Your System for Navigating the Modern Business Landscape
About this E-Book

What’s this e-book all about?
Sales and Operations Planning (S&OP) is a big topic.

This e-book provides a handy overview of the process and what it takes to be more successful at it. While this is a high-level, concise discussion, it also points to further resources where you can learn more, and forums where you can engage with others.

Who is this e-book for?
• Executives seeking a quick overview of the evolution of S&OP and a description of S&OP as it applies to our 21st century realities
• Executives and practitioners already engaged in S&OP who want to help move their companies to the next level

How to use this e-book
1. Flip through these pages to get a quick overview of the challenges, benefits, tips, and best practices for S&OP.
2. For more details on any topic, use the ‘CHECK IT OUT’ links at the left to find resources such as blogs, surveys, research reports, and white papers... plus some lighter content just for laughs.

You know your S&OP process is in trouble when your CEO pronounces it Sales and Oooops!
S&OP means different things to different people. It’s been called:

- The heartbeat of a company
- Top management’s handle on the business
- A company’s command and control system
- A platform for continuous improvement that sits between the strategic business plan and the tactical day-to-day operations

S&OP has been compared to a sports team: You must have a game plan, yet adapt quickly to events on the field. S&OP has also been likened to treasure-hunting: You search for the best payoff hidden in a field of possibilities.

It’s been called “old hat” and “the new kid on the block.” And both are true. While S&OP has been around for decades, it’s gaining fresh momentum today.

But what exactly does “sales and operations planning” mean?

Here’s a sensible definition from Oliver Wight, a pioneer in the field:

S&OP is a senior management decision-making process that ensures that the tactical plans in all business functions are aligned and support the business plan.

In other words, S&OP is about piloting your daily operations and monthly plans toward your long-term business goals. It’s about getting everyone headed in the same direction – including your contract manufacturers, suppliers, distribution partners, and customers.
Most experts agree that S&OP has four ingredients:

• People: everyone from the CFO to the customer service reps

• Process: the way you make decisions and manage meetings

• Information: the data from every level of your demand and supply chain

• Technology: the systems that support planning and decision-making

Not everyone agrees on the correct proportions of these ingredients, but everyone agrees that S&OP needs all four.

Every enterprise must pay attention to its people and processes. And no company with 1,000+ employees or $250 million+ in revenue can carry out an effective S&OP process without the proper technology. That means something more than Excel®, PowerPoint®, and email.

What does S&OP look like?

Although the process can vary greatly between companies and across different industries, certain core elements are most often present.

A typical S&OP process covers the following steps:

1. Review the current plan
2. Consider how to introduce new products and phase out older ones
3. Review current demand and create a demand plan that includes marketing and sales forecasts
4. Create an operations plan to satisfy the demand plan, or identify capacity and component shortages
5. Do a financial review to make sure the scenarios meet financial targets
6. Hold an executive S&OP meeting to review the proposed scenarios and determine which plan best meets the company’s objectives

S&OP grew out of a need to balance supply and demand, although it can go far beyond this simple goal. S&OP calls for a way to work together to gain a consensus on the best plan and how to execute it.
Why Bother with S&OP?

But who cares about S&OP? What’s in it for you?
Well, if your company neglects this process, you’ll get lower performance... any way you measure it.

As one example, Aberdeen Group classifies 30% of all companies as “S&OP laggards.” They tend to suffer from:
• Lower customer service (81% of orders on-time vs. 97% for best-in-class competitors)
• Inaccurate forecasts (accuracy of 60% vs. 86%)
• A company’s command and control system
• Poor ROI (cash conversion cycle of 4 months vs. 15 days)¹

Can you afford such a weak showing on such vital KPIs?

What’s in it for your company?
Executives were polled at a recent seminar to name the prime objectives of their S&OP efforts. Half said balancing demand and supply, and nearly 1 in 4 said profitability. Those are realistic goals to shoot for with S&OP.

In fact, here are some actual metrics on what’s possible. Companies that improve their S&OP to best-in-class levels can achieve:
• a profit margin of 12% above the industry norm and 21% above the laggard companies²
• an order fill rate that is 11% above the industry norm and 13% above the laggard companies²
• 5X faster responses to market changes³

Aren’t results like these worth a little effort?

