



ACADEMIC  
PROGRAM

Case Study

# Forecasting The Unforeseeable

## Forecasting the Unforeseeable<sup>1</sup>

**Still dependent on Excel spreadsheets? As a global pharmaceutical company, we need timely demand forecasts.**

### **L'Apothicaire: Global Pharma Manufacturing**

L'Apothicaire opened in the late 1800's by Jacques Lautrec in Montreal, Canada. Originally, a small shop with an infinite number of wooden drawers on Rue Notre Dame, it was moved by his son, also Jacques, to a two-story building with a well-appointed space for customers on the first floor and offices on the second. Now, L' Apothiciare has grown into a major Canadian pharma with a twenty-story central office on Rue St. Catherine. Significant manufacturing operations are attempting to closely manage and scale supply chain silos with the "help" of many Excel spreadsheets.

Jacques' progeny was no longer involved. As is often the case in family run small businesses that experience considerable growth, the skills of a communications and change management team were notbrought in, grandchildren show little interest in the business, and the drive and motivation of an earlier generation disappears.

With over 6,700 global employees and five international offices, L'Apothicaire has grown to a major pharma manufacturing business with a gross annual revenue of 5.8 billion CAD manufacturing everythingfrom vitamins to cough syrup, skin care to mouthwash, and baby formula to prescription drugs.

### **Monday, January 7, 2019**

*Breathe in 2-3-4 hold 2-3-4 and out 2-3-4. Repeat.*

Rajeev tried to center himself on his elevator ride up to the top floor. This was his first L'Apothicaire Annual Review meeting, and he was, 'all nerves' as his Nani, his mom's mom, would say. As confident as he had always been with numbers and organizing them in their tidy little rows on excel spreadsheets, hisanxiety rose when called to present anything. Nani had never failed to point that out in her wry but lovingway. Even the Monthly Reviews were stressful. As a recent University of Toronto grad, he had been excitedat this job offer with the company's spotless reputation and generous employee benefits. But Ladonya made him nervous. She made all the demand planners nervous. Not because she was an unsympathetic manager, but because she placed a high value on delivering the very best forecasts for these strategic products so that the procurement, production and sales departments could trust the analytics department with measurable confidence. Hopefully, Rajeev hadn't missed anything on all the excel sheetshe was working with. And, hopefully, the December holidays hadn't delayed any data.

"I just want my first one to go well. It's just two products," he thought.

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Phew! He arrived in the meeting room first. Gotta love Monday morning meetings. He set down his file and coffee, sat, and continued with his breathing technique. Breathe in 2-3-4 and out 2-3---

"Hey! Hey!"

Rajeev looked up to see that Ladonya had entered the room, her eyes peering out over her glasses. Why did this always feel so intimidating to him?

"Hi Ladonya," Rajeev replied with a big and boyish smile that he hoped wouldn't betray his anxiety.

"Have a nice break?"

As they transitioned from holiday and back-to-the-office small talk to the task at hand, Rajeev's nerves increased slightly but he kept them in check. He had the data from 2018, but true to his detailed nature, he had also brought in 2017 data in order to present his forecast for 2019 as accurately and as thoroughly as he could. He hoped he would make a good impression.

"I went for a model that can capture seasonality in the data." Rajeev remembered his analytics class with his favorite professor, Dr. Robinson.

She seemed to like the idea. Yay.

### **Monday, January 6, 2020**

"Hey! Hey!"

Ladonya set down a small carved wooden sculpture she had found on a tattered sheet with many others, whittled carefully by a man with deep creases in his skin and one bad eye. She had visited her family over Christmas, as usual. They lived up the mountain in St. Anne's Bay, Jamaica with a view of where Christopher Columbus had landed many years ago at a time when nobody had even come up with the term supply chain.

"It's for you!" she said. "I know how you love chess. There was just this solo king. No other chess pieces. Thought you might like it for your desk."

"Wow! Thank you so much! It's awesome."

Rajeev turned it over and over, admiring the quality of the work. He hoped the quality of his own work would be equal in measure. Could he be a supply chain king? Or would he just be a pawn? If she had thought of him while mulling over the little carvings spread out in the hot island sun, then maybe he had a chance; maybe he was on the road to "somewhere."

