
CHAPTER 8 The Demand Management Process

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Overview

Demand management is the supply chain management process that balances customers' demand with the capabilities of the supply chain.¹ With the right demand management process in place, it is possible to match supply with demand proactively and execute the plan with minimal disruptions. The process is not limited to forecasting. It includes synchronizing supply and demand, increasing supply chain flexibility, and reducing variability. In this chapter, we describe the demand management process in detail to show how it can be implemented within a company and managed across firms in the supply chain. We examine the activities of each sub-process; identify the interfaces with corporate functions, other processes, and across firms; provide examples of successful implementation; and demonstrate how it affects financial performance as measured as by Economic Value Added (EVA®).

After reading this chapter you should be able to:

- Explain the importance of the demand management process.
- Describe the strategic demand management process.
- Explain why demand management goals and strategies may differ across industries and companies.
- Understand the goals of synchronization and why it needs to be cross-functional.
- Determine how the demand management process affects Economic Value Added (EVA®).
- Describe the operational demand management process.
- Identify how internal company policies can contribute to increased demand variability.
- Describe how managers can increase the flexibility of their supply chain.
- Evaluate the consequences of too much flexibility.
- Explain why the demand management process needs to be cross-functional, what functions should be involved, and the role of managers in each function.
- Describe how customers and suppliers can be integrated into the demand management process.

¹ This chapter is based on Keely L. Croxton, Douglas M. Lambert, Sebastián J. García-Dastugue and Dale S. Rogers "The Demand Management Process," *The International Journal of Logistics Management*, Vol. 13, No. 2 (2002), pp. 51-66; and Keely L. Croxton, Douglas M. Lambert, Dale S. Rogers, and Sebastián J. García-Dastugue, "The Demand Management Process," in Douglas M. Lambert (Ed.) *Supply Chain Management: Processes, Partnerships, Performance* (4th Ed.), Supply Chain Management Institute, Ponte Vedra Beach, FL (2014), pp. 89-106.