Approach and Level of Managers’ Satisfaction with the Sales Forecasting Process

The sub proposition relating to the approach construct was:

P2b: There is a relationship between approach and the level of managers’ satisfaction with the sales forecasting process in a commercial restaurant setting.

The relationship that was proposed between approach and level of managers’ satisfaction with the sales forecasting process found support in the data. The data in Figure 5.2, below, shows the approach dimension with its stages as it relates to the level of managers’ satisfaction with the sales forecasting process.

![Approach Dimension Diagram](image)

**Figure 5.2. Approach Dimension and Level of Managers’ Satisfaction with the Sales Forecasting Process for Each Company**

This figure shows that there is a relationship between the two dimensions. Company A is not very satisfied with its sales forecasting process and it is in Stage 2 of
the approach dimension. Companies C and G are in Stage 1 of the dimension and are not very satisfied with the sales forecasting process. Company G is very close to being somewhat satisfied. Company F is in Stage 2 of the dimension and somewhat satisfied with the sales forecasting process. Company B is in Stage 2 of the dimension and very satisfied with the sales forecasting process. Companies D and E are high in Stage 3 of the dimension and high in their satisfaction with the sales forecasting process.

The following discussion provides additional support for the relationship between the two dimensions.

**High Approach Dimension Stage and High Level of Managers’ Satisfaction with the Sales Forecasting Process.** The companies forecast at the restaurant, regional, and corporate levels. The intervals included daily, weekly, period (thirteen periods with four weeks in each period), quarterly, and yearly. Long-range planning was important and the sales forecast was used as a component in this process.

**Participant 11:**
Pretty satisfied, we’ve been pretty successful in predicting the outcome of both; we’ve gotten a lot better predicting the outcome of both the period and the annual. We feel it’s justified, we go through a lot of work to do it, we feel it’s justified because we do make changes in senior management based on our forecast.

The information provided by field managers and corporate managers is absorbed into the corporate sales forecast. Companies were satisfied with this approach. However, from the corporate office viewpoint, the more restaurants that a company owns, the more difficult it is to take into account the external variables that may affect the corporation from region to region and restaurant to restaurant.

**Participant 4:**
. . . We have a corporate sales projection. There is nothing regional that flows down so then whenever your managers go in, that’s why there’s no link directly from, let’s say we think our desktops are going to be X for this week, it doesn’t flow to the restaurant managers because they might be in a very high-volume restaurant and we’re working all solely off of averages, but if there were some way to take it and then automatically make it more restaurant specific or divisional or, or whatever, then I think that’d
be much more useful for the restaurants. But, as it is, because it’s such an average, a lot of those restaurants will think that doesn’t pertain to me. So, one of the problems with such a high level of restaurants . . .

**Low Approach Dimension Stage and Low Level of Managers’ Satisfaction with the Sales Forecasting Process.** An understanding exists of how the sales forecast was conducted at the corporate office. At the regional and restaurant levels, where managers must supply necessary data to the corporate office for the sales forecast; a mixed understanding as to how to conduct the sales forecast and how the sales forecast benefited the corporation existed. No formal training for field managers and little training for corporate managers existed. The field managers were left to conduct their sales forecast to the best of their ability.

**Participant 12:**
Absolutely no. We know. And it’s interesting, we have nine divisions, we’re relatively decentralized and, and we’ve not sent out a company-wide, ah, company-sponsored forecasting method. You know, we’ve simply left the management, left it up to the individual divisions as how to they want to teach and train forecasting . . . Part of the reason why we spend more money than we should on labor is because somebody hasn’t done a forecast, and they haven’t done a forecast because nobody’s been there to teach them how to do the forecast the right way and part of the reason why we don’t, ah, we have too much labor, I’m sorry, not enough labor to satisfy guests is because we haven’t predicted it in our forecast, we haven’t done the forecast.

A combination of top-down and bottom-up forecasting is used; however, at times no consolidation exits between the two. The companies used either the independent or concentrated approaches to sales forecasting.

