



Executive Summary

Perricone MD

Demand-Driven Supply Planning Transformation

Business Context

Perricone MD operated a complex, outsourced supply chain supporting hundreds of retail channels and multiple manufacturing partners. Demand originated from more than **675 retail outlets**, while production, filling, labeling, packaging, and distribution were handled sequentially through separate contract manufacturers — each with specific lead times and production constraints.

Planning accuracy and speed were mission-critical, yet the existing process relied almost entirely on spreadsheets and manual consolidation.

The Problem

The organization was attempting to solve **demand management and production planning at the same time**, using manual tools.

This resulted in:

- **Five to six MBA-level planners** spending over three weeks every month analyzing and assembling buy plans
- High error rates due to manual handling, version drift, and formula complexity
- No ability to accurately perform *what-if* type analysis
- Recurring shortages, excess inventory, and last-minute expediting
- Occasional **catastrophic planning failures** impacting revenue and customer fulfillment

Planners could not reliably answer basic questions such as:

“Are we able to divert 5,000 units, unplanned, to a major channel?”

“Will there be significant customer impacts from doing this?”

The answers typically resulted in unmet demand now, or unfulfilled orders later.



The Solution

A demand-driven planning system was designed and delivered in close collaboration with the COO, using an **incremental, highly adaptive approach**.

Key principles:

- Clear separation of **demand signaling** and **production execution**
- Deterministic logic with full traceability from forecast to component
- Human decision-making empowered — not replaced — by the system
- ERP used as a **system of record**, not a planning brain

The system translated demand forecasts into coordinated buy plans for kits, finished goods, and components — automatically propagating impacts across lead times and production dependencies.

The Critical Win: Agility

The most important outcome was **decision agility**, not forecast precision.

Planners could instantly model scenarios—such as allocating 5,000 units to a major channel and see downstream impacts across:

- Finished goods
- Kits
- Components
- Inventory exposure
- Timing risk

Planning shifted from monthly firefighting to controlled, decision-driven execution.

Measurable Results

- Planning effort reduced from **5–6 MBA-level planners** to **two administrative users**
- Monthly planning cycle reduced from weeks to **a few days each month**
- Over **three years, zero system-generated planning errors**
- Any subsequent inconsistencies traced only to data input or setup — not logic
- Dramatic reduction in shortages, excess inventory, and reactive expediting
- Extensive reporting created to recursively improve planning accuracy.



Strategic Impact

This engagement demonstrated that complex, outsourced supply chains do not require heavier process or larger teams—only clearer separation of responsibilities, better visibility, and decision-centric tooling.

The system restored confidence in planning as a **strategic capability**, not a recurring crisis.

Outcome:

A resilient, flexible planning foundation that scaled with the business — and enabled fast, informed decisions under pressure.



Detailed Overview

Perricone MD — Demand-Driven Supply Planning Transformation

Client Context

Perricone MD was a rapidly growing prestige skincare brand operating a highly fragmented supply chain. Demand originated from more than 675 retail outlets, while all manufacturing and fulfillment activities were outsourced across multiple contract partners—each with distinct lead times, constraints, and dependencies.

Planning accuracy and responsiveness were business-critical, yet the existing process relied heavily on manual effort, spreadsheet orchestration, and tribal knowledge.

The Problem

The organization was attempting to solve **demand management and production planning simultaneously**, using largely manual tools. This resulted in:

- A labor-intensive monthly planning cycle requiring **five to six MBA-level planners** working nearly full-time
- High error rates caused by manual consolidation, versioning issues, and formula drift
- Long turnaround times that made scenario analysis impractical
- Occasional **catastrophic planning failures**, including material shortages, excess inventory, and missed revenue opportunities

Critically, planners could not reliably answer fundamental questions such as:

- *What happens if demand shifts late in the cycle?*
- *Which component constraints actually matter?*
- *What downstream impact will a large opportunistic order have?*

The Solution

A demand-driven planning system was designed and implemented in close collaboration with the COO. The system re-established a single, intelligible flow from demand to execution without forcing the business into rigid planning cycles.

Key design principles included:

- **Separation of concerns:** Demand signaling was decoupled from production execution while remaining fully traceable
- **Human judgment where it mattered:** Planners retained control, supported by deterministic system outputs
- **Incremental delivery:** Usable tools were deployed progressively, enabling rapid validation and adjustment
- **ERP as system of record, not system of intelligence:** Planning logic lived outside the ERP but fed it clean, actionable orders

The resulting architecture translated demand forecasts into coordinated buy plans for kits, finished goods, and components—automatically propagating impact across lead times and constraints.

The Critical Win: Agility Without Chaos

The most significant outcome was not improved forecast accuracy, but **operational agility**.

Planners could immediately run *what-if* scenarios—such as diverting 10,000 units to a major channel partner—and see the downstream impact across:

- Finished goods
- Kits
- Components
- Inventory exposure
- Timing risk

This capability transformed planning from a monthly firefight into a controlled, decision-driven process.

Measurable Outcomes

- Monthly planning effort reduced from **five to six MBA-level planners working most of the month** to **two administrative users completing the process in a few days**
- Over a three-year operational period, **no system-generated planning errors occurred**
- All identified issues were attributable to **data setup or input errors**, not system logic
- Significant reduction in shortages, excess inventory, and reactive expediting

The system proved both **operationally resilient** and **organizationally scalable**.

Strategic Impact

The engagement demonstrated that complex, outsourced supply chains do not require heavier process or larger teams—only clearer separation of responsibilities, better visibility, and decision-centric tooling.

Most importantly, it restored confidence in planning as a strategic function rather than a recurring crisis.

Why This Matters

This case illustrates how complex organizations can reclaim control over demand and supply without over-engineering or excessive headcount — by designing systems that reflect how *decisions* are made.