Workflow: Demand and Supply

Toolkit 2.3
Marketing and Operations Planning

target audience

Packhouse operations, and marketing.

what it is

The purpose of marketing and operations planning is to regularly review the customers' demand for various products/produce and then plan and adjust plans to meet the demand. This is at the heart of packhouse management. Customer demand changes frequently, as do the specification and quality criteria (including phytosanitary requirements) across several market segments and clients (EU, UAE, China, large retail). These market demands directly determine the supply and packhouse operations.

why it is important

Matching supply (what is produced and packed, and when) to demand is critical to commercial success and sustainability. Marketing aims to understand, in great detail, the requirements of the market and the sales department or agent, based on what will be harvested, makes commitments in this regard. The collaboration and communication between the market, the marketing and sales department, the packhouse and the farm determines success for all parties in the value chain. At the sharp end of this process is the link between marketing and packhouse operations planning. The packhouse will have anticipated and planned based on a forecast, past trends, and anticipated supply, but the plan can change daily as real-time market conditions change, and logistics, cold storage, harbour services, and shipping come into play. The ability to review and adapt is very important.

success factors

Marketing and operations planning revolves around collaboration and information sharing. The key success factors are:

- **Involving the right people** – One of the most important factors is the inclusion of the right people. A good marketing and operations plan enables people to gain an overall view of the business, both from a sales and an operational perspective, and also provides good view of future plans. It promotes consensus and buy in and establishes a business context for the various teams in the business, i.e., you want people to agree by saying, “this is our plan”.

- **Data** – At the heart of the plan is reliable data. Packhouses are data driven businesses, and the consistency and reliability with which you collect, store, analyse and report data is vital. Data alone is not very useful. However, data that has been analysed and provides useful information is central to good decision making. Using data is also an iterative, learning process, e.g., you may detect the same variances between your past forecasts and actual performance, which may lead you to amend your methodology and improve your accuracy.
- **Situational awareness** – Farming and the processing, selling and delivering of fresh produce is complex and subject to many variables. Multiple factors, some controllable and other uncontrollable, feed into the supply and value chain. Situational awareness is a key success factor in producing a reliable marketing and operational plan that proves close to what is eventually delivered. Situational awareness means that you have good information across the whole supply and value chain and those factors that influence your planning, such as:
  - The quality, variety, quantity of produce that can be supplied, i.e., the forecast from the production units.
  - Critical inputs of material and resources required by the packhouse to process the supply and meet the demand, e.g., cartons and labour.
  - Logistical factors, such as transport to harbour, cold chain services, container availability, shipping availability etc.
  - Market dynamics, including demand predictions, changes in preferences, problems with certain markets, timing issues, a good understanding of risks, etc

  Good situational awareness is required for active planning (aware of future dynamics), instead of just passive planning (based on historic trends only).
- **Process management** – The operational plan is essentially a process plan. Suffice to say, a packhouse is all about process.
- **Integrated planning** – Involving the right people should ensure that you produce an integrated, coherent plan, that really does provide both marketing and operations with a common basis to work from. Often the plans by various departments are fragmented. It is more difficult and time consuming to develop integrated plans, and can take time to perfect, but the benefits, both for communication and implementation, are significant.
- **Alignment** – The plan may require change and adaptation. Therefore, it is important that the business adapts accordingly, and in particular when the plan changes as the season progresses, assumptions change, and information becomes more reliable. Your ability to re-align and adapt is an important organisational competence. The benefits include, greater efficiency and machine utilisation, lower operating costs, better allocation of labour, and inventory management.
- **Inventory management** – A key success factor and outcome of a well-done marketing and operations plan is much improved inventory management, resulting in higher stock turns, lower demand on storage capacity, and reduced wastage.
- **Measurement, feedback, and review** – As mentioned, the reliability and accuracy of your forecast depends on your ability to measure, receive feedback, and amend your forecasts and plans based on the feedback data and mechanisms. This is an area where a mindset of continuous improvement is most evident. There will always be room for improvement.

- **Organisational performance and best practice** – Marketing and operational planning cannot be done well in isolation. It is dependent on a bedrock of general best practice across all areas of the business and the development of a level of organisational maturity that enables this.

execution steps

See the success factors above.

assessment questions

Please Note: There is no minimum / maximum number of questions you can add

1.	Do you compile an integrated marketing and operations plan?
2.	Are the right people involved in the process?
3.	Are your administrative systems and processes geared to collect and process the necessary data you require to do reliable and well substantiated forecasts?
4.	Does your plan enjoy adequate consensus, i.e., do both marketing and operations, as well as departments like purchasing and inventory control accept the plan as a solid basis for their individual planning?
5.	Is your team aware of key factors and situations, external and internal, that will influence your plan?
6.	Are you able to change your plan as you receive updated and more reliable data and information?
7.	Has your planning improved year on year as you learn from past experience?