Chapter 17
KOHLER®: Forecasting for Project-Based Market

Ali Awni
American University in Cairo (AUC), Egypt

Mohamed Nada
Kohler Co., Egypt

EXECUTIVE SUMMARY

A newly appointed Middle East regional marketing manager for a major sanitary ware producer is exploring options to improve sales forecasts. The old forecasting method, which was based on historical sales from distributors’ retail stores, performed very poorly. Regional sales were driven mainly by large construction projects in the Gulf countries. A new approach that explicitly considers the status of each project and the stock-keeping units (SKUs) demanded shows promise.

INTRODUCTION

In late 2008, Mohammed Nada joined Kohler Co., a leader in bathroom and kitchen sanitary ware products, as the company’s Regional Marketing Manager stationed in Dubai. One of Mr. Nada’s main responsibilities was to prepare the company’s periodical regional sales forecast in cooperation with the Supply Chain Group in Paris, France. The forecast was used to determine the quantities of the components and raw materials to be purchased, and the production plan required to ensure that the ordered products were delivered on time.

Kohler Co. was experiencing good growth in sales, mainly from construction projects in the Gulf countries. In one case, the demand for one slow-moving product from one project alone was equivalent to 12 years’ worth of the demand for this product in Europe.

The old forecasting approach relied on historical demand at the company’s retail stores. This approach produced poor results when applied to Gulf sales. It resulted in tremendous pressure related to the procurement of components and the
production of final products to ensure that project orders were met on time.

Top management was very concerned about the large forecast errors at the stock-keeping unit (SKU) level and the resulting impact on purchasing and production. A new forecasting approach had to be developed that explicitly reflected the needs of the main demand driver in the region: construction projects.

COMPANY BACKGROUND

Kohler Co. is one of America’s oldest and largest privately held companies. Kohler Co. has a global presence, with 30,000 associates, 51 plants worldwide, and a diverse portfolio of leading brands in plumbing, engines and power generation systems, fine furniture, hospitality and world-class golf destinations.

Kohler Co. is a recognized leader in kitchen and bath products. The company offers a diverse collection of products that continually sets new standards in design, technology, craftsmanship, and innovation, covering a broad price range.

Kohler Co. owns two brands for sanitary ware: Kohler, a brand based in the United States (US), produced and manufactured in facilities across the US, China, India, and Thailand; and Jacob Delafon, a French brand with manufacturing facilities in France, Spain, Morocco, and Egypt. In the 1980s, Kohler acquired Jacob Delafon to improve its position in markets where it had a weak presence. Jacob Delafon’s production facilities and sales operations were retained.

PRODUCT LINES

Kohler and Jacob Delafon offer customers a diverse range of bathroom products. The following eight product categories/lines are offered:

Ceramics: These are products made from vitreous china or fireclay material. In a bathroom, a complete set of ceramic products would be a toilet, toilet seat, bidet and washbasin. Figure 1 presents

Figure 1. Formilia product model/range

![Formilia product model/range](image-url)
12 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the product's webpage: www.igi-global.com/chapter/kohler-forecasting-project-based-market/54998?camid=4v1

Related Content

Literacy in Early Childhood: Multimodal Play and Text Production
Sally Brown (2020). *Participatory Literacy Practices for P-12 Classrooms in the Digital Age* (pp. 1-19).
www.igi-global.com/chapter/literacy-in-early-childhood/237410?camid=4v1a

Participatory Literacy and Taking Informed Action in the Social Studies
Casey Holmes and Meghan McGlinn Manfra (2020). *Participatory Literacy Practices for P-12 Classrooms in the Digital Age* (pp. 40-56).
www.igi-global.com/chapter/participatory-literacy-and-taking-informed-action-in-the-social-studies/237412?camid=4v1a

Complexities of Identity and Belonging: Writing From Artifacts in Teacher Education
Anna Schick and Jana Lo Bello Miller (2020). *Participatory Literacy Practices for P-12 Classrooms in the Digital Age* (pp. 200-214).
www.igi-global.com/chapter/complexities-of-identity-and-belonging/237422?camid=4v1a

Preparing 21st Century Teachers: Supporting Digital Literacy and Technology Integration in P6 Classrooms
Salika A. Lawrence, Rupam Saran, Tabora Johnson and Margareth Lafontant (2020). *Participatory Literacy Practices for P-12 Classrooms in the Digital Age* (pp. 140-162).
www.igi-global.com/chapter/preparing-21st-century-teachers/237419?camid=4v1a