¹ Can you afford such a weak showing on such vital KPIs?
² What’s in it for your company?
³ Aren’t results like these worth a little effort?

You know your S&OP process is in trouble when the team asks why they have to go through all THAT again, when they just did it last quarter!
A maturity model is like a staircase that describes how companies manage a certain area of their business. The lowest step is usually sporadic and disorganized, while each step up becomes more organized and effective.

The purpose of these models is to quickly tell how well a company is doing and then point the way up to the next level.

Numerous maturity models have been developed for S&OP. There are models from AMR Research, Gartner, Oliver Wight, Ventana Research, and more. Most are variations on the same theme, with four stages from immature to mature. AMR (now part of Gartner) called these stages React, Anticipate, Collaborate and Orchestrate.

Here's a typical model, based on the approach of Larry Lapide from MIT.

### A Four-Stage S&OP Maturity Model

<table>
<thead>
<tr>
<th>Stage 1: Marginal</th>
<th>Stage 2: Rudimentary</th>
<th>Stage 3: Classic</th>
<th>Stage 4: Ideal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meetings informal and sporadic</td>
<td>Meetings Formal but attendance spotty</td>
<td>Meetings Formal with 100% participation</td>
<td>Meetings held as driven by events</td>
</tr>
<tr>
<td>Disjointed supply and demand plans</td>
<td>Supply plan aligned to demand plan</td>
<td>Plans aligned with a few suppliers and customers</td>
<td>Plans aligned with most suppliers and customers</td>
</tr>
<tr>
<td>Spreadsheets, all data entered by hand</td>
<td>Standalone systems interPaced, one-way only</td>
<td>All apps integrated, with external data re-keyed</td>
<td>External and internal systems integrated</td>
</tr>
</tbody>
</table>

The bad news is that most companies are stuck at stages 1 or 2.

Just remember, no company is a monolith. Different divisions may be more or less mature at S&OP. Companies can even lurch ahead and then fall back due to a merger or acquisition, or a failed project, or resistance to change.

But wherever you are, we want to take you higher—to help you move up to the next level of S&OP maturity.
The idea of S&OP was first discussed 30 years ago. Since that time, four huge dimensions of change have reshaped the world of manufacturing.

Change #1: Outsourcing everything
In the past, manufacturers owned their own factories and controlled their own production. Today, most manufacturers outsource as much as possible, including piece parts, final assembly, and testing.

But anything outside your company walls is much harder to see and control. Outsourcing blocks visibility into your extended supply chain. That makes it harder to get reliable data to support S&OP analysis and decisions.

Change #2: More products and shorter life cycles
Manufacturers used to sell the same products for years. Today, new products come and go every quarter, with countless options and configurations. New product releases must be precisely timed to gain market share and fill demand for the new product, while avoiding any obsolete inventory on older products. And as soon as you’re done, you have to do it all over again.

Change #3: More volatile demand
Buyers have never been more fickle or more powerful. The days of brand loyalty and buying from local suppliers are gone forever. Trends that once took months to emerge can now travel the world in minutes.

Change #4: Globalization
With new markets opening up across the globe, planning is more complex. Reaching these markets requires a different type of innovation focused on simple product design and effective distribution.

The traditional tools used for S&OP—even by some of the best companies—just can’t handle all these changes. The new business environment demands better information and new tools.

You know your S&OP process is in trouble when your managers ask, “Who needs S&OP when we built up all of that inventory during the recession?”
Can the S&OP process be done without technology? This question was asked to a dozen industry experts as part of a recent blog series. While their reasons varied, everyone agreed that proper technology was indeed required. The more complex the organization and the more mature the process, the greater the need. But not just any technology will do.

So it’s surprising how many enterprises entrust such a mission-critical task to the 25-year-old desktop software, Excel®. On the other hand, ERP and legacy planning apps are very costly and have many drawbacks, as shown in the table.

