before. What used to take a day, now takes 15 minutes.

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With CCH® Tagetik Supply Chain Planning, Fountain Tire’s order suggestions and potential stock out notifications refresh daily. Now, analysts are alerted to any low-stock scenarios and have the lead time needed to prevent out-of-stocks.

This functionality became extremely important as the COVID-19 pandemic caused wide-scale changes in product demand. With CCH® Tagetik Supply Chain Planning, Fountain Tire was able to adjust sales expectations and begin ordering product based on these expectations frequently and rapidly.

“When COVID hit, we were able to push portfolio wide forecast adjustments to the most granular level overnight, adjustments that once took several weeks to push down to the item region level we were able to accomplish virtually real time, so that everyone from the leadership team driving the business to the inventory analysts placing orders were all driving on the same road and executing together.”

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Established in 1956, Fountain Tire is one of Canada’s premier tire and automotive service networks with 160+ locations spanning Central and Western Canada from Vaughan, north of Toronto, to Victoria, British Columbia. The company is also a leading provider of tires and tire-related services to commercial truck fleets and off-road vehicles used in the agriculture, oil and gas, mining, and construction sectors. Most Fountain Tire managers own equity in their stores and are part of a strong partnership culture. Goodyear Canada is a minority shareholder of Fountain Tire Ltd. This partnership-based business model combines community-invested store management with corporate intelligence to provide service that truly puts the customer first. The company’s shared ownership business model has enabled it to be named among Canada’s “Best Managed Companies” every year since 1994.

About Wolters Kluwer

Wolters Kluwer (WKL) is a global leader in professional information, software solutions, and services for the healthcare; tax and accounting; governance, risk and compliance; and legal and regulatory sectors. We help our customers make critical decisions every day by providing expert solutions that combine deep domain knowledge with technology and services. Wolters Kluwer reported 2020 annual revenues of €4.6 billion. The group serves customers in over 180 countries, maintains operations in over 40 countries, and employs approximately 19,200 people worldwide. The company is headquartered in Alphen aan den Rijn, the Netherlands. Wolters Kluwer shares are listed on Euronext Amsterdam (WKL) and are included in the AEX and Euronext 100 indices. Wolters Kluwer has a sponsored Level 1 American Depositary Receipt (ADR) program. The ADRs are traded on the over-the-counter market in the U.S. (WTKWY).

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