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# A Guide to Planning and Forecasting in Uncertain Times

Quantify Market Volatility with Global Data, AI and Predictive Analytics

[www.prevedere.com](http://www.prevedere.com)

# UNPRECEDENTED!

## COVID Threw Business Plans Out of the Window

Almost all businesses have had forecasts and plans adversely impacted by pandemic driven and now macroeconomic volatility. Some industries saw unprecedented gains while others saw severe losses.

For example CPG, manufacturing and retail saw sharp disruption in normal seasonal patterns, in consumer buying habits, and in supply chain factors that will likely continue to influence sales for months and maybe even years to come.

## Exiting COVID with a High Degree of Uncertainty

This is not business as usual. Many of us are used to exiting recessions and expecting particular market behaviors. We are now experiencing very different cycles and trends to a typical recession-emerging economy.

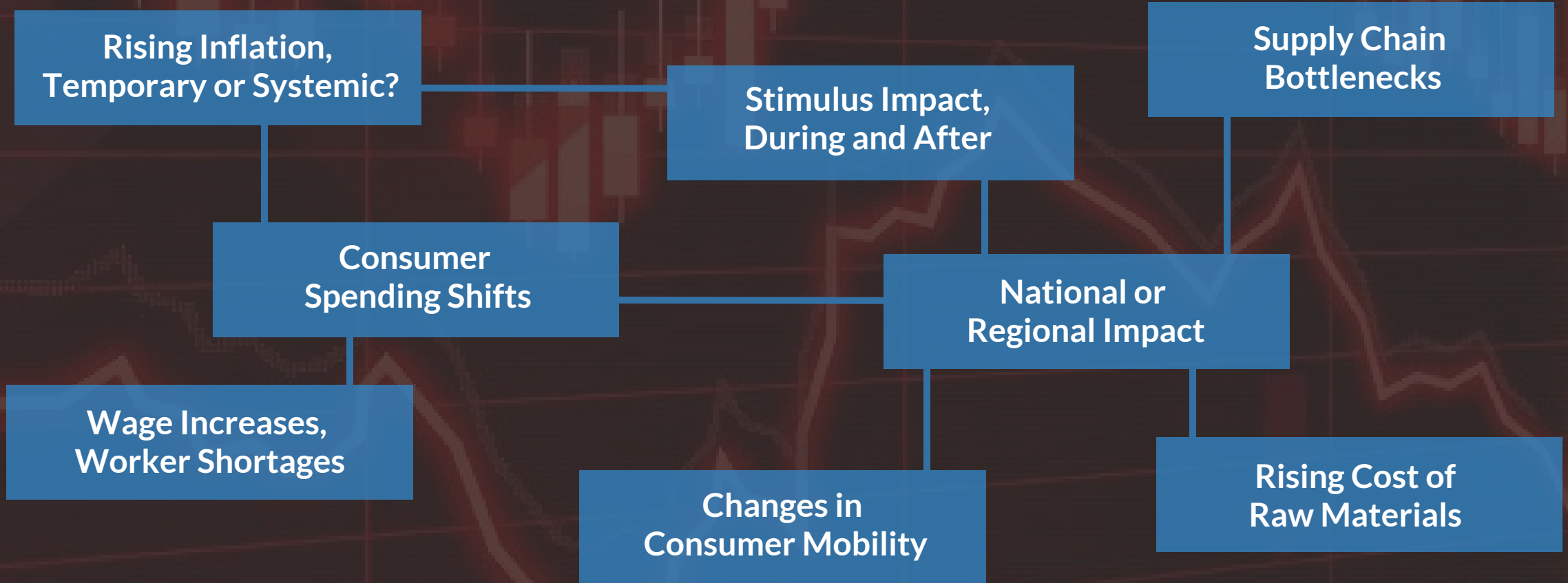
*There are no real parallels or benchmarks as to what is happening now, and the result is that leadership has no real confidence about what will happen next.*



**Economic Volatility and  
Uncertainty We Have Not  
Seen in our Lifetime**

# Indicators Causing Concern

There are New and Real Worries about Economic Signals and Trends



# HELP! I NEED SOME INSIGHT

Strategic Planners and Forecasters Face a Unique and Daunting Challenge

Which of these volatile economic indicators really impact my business, and by how much?

We think we have a growth opportunity, but we have no idea how big, or for how long.



All my planning models are broken, trends have changed, is there anything better than guesswork?

*How do I even think about planning in this new economy...?*

## Economic Questions?

Businesses are concerned about industry drivers and economic indicators

A sampling of questions we hear...

