

Beautifying the Forecast

Health and beauty manufacturer Murad, Inc. produces creams and serums that solve a variety of health problems such as genetic and environmental aging, acne, redness and sensitivity, and cellulite. While the company investigated innovative solutions to help its customers with their health needs, it explored options to improve its inventory planning and demand forecasting processes.

The privately-owned company focused on enhancing its inventory situation, including demand planning for thousands of SKUs in its diverse sales channels, managing product seasonality and introducing new products to the market. To maximize customer service, brand loyalty and effectively utilize company resources, Murad implemented Demand Solutions Forecast Management software.

Founded in 1989 by Howard Murad, M.D., Associate Clinical Professor of Medicine at UCLA and a leader in skincare science, Murad, Inc. is known for developing products that use scientifically-proven methods to keep skin looking young, healthy and vibrant. Over the years, Dr. Murad and a team of scientists have created thousands of innovative health and beauty products that the company markets through four diverse sales channels: national, professional, direct and international. The national and professional channels each account for 20 percent of Murad's business and sell products to major retail stores in the U.S. such as Sephora and Ulta and to beauty salons in the U.S. Through its direct channel, Murad sells directly to end consumers via its website, catalog and infomercials. Lastly, the international channel sells product to a growing list of countries around the world, including the UK, Canada, Japan, Turkey, Israel and Mexico.

The decision to implement Demand Solutions in 2006 allowed Murad directors to balance the different channels and view each market segment's preferences while maintaining superior customer service with optimized inventory levels. Because Murad's channels, as well as customer demand, varies depending on the product, time of year and geography, the company has gained major insight into inventory control and planning efforts have become streamlined.

Transforming Skincare™ Through a Transformed Supply Chain

Demand Solutions Forecast Management has helped Murad to manage its channels as four separate businesses. With its new demand forecasting software, the company is able to aggregate the demand for its sales channels through Forecast Management's easy-to-use Aggregation/Proration feature. With this capability, Murad can view all sales data for the entire company and then examine each sales channel individually. Forecasting manager Jorge Morlote, who joined the company shortly after implementation, says that he cannot imagine managing Murad's thousands of records without the feature, which presents both a broad and detailed view of the business.

As a foundation for inventory planning, Murad uses Demand Solutions Forecast Management with its Oracle ERP system. Morlote creates the initial forecasts





in Forecast Management and then has each sales channel's director add real-world insight into the forecast. "Forecast Management allows us to incorporate indispensable outside knowledge such as distributor forecasts, managerial overrides and anecdotal notes about future developments," says Morlote. "The ability to incorporate real-world insight along with the statistical formulas ensures the most accurate, quality forecasts." This flexibility allows the sales channels' directors to account for each product's popularity, which changes dramatically depending upon the marketing channel and brand objectives.

Along with managing a high SKU volume in multiple sales channels, Demand Solutions also empowers Murad to effectively manage product seasonality, especially for its sun protection items that have an increased demand from March to June. The demand forecasting software accounts for this seasonality without many manual adjustments and has allowed Murad to prepare its inventory planning appropriately for the summer months and reduce stock-outs. "In the past year and a half, Forecast Management has maintained an overall forecast accuracy of 85 percent or better," says Morlote. "We know that the high forecast accuracy has optimized our inventory levels and minimized unnecessary expenses."

Revitalizing New Product Introductions

Introducing new products to the market — or to four different markets — is a challenge that Murad constantly encounters as it innovates new beauty treatments, such as Active Sun Radiance Serum, the company's latest sun damage remedy that is receiving outstanding reviews. When introducing such new products, Murad often uses Demand Solutions Forecast Management's Curves feature to create a product forecast by cloning the demand pattern of a similar item. By combining the demand planning software's objective predictions for new product sales along with managerial expertise, Morlote is able to forecast the demand for new products as accurately as possible.

By taking into account the many factors that affect inventory planning, Murad was able to minimize expenses while maintaining high customer service levels. "Utilizing Demand Solutions demand planning software to improve our forecast accuracy has resulted in lower inventory levels, which directly impacts our bottom line."

According to Morlote, Demand Solutions Forecast Management software meets Murad's needs while still being manageable for employees to use. "I have planned in Excel spreadsheets and in the most complex supply chain management software and have found that Demand Solutions performs every function that a small-to-midsize enterprise needs in a logical, understandable way." 

Murad's Award-Winning Product Portfolio

Murad Intensive Wrinkle Reducer for Eyes

– *SELF Magazine*

Healthy Beauty Awards 2009:

- **Best Anti-Aging Eye Treatment**

Murad Age Spot and Pigment Lightening Gel

– *InStyle Best Beauty Buys 2009:*

- **Best Spot Lightener**

Murad Redness Therapy Correcting Moisturizer SPF 15

– *Celebs On Sunday*

UK Beauty Awards 2009:

- **Soothing Face Creams**

Dr. Murad Energizing Pomegranate Lip Protector SPF 15

– *Elite Bride Editor's Choice 2009:*

- **Top 10 Beauty Pick**

Murad Age Reform Intensive Resurfacing Peel

– *Star Superstar Beauty Awards 2009:*

- **Best Face Peel**

Murad's beauty innovation goes beyond beauty products, the company also offers a world-class, award-winning Medical Spa.

Services include:

- **Murad signature facials**
- **Salon services**
- **Massage and body treatments**
- **Special monthly events**

Visit www.murad.com to learn more