Success Story

Planning in the home of
Snowflake Inc.

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„Getting the Christmas Market Under Control"

Snowflake Inc. is a traditional logistics company specializing in the Christmas business. The company is a subsidiary of a large U.S. soft drink producer, which has asked to remain anonymous. Every Christmas there are high costs for providing holiday gifts to children all over the world. Until last year, Snowflake Inc. planned these costs using a spreadsheet program called "ElfCell". Unfortunately, this program has in the past led to very slow planning processes or even faulty planning. This year, everything will be better. The company has switched to TN Planning and has worked with Thinking Networks' consultants to develop a driver-based planning model. We'd like to use the following example to show you this model:

Mr. S. Claus is responsible for package delivery in the German Christmas market segment. The following factors drive his planning for the Christmas business:

▶ **Driver: Good behavior factor**

At Snowflake Inc. only well-behaved children receive a gift. All other children have to rely on their parents' generosity and goodwill. This factor is set in the planning process as a percentage in relation to the total number of children who received gifts (up to age 18), ensuring cost savings - despite an increase in the number of children in Germany.

▶ **Driver: Average gift price**

Each year, the children's gift expectations rise. The retail prices also rise. As a result, the cost of the average gift increases.

▶ **Driver: Number of children per household**

Up to now, this numerical factor has remained relatively constant. Yet it has a large effect on the number of households that Mr. S. Claus can visit on a single evening.

▶ **Driver: Food prices**

As Mr. S. Claus uses a sleigh with reindeer front-wheel drive as a company vehicle, he must ensure that the hard-working animals are somewhat pampered. These costs are actually higher than you might expect, as only particular types of water from the parent company's product range are considered good enough.

▶ **Driver: Salary per reindeer**

For the workers in logistics, there is a union for the carriage train crew („The Union of the Reindeer", or „URs"). Curiously, it seems that right before the holiday season, new negotiation rounds are called with the union leader, Rudi TR Reindeer.

▶ **Driver: Stall rent**

In addition to proper hosting, the animals need appropriate accommodation. Parallel to the increase in the rent index, the stable owners also increase their rent every year.

The dependencies between the different drivers, factors and results can be illustrated by a driver tree diagram. For a better overview, here are the two elementary subtrees of the model.

Note: We would be happy to explain the whole concept of planning for Snowflake Inc. to you in more detail. We'd also like to show you how you can switch your planning to a driver-based model. Just talk to your account manager or call our sales department.

Driver Tree: „Total gift costs"
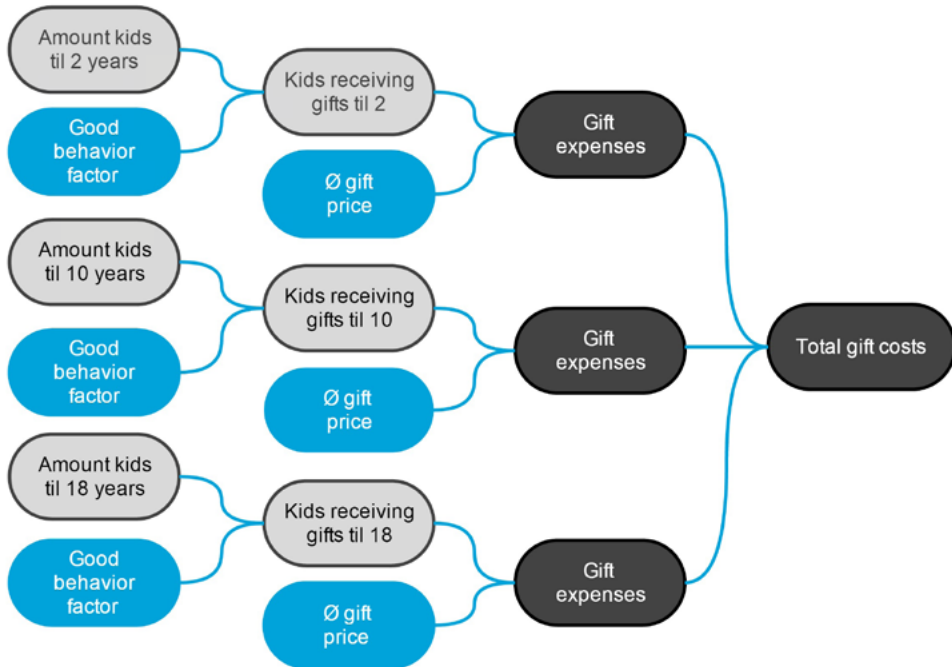
Driver Tree: "Total travel costs"
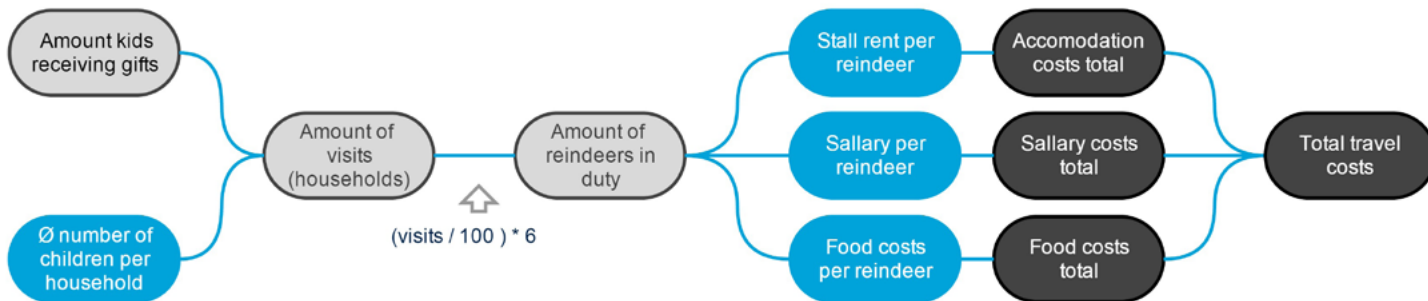
What did you think of our Christmas example? Let us know by sending your feedback to:

marketing@thinking-networks.com

Merry Christmas!

Warm Wishes from

Your Thinking Networks Team