

# #061 : Coordinated Planning

## Part 1: The Bullwhip Effect



Supply chain coordination is the **information sharing process** between the stages/entities of the supply chain and the corresponding consideration of those information while planning.

One outcome of the lack of supply chain coordination is the bullwhip effect, in which fluctuations in orders increase as they move up the supply chain from retailers to wholesalers to manufacturers to suppliers.

**Consumer Sales at Retailer**



**Retailer's Order to Warehouse**



**Warehouse's Order to Manufacturer**



**Manufacturer's Orders with Supplier**



The bullwhip effect distorts demand information within the supply chain, with each stage having a different estimate of what demand looks like.

### Effects

Increase in manufacturing costs, inventory and replenishment lead time.

Decrease in product availability at the retailers.