



The Planet's forecast

The robust forecasting provided by Demand Solutions has given **Lonely Planet Publications** efficiency and flexibility

It seems odd to hear Andrew Leggatt, global logistics manager for Lonely Planet Publications, talk about the “short shelf life” of travel guidebooks, especially since his previous employer was in the grocery supply business.

Even so, when he arrived at Lonely Planet over three years ago from McCormick Foods to implement a forecasting solution, “You could have knocked me down with a feather” over the company’s lack of planning tools, Leggatt said. While Lonely Planet has used Demand Solutions for most of his tenure, before Leggatt there was an attempt to do quarterly forecasts using spreadsheets. However, that had problems.

“We needed a way to centralize demand in real time and virtually,” Leggatt said. “This allowed us to reap huge freight savings and is inextricably linked

with our savings on printing achieved through improved planning. This could not have been accomplished without a robust forecasting process. Demand Solutions provided an effective solution, and when factors such as global support and an informative Australian user conference were considered, the choice was simple. We felt very much a part of the Demand Solutions family.”

Leggatt and his team knew what they wanted, and they knew it wouldn’t come from the company’s ERP environment at the time. “We were looking for pure forecasting,” Leggatt said. “When the software companies came around, a lot of them couldn’t do what we wanted to do. It was disappointing. Then came DS. It was like a breath of fresh air.”

In tandem with the implementation of Demand Solutions, the company began outsourcing a

warehouse in Singapore. The Demand Solutions implementation took three months from start to finish, allowing the business to quickly reap the benefits offered by the new warehouse.

Lonely Planet Publications is the world's largest independent travel guidebook publisher, with more than 500 titles in print. Begun in the early 1970s after founders Tony and Maureen Wheeler completed an overland journey from London through Asia and Australia, Lonely Planet Publications has grown to more than 500 staff members with offices in London and Oakland, Calif., as well as a head office in Melbourne. "Historically, publishing is not a business that runs on a lot of supply chain metrics, and the fact that we have metrics at all is a credit to Demand Solutions. It has given us the ability to plan improvements and then test their effectiveness." As a consequence of some of these improvements, forecast accuracy at the line-item level has improved from 10 percent three years ago to 60 percent today.

Some of what Leggatt discovered about his company's book titles might have been predicted. "We've discovered that there is some seasonality that applies to particular titles. However, we didn't know where the seasonality existed until we put in lifecycles and cut away most of the confusion in the information we were getting." Such improvements required new thinking.

For instance, three years ago scanned sales data "couldn't be fully utilized, since we didn't have a reference point for comparison," Leggatt says. "Now we buy book scan data and compare it to our current forecast. The sales data tells us what the consumer is actually buying, and we can create a metric where we can see quite accurately what books will hit their profit targets very early in their lifecycle. We see this as a key competitive advantage, as most publishers have to wait some time before they find out how their titles performed."

System separation

"We like to say that Lonely Planet is 'the world's smallest global company,'" Leggatt said. "We can't spend millions of dollars on a global enterprise forecasting system, and I don't think we've ever seen a problem we couldn't solve with Demand Solutions. We like the idea that we have a flexible forecast management system outside of our ERP," Leggatt said. "It's difficult to get information out of other systems. When you put our titles into SAP, there's a huge

amount of data there—certainly more than you need to manage a forecast. We get reports out of Demand Solutions very easily, using lifecycle curves and interpolation. We can do scenario planning and see if the budget numbers work out. If something doesn't work, it's not an issue for any of the other users accessing that data set."

Lonely Planet compares POS data to the current forecast to reveal titles that will hit profit targets early in their lifecycle.

Leggatt says even the budget process is much easier because "we have a way to manage the forecast. We create scenarios, we get agreement, sales reps can have their budgets loaded into their computers for charting their regional goals, and we get much better management of our budget as a result of the process."

A new chapter in savings

The price of printing a title is an important metric in the publishing business. By increasing the average run size, a publisher can save millions of dollars. "Each reprint amount was calculated to stock three regional warehouses for nine months' worth of demand based on historical sales averages," Leggatt said. "Now that we're forward-planning, every time we get a reprint trigger we plan two more reprints beyond that point, and essentially we're done with that title. Demand Solutions has helped us control printing costs by providing visibility to information we never had before. Our reprint run size has more than doubled over the last three years, and that's a massive improvement," Leggatt said.

"We're getting more sales off the same inventory turn," he continued. "We're doing larger print runs, but because Demand Solutions gives us a better picture of demand, we're utilizing our stock more effectively.

"What's really important to us, since our books have a short shelf life, is to turn over our products fairly regularly. It's important for us to maintain optimal stock levels. Demand Solutions has allowed us to manage our lifecycles much better, reducing the number of books we have to discard."

Short shelf life compared to groceries? "It's food for thought," Leggatt said with a grin, "for a Lonely Planet." 