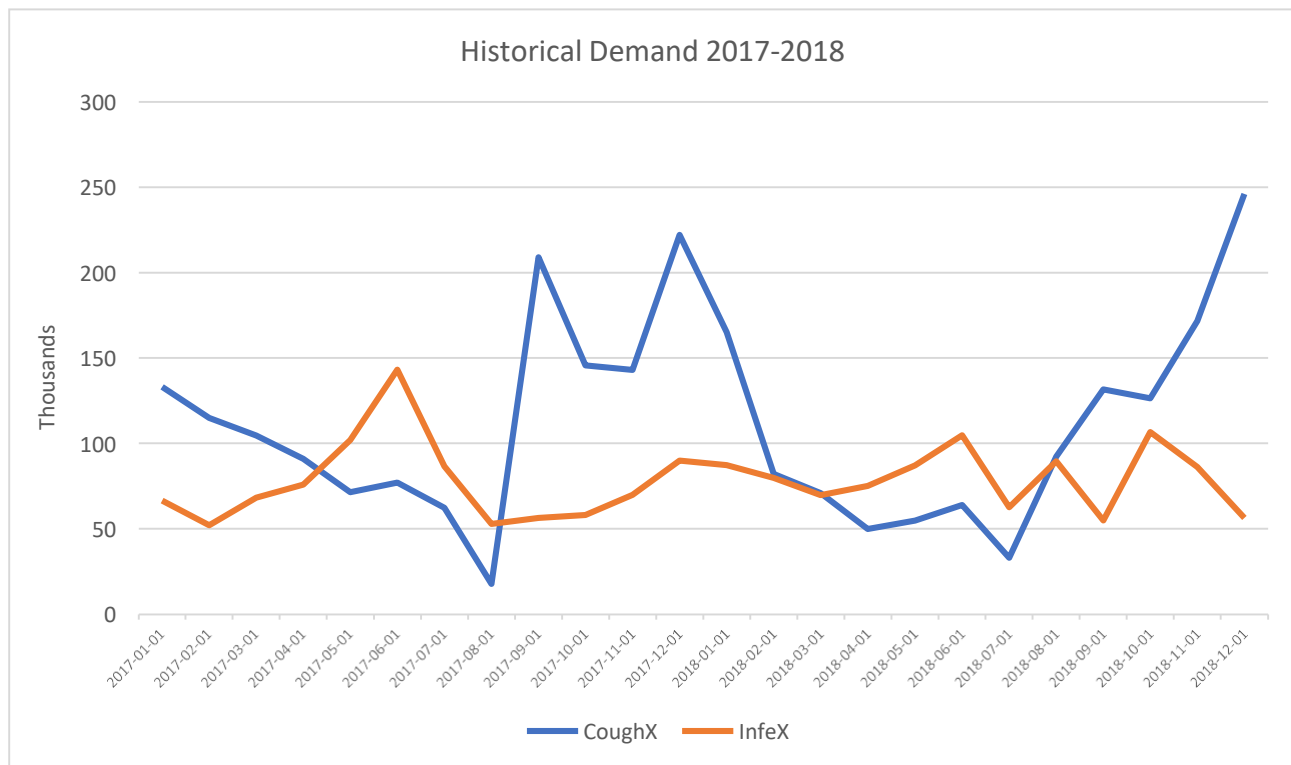
"So, what do you have for me?"

Her manicured hands reached out for the papers in front of him, eager to see what he would reveal about this new year—this new decade of 2020. Someone else might appear aggressive in that grab but he knew it was more because she was truly interested in seeing his work. He understood her more now and could appreciate certain aspects of her personality. Some of these qualities made her the exceptional manager that she was. Her work really mattered to her. He felt grateful to have her as his manager—he was learning a lot. He actually thought she was pretty cool. "I'll never judge a book by its cover again," he thought.

2019 had been a good year for his first prediction analysis and he hoped for another masterfully planned year in 2020. *Breathe 2-3-4....*

Ladonya had been pleased with his choice of forecast model, so he had done the same this year, in advance, for his two products.

“Wow,” thought Rajeev, “A lot of spreadsheets, hours and analysis for this information that’s so integral to the success of our company. And even with that, so open to errors all over the place. And last minute missed information. Really, there should be a better way. Twenty first century and technology. Whatever!”



**Monday, January 4, 2021**

“Hey! Hey!” Rajeev jumped in playfully with Ladonya’s own standard opener.

“Ha! Ha! Hey! Hey!” Ladonya joked back in a kind of flat and one-dimensional quality.

On the computer screen, Ladonya’s manner was not as commanding as it was in person. She lacked that larger than life quality that she had had in the office. But that was before Covid. A lot of things had lost their glow. And he had lost his Nani over in Mumbai. And he missed her fond teasing.

He noticed that Ladonya had new glasses. They were definitely less intimidating. They just didn’t have the same impressive impact. He wondered if she was wearing track pants. Insert mental image. “Ha!” he thought. He still had a sense of humour. He loved his track pants. Certainly made sitting for long hours in front of a screen easier.

“So, Rajeev. 2020. What have we got? Let’s review. Let’s figure out what we are doing with 2021?”

Sharing his screen to show the actuals for the past year and predictions for the following one, he felt the anxiety rise. It was less about his presentation—all those mindfulness exercises had helped give him some tools—and more about the data he had to present. Ugh. So much for the little whittled king chess piece (now on his home desk) that had kept his inspiration high over these last couple of years. This data was so inconsistent. There was virtually nothing to provide predictability. Nothing. The traditional siloed analysis had completely failed them.

Clearly, the last year had reinforced that supply chain disruptions were on the rise—I mean nobody had even heard of supply chain before Covid, except supply chain peeps—and that wasn’t going to change. Looking at all the inconsistent data on the screen, which totally hurt his brain, Rajeev remembered a company coming in to talk to Professor Robinson’s class at U of T. They had an integrated supply chain planning software that used a unique approach to face uncertainty and to help with agility and precision in decision-making process. The presentation had included a demo of the application which showed all available scenarios, across a cascaded supply chain, whether it was healthy or in distress. It provided the possibility for human experts to make swift, timely and accurate decisions to minimize disruptions and risks and mitigate impacts which in turn created confidence and stability. Incredible stuff. He’d been superimpressed. A tool like this could help L’Apothicaire. He glanced at his Jamaican chess piece, the king.

And hey, an efficient supply chain would also mean reducing waste and not taking a hit on their sustainability metrics. He loved that idea. A win many times over was at his fingertips.

But, Ladonya was talking, “These forecasts...these forecasts are just not helpful. How on earth are we going to predict 2021 with these? I mean, what tools can we even use with this data? I’ve never seen anything quite like this.”

She continued, “The work you do has always helped us visualize and plan.

Here....”She trailed off and Rajeev saw his moment.

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