<table>
<thead>
<tr>
<th></th>
<th>Excel</th>
<th>ERP</th>
<th>Legacy planning</th>
<th>S&amp;OP</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Era</strong></td>
<td>1980s</td>
<td>1980s</td>
<td>1990s</td>
<td>2000s on</td>
</tr>
<tr>
<td><strong>Strengths</strong></td>
<td>Flexible number-crunching</td>
<td>Accounting</td>
<td>Optimizing in-house plans</td>
<td>Multi-Function, multi-enterprise</td>
</tr>
<tr>
<td><strong>Drawbacks</strong></td>
<td>Not robust, not scalable</td>
<td>Transaction-based</td>
<td>Slow, poor integration; made for yesterday's supply chains</td>
<td>Additional investment</td>
</tr>
<tr>
<td><strong>Cost</strong></td>
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<td>$$$$$$$$$$$$</td>
<td>$$$$$$$</td>
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Relying on the wrong tools for S&OP can lead to:

- Poor data integrity
- Inaccurate analysis and blind spots
- Sluggish response

If your company is trying to improve the maturity of your S&OP process using Excel, ERP, or legacy planning, you’re past due for an update.
What’s Wrong With Excel?

Excel is a great tool for personal productivity. And it’s helpful for department-level planning and budgeting. But spreadsheets alone can’t scale up to support the rigorous, multi-tier, multi-enterprise decision-making that S&OP requires.

For example, with Excel you can’t easily:

• Integrate information from many sources
• Provide in-depth analysis using complex analytics
• Simulate numerous “what-if” scenarios
• Support reliable data quality and secure data exchange

Don’t believe everything you see in a spreadsheet

The problems with Excel could be a whole e-book on its own! Let’s talk about one issue in particular: data integrity. An audit of 50 corporate spreadsheets in 2007 revealed that 94% had errors... one for $100 million!

How can that be? Well, most spreadsheets are created by non-programmers. Spreadsheets are routinely e-mailed around with no security or version control. Formulas get corrupted, cells over-written, and links broken. There are auditing tools and best practices to help ensure spreadsheet quality, but few people use them. Do you?

Here are six common errors found in spreadsheets:

1. Hard-coded errors in Formulas
2. Reference errors
3. Logic errors (using Formulas incorrectly)
4. Copy/paste errors
5. Omission errors (one or more blank input cells)
6. Data input errors (bad data)

Every year, these snafus cause bad decisions, mis-reported results, damage to brands, loss of share value, and executive firings. Your company is not immune. Can you guarantee that no spreadsheet you use has any errors?
What About ERP?

Your enterprise likely invested many millions in an ERP system that does all the essential jobs it was designed for: taking, making, shipping and accounting for customer orders. That’s fine. But that’s it.

It’s tough to get to the next level of S&OP using ERP and a collection of add-ons. Each module is a stand-alone product designed for just one piece of the process. The integration effort is cumbersome.

At the end of the day, ERP is just not designed for all internal functions, plus the end-to-end process from customers to contract manufacturers to component suppliers.

Here’s how the design of ERP systems compares to S&OP requirements.

<table>
<thead>
<tr>
<th>ERP Characteristic</th>
<th>S&amp;OP Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perspective</td>
<td>Backward-looking, accounting for past transactions</td>
</tr>
<tr>
<td>Scope</td>
<td>Inside out, activities within company walls</td>
</tr>
<tr>
<td>Cadence</td>
<td>By the calendar: weekly, monthly, or quarterly cycles</td>
</tr>
<tr>
<td>Speed</td>
<td>Scheduled report runs that take hours or even overnight</td>
</tr>
<tr>
<td>Data Integration</td>
<td>Slow and difficult to integrate data from other systems</td>
</tr>
</tbody>
</table>

Not a great match, is it? So yes, your ERP system is fine for what it does. Just don’t try to bolt on some new module to handle S&OP... no matter what your ERP sales guy tells you! It takes purpose-built tools based on a modern approach to S&OP to really move upward.
Legacy planning applications were originally designed for a much slower, more centralized world. They can't support today's requirements for intense participation from multiple players in different locations using different systems.

What's worse, they're sluggish, designed to run in batch mode likely on a daily basis. They can't run in real-time to deal with fast-changing events as they unfold. And isn't that your world?