## Economic, Industry and Behavioral Trends How Do They Impact My Business?

### **Demand / Supply Imbalance:**

- What is driving the surge in demand?
- Why is the supply side lagging?
- How is this impacting various industry segments?
- How long this is expected to remain?

### **Inflationary Pressures:**

- Are the underlying factors transient or structural?
- What is the expected impact on commodity prices?
- How severe will this inflationary period be and how long will it last?

### **Wage Increases:**

- Given unprecedented levels of unemployment in 2020, why is there a shortage of workers?
- How is this translating to wage increases and for how long?
- What business segments are hit most significantly?

### **Market Outlooks:**

- How are different market segments recovering?
- How does this differ by geography?
- What are the underlying factors creating headwinds and tailwinds?

# New Norm Planning is Needed Going Forward

## Quantify Market Volatility and Incorporate into Planning Cycles

A 'new norm' is needed for strategic planning and forecasting. Businesses now need to pay very close attention to relevant external influences and to economic and industry signals, especially those that are leading indicators for their current and future business.

New norm planning and forecasting is going to need to embrace holistic and global data, in order to identify and correlate those external signals that impact specific lines of business, whether by organized by geography, channel, platform or product.

What to do with those contributing leading indicators that exhibit predictive qualities - create predictive models that generate economic baseline forecasts and scenarios. AI and machine learning algorithms can be created to apply econometric modeling in a systematic and repeatable manner to create, test and refine predictive models, up to 5 years into the future.

In 4 steps businesses can incorporate current and future market volatility into forecasting and strategic planning. A complete methodology is presented on the next page.



**IDENTIFY  
EXTERNAL  
SIGNALS**



**CREATE  
PREDICTIVE  
MODELS**



**INTEGRATE  
INTO  
PLANNING**



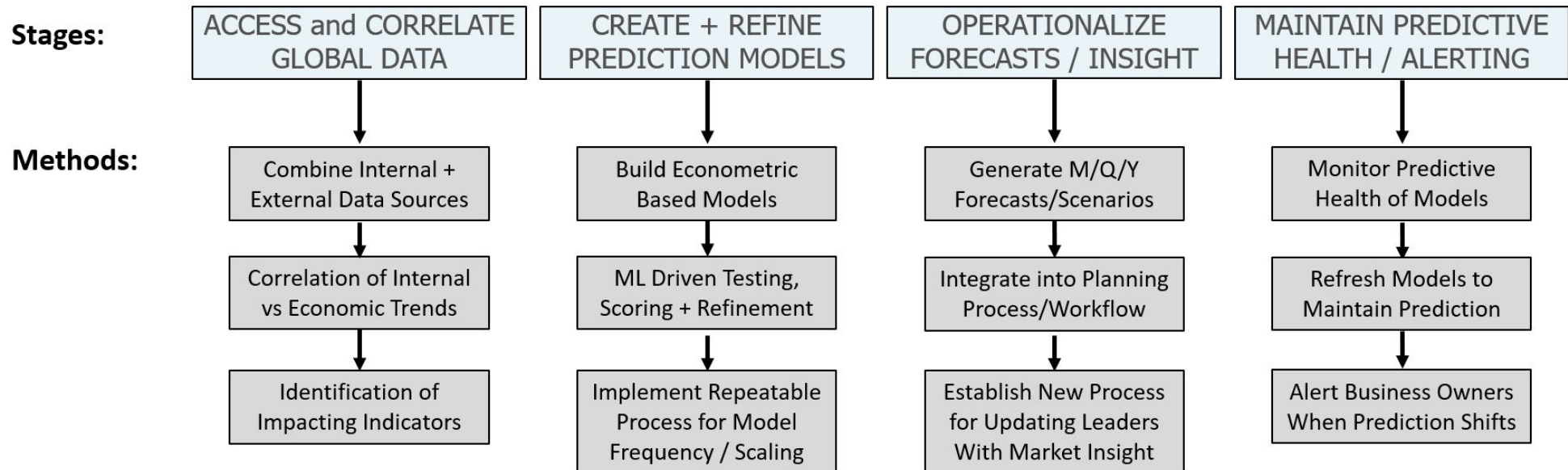
**MONITOR  
MODELS &  
FORECASTS**

# Presenting the New Norm for Strategic Planning

A Foundational Methodology to Transform Planning and Forecasting

## Prevedere 'New Norm' Planning Methodology

### Stages and Methods



Organizations need to implement a new norm methodology in order to proactively plan for future volatility.