**Participant 12:**
Unfortunately, each department develops and uses their own separate forecasts, generally. You know, the, the purchasing area will rely on the field budgets that are combined in order to determine what their purchasing needs to be for the coming year but, generally, the, the various departments would work independently and that’s something we’re working on.
Interest was expressed in using the negotiated approach.

**Participant 12:**
I think that it would be helpful to have a, a broad forecast that the, that the individual departments would all use together. I like Question #4 [negotiated approach]. I wish each department developed its own forecast with a committee to develop any final compromise forecast . . .

The level of satisfaction varied greatly because some companies were in the process of changing different parts of their approach to sales forecasting.

**Participant 12:**
Well, it’s not a good team effort so we’re trying to become more integrated, especially with 300 units that we have company wide. So we’re not satisfied.

**Participant 12:**
The pros might be that there is independent thinking, ah, from all the departments, um, and I would say the cons are that there’s not one system-wide strategy that we’re all working towards.

**Systems and Level of Managers’ Satisfaction with the Sales Forecasting Process**

The sub proposition that related to the systems construct was:

**P2c:** There is a relationship between systems and the level of managers’ satisfaction with the sales forecasting process in a commercial restaurant setting.

The relationship that was proposed between systems and level of managers’ satisfaction with the sales forecasting process found support in the data. The data in Figure 5.3 shows the approach dimension with its stages as it relates to the level of managers’ satisfaction with the sales forecasting process.
This figure shows that there is a relationship between the two dimensions. Company A is high in Stage 1 of the systems dimension and not very satisfied with the sales forecasting process. Company C is high in Stage 2 of the dimension and not very satisfied with the sales forecasting process. Company G is in Stage 1 of the dimension and not very satisfied with the sales forecasting process. However, Company G is very close to being somewhat satisfied with the sales forecasting process. Company F is in Stage 2 of the dimension and somewhat satisfied with the sales forecasting process. Company B is high in Stage 2 of the dimension and very satisfied with the sales forecasting process. Companies D and E are high in Stage 3 of the dimension and very satisfied with the sales forecasting process.

The following discussion provides additional support for the relationship between the two dimensions.
**High System Dimension Stage and High Level of Managers’ Satisfaction with the Sales Forecasting Process.** Some companies have the capability to make comparisons of forecasting data readily available on all levels of the corporation through both their Wide Area Network (WAN) and Local Area Network (LAN). Some companies have the ability to load sales information from local restaurants at the close of the day. For some of the more advanced companies, the level of systems automation matches the level of complexity of sales forecasting.

**Participant 8:**
. . . As we’ve gotten more sophisticated, it’s expanded the whole forecasting system . . . But as we’ve gotten more sophisticated we’ve broadened our forecast. If that makes sense . . .

**Participant 5:**
Pretty complicated in a lot of cases. I mean we’re using some advanced techniques . . .

Companies used AS 400 mainframes or NT servers combined with personal computers to facilitate the sales forecasting process. The mainframes were used to house historical and archival data as well as trends and external factor information.

**Participant 8:**
So this is like we have a data warehouse where we store the data, the historical data and then we pull it into our models that are primarily Excel based. That’s what we use.

**Participant 5:**
Absolutely. And a lot of the software helps us query our mainframe. We have several packages. We have a data warehouse function that lets us query huge databases of information so that we can consolidate that in. It helps us with our preference analysis. It helps us with our customer counts analysis so there’s that piece. Then we have other software such as Hyperian that lets us query the general ledger for information as well.

Local Area Networks were in operation at the corporate office, and Wide Area Networks connected the rest of the corporation on the local restaurant and regional levels. Some companies used vendor-purchased software for forecasting. At the most advanced
level was custom-designed software to fit the specific forecasting needs and report generating needs of the restaurant company.

**Participant 5:**
But amazingly enough, I mean I think all that you are seeing when it comes to our forecasting pretty much is being evolved by us. I mean we are developing, it’s all being developed in house. Nothing outside, outside packages come in that are forecasting models or anything like that.

The departments that make the forecasts had access to the systems to adjust the forecast. Microsoft and Compaq were used for personal computers. Some participants were very satisfied with the current system.

**Participant 5:**
We looked at a lot of things but again I think our business has so many variables... there’s just nothing out there that really can give us what we need... At this point, we haven’t seen it. We do a pretty good job.