These legacy apps are based on the quest for a perfect mathematical model of production. They don't address today's key challenges, such as building relationships with customers and suppliers through quick, shared collaboration and strategic tradeoff decisions.

Here are four critical limitations of legacy planning:

Limitation #1. Inaccurate forecasts based on statistical forecasting that can't keep up with volatile markets and ever-changing business assumptions

Limitation #2. Slow and limited “what-if” simulations to test assumptions and alternative actions

Limitation #3. Limited collaboration support to bring teams together, either planned or ad hoc, to provide input and secure buy-in

Limitation #4. No accounting for outside value, such as inventory being purchased, assembled or shipped by third parties

For all these reasons, legacy planning apps can't support the demands of today's S&OP. Yesterday's news is not what you need when you're looking for tomorrow's headlines.
If Excel, ERP, and legacy planning aren’t the right tools for the job, what is?

Imagine a pilot flying from New York to Los Angeles at night without any navigation systems or instruments to measure his location, wind speed, or altitude. Instead, every two hours he checks the stars with a sextant, extracts data from the flight recorder about his throttle settings, and draws in the plane’s likely location on a map. What are the chances of that pilot actually getting to LA? Can he arrive on any predictable timetable? You’ll likely agree his chances are slim to none.

A modern pilot embarks with a general flight plan, but then monitors a continuous readout of key metrics, which he uses to make numerous small course corrections to help arrive at the proper destination on schedule.

It’s the same for business. Every company needs a sophisticated navigation system to help determine where you are going, where you have been, when you are off course, and how to get back on course.

Successful S&OP provides a navigation system and a set of instruments for piloting a company through our turbulent times.

This chapter describes 4 keys to highly effective S&OP:

#1: East-West integration, bringing together demand and supply planning
#2: North-South integration, bringing together Finance and Operations
#3: Tying together volume and mix plans
#4: S&OP on demand, not only on schedule

Any enterprise that can find all 4 of these keys will unlock the door to S&OP and take a big step up the maturity staircase.
Too many companies develop and manage separate demand plans and supply plans in isolation, only coming together with an aggregate or volume plan during the S&OP meeting.

In a recent survey, almost 1 in 3 of the executives polled said the biggest problem with their S&OP was that not all the information they need is available in one system.

Ideally, all plans can be developed in the same system, and encompass all the operational details that fall under the high-level summaries. Many call this “east-west integration” to suggest how it brings two points of the compass together.

Executives know this integration of demand and supply is vital to gain:

**Cross-enterprise view**

Having more data from contract manufacturers and part suppliers integrated in one central place gives you a comprehensive view of your extended supply chain.

**Cross-functional view**

When you can see across and deep within the traditional silos of demand and supply planning, you gain better insight into what’s really going on and what’s feasible going forward.

**Better, Faster plans**

Demand and supply integration supports more accurate plans, faster planning cycles, clearer insights, and better collaboration.

**Better decision support**

When demand and supply planning are brought together, testing the feasibility of high-level plans and reconciling planning to execution are faster and easier for everyone.
Another key to S&OP success is bringing Finance into the process in a meaningful way. We can call this “north-south” alignment.

This doesn’t always happen. A recent survey asked senior managers what role Finance plays in S&OP. The result: Finance helps draw up S&OP plans in only 1 of 3 companies surveyed. In the other 2 out of 3, Finance simply rubberstamps or files away plans developed without their input.

Why CFOs should care about S&OP

S&OP gives CFOs an opportunity to evaluate, monitor, and influence the financial impact of the plan. Finance should play an active role in setting targets and ensuring operational plans are aligned with corporate objectives.

According to studies by Ventana Research, bringing Finance into S&OP is the second most important factor in building revenue, profit, customer satisfaction and forecast accuracy. Because linking financial metrics (such as revenue, margin, and cash flow) to operational metrics (such as orders delivered on-time and in-full, inventory turns, and capacity utilization) gives you a way to check if your operational decisions are consistent with your financial objective.

This also helps you see if your financial objectives are achievable.