## One of World's Largest CPGs Transforms its Planning

## New Norm Use Cases

A leading global consumer package goods company uses Prevedere to help them transform the way they forecast their business, and deliver market insight to their leadership teams.

Their old way of forecasting was “egocentric” in that they relied on internal data to build their forecasting assumptions. They realized there was an inherent bias as this “traditional” approach lacked any consideration to the increasing effect of macroeconomic factors that drives overall demand in the market segments they serve.

During Covid they grew one part of their business by record levels in the second half of 2020, and while this was cause for celebration by some, it made others in the business wonder whether that kept pace with the market demand overall.

The company’s senior finance leadership realized that they needed to supplement their own internal knowledge with a better understanding to the external drivers that impact their market segments.

With Prevedere's New Norm planning approach, they found that certain changes in demographics, disposable income levels, and consumer behaviors during the pandemic caused significant swings upward in some business segments and downwards in others.

Armed now with an understanding of those underlying drivers, they are leveraging Prevedere’s external indicators and predictive analytics platform to create forward-looking econometric models that allow them to understand the market size as well as the corresponding opportunities and risks in each of their market segments.



# New Norm Use Cases

A multi-billion dollar chemical company operating in more than 80 countries globally uses Prevedere to help them plan and forecast by providing insights into the demand of various downstream market segments by geographic region.

The chemical company has great visibility to near-term demand over the next 3 months, but beyond that they are subject to significant swings in demand from one business segment to another. Prevedere provides visibility to lead indicators for the downstream industry segments, such that the company can better understand the headwinds and tailwinds that will impact demand beyond 3 months, up to 3 years ahead.

The customer describes Prevedere's output and insight as the market perspective on how the dynamics in each industry will impact their business, and they then use this "business guardrails for their forecasts".

The resulting benefits that this company attributes to Prevedere are as follows:

- More accurate forecasts, by business segment and by region
- Reduced inventory and product obsolescence
- Reduced shipping costs
- Improved cash management

## Global Manufacturer Creates Economic "Guardrails"



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## Retailer Leverages Insight to Maximize Growth Opportunity

# New Norm Use Cases

A large retail company with 2,000 stores operating across the US uses Prevedere to gain insights into market dynamics and consumer behaviors to mitigate risk and maximize opportunity for their business.

### Use Case 1

The company experienced rapid growth in their customer base during the pandemic and wondered whether this was structural or transient. Working together, Prevedere was able to help them understand the shifting demographics in their customer base and how it was driving sustainable growth.

### Use Case 2

The company leveraged market and consumer insights provided by Prevedere to assess potential growth opportunities for their business. The company added new product segments to their overall portfolio, and they made a strategic bet by significantly expanding their retail footprint allocated to other segments of their business.

Creating economic based forecasts is advantageous, but being able to understand the market drivers of each line of business, assess predictive insights and shift strategy based on market futures is a game changer for them.



# Takeaways

## **New Operating Conditions Require New Ways to Manage Volatility**

With market certainty out of the window for the foreseeable future across almost all industries, economic based predictions of the future are no longer a luxury, but an absolute necessity. An organization that creates forecasts based only on internal data, is living on borrowed time.

External insights married with internal forecasts provides unprecedented foresight into planning and big picture performance. There are tactical benefits for operational planners and strategic benefits for executives, including:

- Improve forecast accuracy to drive budgeting and planning decisions
- Understanding market drivers, dynamics, trends and projections
- Insight into customer demographics, preferences and consumption drivers
- Predictions for cost management, e.g. future price of commodities
- Strategic intelligence for new market, location and category opportunities
- Market foresight to plan and execute months ahead of competition

Bottom line, Prevedere helps organizations make better planning decisions by providing personalized economic intelligence on their industry, their channels, and the demand for their products. Business leaders can use these insights to challenge or defend long held assumptions when planning for the future. By knowing all the factors that influence demand, organizations can be better prepared for future volatility.

# Getting Started

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## Plan and forecast more intelligently in the new world

**Add predictive analytics and economic intelligence to your business.**

Getting started is easy:

- Select a layer or line of business (e.g. US plastics category)
- Provide 36 - 60 months of performance data (e.g. sales)
- That is all we need to kick start the New Norm methodology

Talk to Prevedere to identify how New Norm Planning can benefit your organization.

For more information, please contact  
(888) 686-7746 or [inquiries@prevedere.com](mailto:inquiries@prevedere.com)