**Low System Dimension Stage and Low Level of Managers’ Satisfaction with the Sales Forecasting Process.** Some companies would like to streamline their computer systems to make comparisons of forecasting data readily available on all levels of the corporations through WAN and LAN. Software included basic Excel spreadsheets. There was some expression concern of about the cost of the system used and the cost of an upgrading from one system to another.

**Participant 11:**
No, as a matter of fact we are behind time. We got started on Lotus and WordPerfect, long years ago, and got so many licenses that it’s pretty expensive to switch. Actually I have both, and a few people have both, but the problem is with the Internet. You almost have to have both, more Microsoft, Excel and Microsoft Word to communicate with people on the Internet because that’s what most people use. It’s become an issue with us.
Participant 3:
My wish list is large. The first thing is to have enough money to write off the point of sales and go with the new MICROS. That would be one on my wish list.

Others were interested in a more concentrated system that addresses the companies’ current needs.

Participant 12:
Very dissatisfied. (laughter) And we’re doing something about that…Well, what we talked about is a forecasting system that’s decentralized right now and it’s really not a computer system. It’s just shoved out and left up to the stores. Um, what we tried to develop with an outside vendor and we’ll go through the reasons why we picked an outside vendor instead of doing it ourselves of buying a package but what we’re trying to develop is a centralized forecasting system that enables the stores to benefit from the history but also influence the forecast. So, that initially the restaurant would be able to input activities for the coming week to two-week period or month, monthly period and those activities would, if they are certain company standard activity, would automatically adjust sales…So, we’re trying to put all this history into the hands of the stores and let them influence their forecasts. The system, as I mentioned we’re using an outside vendor, ah, we, it was not cost effective for us to use a canned software program nor was it specific enough to our needs and developing it would have taken years. (laughter) I mean we hired, we should have it done in about a 7-8 month time period and it is to, you know, its just half of what we’re having done right now. The other half of, of that system would be a labor scheduling system that would automatically recommend a schedule and based on the sales forecast where the manager would just insert names and, and obviously since no schedule can be perfect in every restaurant, adjust the times that are recommended. And then this is the beginning of hopefully an integrated system that would generate forecasts, for instance, meat panning charts and charts inside the restaurants, how many salads to prepare for that day and then also generate an order from the distribution center as well down the road too. Anyway, the people that could influence those sales and estimates are generally the general managers, and it’s more to run the business day to day. It’s not so much for a business plan on how we’re gonna do for the year. But, but we ought to be able to tell at every level within the company, who’s been doing their forecasts and how close they were. Cause there will be tools that will enable a store to see the kind of changes that they made
whether they were right or whether they were off a little. They should have had other adjustments that could have helped us. So anyway a centralized system is something that we’re 7 months into an 8-month project.

Some expressed the interest in being able to have real-time access to local restaurant sales and guest count data.

**Participant 3:**
Next on the wish list is to have the ability to put in a wide area network, to have real-time communications. It would help out with being supportive and getting information to them.

---

**Performance Measurement and Level of Managers’ Satisfaction with the Sales Forecasting Process**

The sub proposition that related to the construct of performance measurement was:

P2d: There is a relationship between performance measurement and the level of managers’ satisfaction with the sales forecasting process in a commercial restaurant setting.

The relationship that was proposed between performance measurement and level of managers’ satisfaction with the sales forecasting process found support in the data. The data in Figure 5.4 shows the approach dimension with its stages as it relates to the level of managers’ satisfaction with the sales forecasting process.

This figure shows that there is a relationship between the two dimensions. Company A is high in Stage 2 of the performance measurement dimension and not very satisfied with the sales forecasting process. Companies C and G are not very satisfied with the sales forecasting process and in Stage 1 of the dimension. Company G is close to being somewhat satisfied with the sales forecasting process. Company F is somewhat satisfied with the sales forecasting process and in Stage 1 of the dimension. Companies B and E are high in Stage 2 of the dimension and very satisfied with the sales forecasting process. Company D is high in Stage 3 of the dimension and very satisfied with the sales forecasting process.