

Flexing Forecasting Muscle

Demand Solutions helps company fuel exponential growth



When moisture protection is on the line, Under Armour Performance Apparel delivers, tackling the moisture that can sap an athlete's endurance.

And when the Baltimore-based specialty apparel company went looking for a high-performance forecasting system, Demand Solutions from Demand Management, Inc. (DMI) delivered a crucial score, allowing the \$115 million company to keep abreast of changes in the marketplace and to fine tune its product mix to accommodate those changes.

Under Armour grew quickly from college football player Kevin Plank's idea in 1995 to use the Lycra material on compression shorts to make performance t-shirts that wick water better than cotton shirts.

Until recently the company's forecasts were done on Excel spreadsheets, which had become unwieldy, explains Chief Information Officer Scott Plank, Kevin's brother.

"We still could pump out that information, but not like Demand Solutions could," Plank says.

Demand Solutions Representative Paul Secraw had contacted Under Armour a few years earlier, but the company was not yet in a position to buy a forecasting system. "We kept in contact with them and when they made a decision a year ago, they wanted to partner with a solutions provider—not just a package but a partner who could bring both the tool and process to the table," Secraw says.

In the year preceding the selection of a software vendor for its forecasting needs,

Plank says the company embarked on a training program for its sales staff on the principals of forecasting.

Quality data help ensure a quality process, Plank notes. “What we needed was not a computer package on how to build product, but to educate and train the

ous pace over the past few years. “Our growth rate has been dramatic and geometric, and a fuzzy logic package wouldn’t cut it for us.”

Under Armour Performance Apparel ranked second on the 2003 Inc. 500, an annual rating of the fastest-growing private companies in the country. Under

special teams. After several Terrapin teammates were hospitalized with heat exhaustion he hit upon the idea that player’s sopping wet cotton t-shirts were contributing to the problem.

The genesis for Under Armour bloomed when Plank realized that Lycra compression



“[Under Armour] wanted to partner with a solutions provider—not just a package but a partner who could bring both the tool and process to the table.”

sales force and product developers to calculate demand for the product.”

Secraw and Under Armour’s Manager of Demand Planning, Scott Knick, agree that a consensual collaborative process involves three parts: people, process and a tool or a system to bring it together. The triad works together, much like a three-legged stool, Secraw notes.

Appropriately enough, Under Armour chose a trio of Demand Solutions products for its forecasting needs: Demand Solutions Forecast Management (DS FM), DS Feedback and DS View.

DS FM provides the foundation for the other tools and is used primarily for the demand side of the business. The simplicity of DS FM is its strength, a strength that appealed to Under Armour.

Unlike some larger, more expensive forecasting systems, no single formula is arbitrarily forced. The formula that best addresses each item’s demand pattern is selected to forecast that item, mimicking the way people make purchasing decisions.

“Our demand curve is extremely accelerated relative to other businesses,” says Scott Plank, noting the company has grown at a fur-

Armour reported an astounding 12,753-percent growth over that period.

DS FM feeds a material requirements planning system at Under Armour for inventory and both its domestic and international production facilities, Knick says. DS Feedback is used externally by the company’s outside sales staff but offers the same visibility as DS FM with the ability to share information electronically. DS View is used internally for reporting and analysis, Knick says.

“It provides us with better business visibility and intelligence to make the decisions we need to make,” Knick says of Demand Solutions. “It converts data to information we can use.”

Although Under Armour literally invented the \$130 million compression-apparel market, the company faces stiff competition from athletic apparel titans Nike and Reebok. A good forecasting system will enable the company to confidently introduce new products while keeping close tabs on sales of current offerings.

Under Armour Founder and CEO Kevin Plank is accustomed to long odds. He joined the University of Maryland football team and eventually was named captain of

shorts players wore wicked moisture away while supporting muscles. No such product existed, so Plank started making his own.

Company sales in 2003 were \$115 million and Under Armour Performance Apparel can be found in more than 4,500 retail outlets. Under Armour is the official supplier of performance apparel to Major League Baseball, Major League Soccer, the National Hockey League, USA Baseball and the US Ski Team. Under Armour gear is worn by players on 30 NFL teams and nearly 100 NCAA Division I-A college football teams.

Just like the teams it supplies, Under Armour won’t work with just any company.

“We talked to DMI about 18 months after they initially contacted us, and we got to know them a little bit better,” Scott Plank says. “Demand Solutions got on the team early and were interested in Under Armour being successful.”

That can-do attitude was remembered when it was time to choose a forecast vendor, but just like on the gridiron relationships forged in off-hours didn’t mean much when the game is on the line and friends are on opposing sides.

The Demand Solutions product had to outperform its competitors on the metrics that Under Armour officials felt were most important. Plank says several other products were evaluated on ease of use, the ability to get the package up and running quickly and what Plank calls “replacing the dial tone.”

Employees were accustomed to spreadsheet forecasting and were using that method already to do their jobs more effectively. A foreign forecasting system that was cumbersome to learn and use, regardless of its bells and whistles, would hamper productivity if it didn’t have the functionality employees were familiar with at the start.

Plank compares it to a new phone system with complex functionality that’s hard to use. What really was required was a system that produced a reliable dial tone so employees could get on with their jobs.

“It’s a fancy pants system versus the basics,” Plank says. The Demand

with Demand Solutions we built some reporting items into the spreadsheets we were already working with.”

Under Armour executives evaluated forecasting companies thoroughly before making a decision. “We only work with vendors who know their piece of the business better than we do,” Plank says. “We wanted to put in a vanilla package, to replace the dial tone if you will, then add features as we became more experienced.”

The company ultimately chose Demand Solutions. Scott Knick, Under Armour’s manager of demand planning, reports no snags in implementation.

“The flexibility of the system enabled us to build the database fairly quickly,” Knick says.

As part of the rollout, Secraw assisted Knick with a week’s worth of classroom training for users. After the system went live Knick has been conducting follow-up one-on-one training as needed as part of continuous process improvement.

world who have had fantastic results.

“It’s changing the way we plan business,” Knick adds.

Once employees have had more experience on the Demand Solutions forecasting system, Knick plans to poll the “super” users, those who are using the software to its fullest, to gain feedback and suggestions on how to make the system more robust.

Because of the flexibility of the Demand Solutions package Knick anticipates that many of the tweaks to the software can be made in-house without help from information technology professionals.

As the compression-apparel market matures, accurate forecasting will continue to drive market changes that allow Under Armour to stay ahead of changes in the market, allowing the company to keep up its tradition of bringing innovative products to the markets.

The market intelligence that Demand Solutions produces certainly helps Under

“[I]t’s been a wonderful tool for visibility, flexibility and ease of use. We have 20-plus users who used to live in the Excel world who have had fantastic results... It’s changing the way we plan business.”



Solutions product features advanced technology but allows users to become proficient with the basics before expanding the system to its full potential.

When Demand Solutions first approached Under Armour, cost was an issue as was the novelty of the industry that Under Armour created, Plank says.

“We were a much smaller company and needed to learn things on our own,” Plank says. “We were pretty confident of what shirts to make, but because of our meeting

“At a number of companies senior level executives don’t understand that forecasting starts everything,” Secraw says. “In Under Armour’s case the executives realized the value from the beginning.”

Of course a play from the play book looks fine on paper, but the proof comes under real-world conditions.

“From my perspective,” Knick says, “it’s been a wonderful tool for visibility, flexibility and ease of use. We have 20-plus users who used to live in the Excel

Armour make critical decisions. But when the game is on the line, the quarterback often will call an audible in response to the defense he sees across the line. That analogy holds true at Under Armour Performance Apparel.

“As the category becomes more proven, there will be a time when forecasting becomes a more important factor for us,” Plank says. “But regardless of our forecasting resource, we’re still going to grow the business as we feel fit.” 