With so much at stake, why not involve Finance in your S&OP? Who else is better qualified to comment on the financial impact of the plan? What’s more, it’s rather risky not to involve Finance. Any company that doesn’t is clearly taking a big gamble.
One of the stumbling blocks of traditional S&OP is that volume-only plans often end up being infeasible when disaggregated to the mix level.

The challenge is to translate the aggregate, volume-level plans to a SKU or mix-level operational plan and then test the feasibility of the plans before committing to them.

Companies must focus on developing a plan that is not only optimal, but also feasible. Otherwise, the S&OP plan will lose credibility within the organization.

The second challenge is to keep the plan feasible and in check.

It sounds good to talk about aligning daily operations with S&OP objectives. But to achieve true S&OP maturity, executives and managers throughout the enterprise must learn to regularly "dive into the details."

Companies must find a way to reconcile demand and supply, Operations and Finance on an ongoing basis, not just as part of a periodic planning and review cycle.

The way to bridge the gap between planning and execution is to continuously check if you’re on track to meet future objectives. You must be able to immediately see any deviations that need to be addressed before they become “actuals.”

When the company can plan and execute in real time, it can bridge this gap between volume and mix plans, and between planning and execution.
While the monthly S&OP meeting is important, mature firms develop a way to revise plans and take action any time the plan is at risk. Companies with a modern S&OP process enable a continuous flow of course corrections to help generate more effective results.

Here are a few goals for S&OP on demand, not only on schedule.

**Goal #1: Unshackle yourself from the calendar**

You don’t want to review your plan (and your performance) only once a month. You need more flexibility to respond to any events that have an impact on your S&OP objectives.

**Goal #2: Gather and analyze data faster**

In some firms, it takes three or four weeks—or more—to do one cycle of S&OP data collection and analysis?! This makes mid-cycle course corrections impossible. Address whatever is slowing down your cycle time; it’s most likely some combination of people, process, and technology.

**Goal #3: Encourage collaboration across your enterprise**

You need to exchange detailed S&OP data with every other function, location, division, and legacy system in your enterprise. And you need to support both planned and ad-hoc discussion and consensus-building with multiple stakeholders in your company whenever it’s required.

**Goal #4: Support data integration across your supply chain**

You also need to exchange detailed S&OP data with all your trading partners across your extended supply chain. The most mature enterprises support ongoing decision making and consensus-building with outside partners, including suppliers and contract manufacturers.

Finding a way to support ad-hoc S&OP may not be easy. This likely involves making changes to your process, information, and technology. But this capability is a vital key to the S&OP promise.

Ari Cole can’t bend when it matters! “New Kinexions”: When your experience with software reminds you of an annoying ex.
A company takes another step up the maturity staircase when it starts to reconcile the forward-looking plans of the S&OP process with the financial goals in the business or strategic plan.

A number of analyst firms have begun calling this next step in north-south alignment by another term: Integrated Business Planning (IBP).

IBP requires an even more intense process to continually realign the day-to-day decisions of various business functions with the overall corporate plans.

By identifying any gaps and working to close them, IBP creates a powerful, up-to-date consensus that gets everyone working toward the same goals.

Here's how IBP extends traditional S&OP:

- More robust financial integration
- More robust product and portfolio review
- Better visibility and management of risk
- Improved gap identification and correction

IBP can help achieve the KPIs set down in the strategic plan, such as sales, customer satisfaction, and inventory levels.

Studies by AMR/Gartner, Aberdeen, and Ventana—as well as performance gains documented by Oliver Wight clients—all point to the same conclusion: “Companies that do Integrated Business Planning well achieve greater benefits than companies that do not.”6

These benefits include 10 to 15% better revenues, up to 50% more on-time deliveries, and up to 46% lower inventory.6

If you achieved results like those, what would that mean for your company?
Now that you’ve heard what mature S&OP is all about, this chapter describes the technology it takes to achieve it. An ideal S&OP system must provide the following four vital capabilities.

**Must-have capability #1. A single application with deep data**
Drive S&OP and supply chain management from a single application. Eliminate the need to tap into multiple systems or integrate data in various formats from several applications that each support only a single function. Plan both the volume and mix levels at the same time. Ensure analysis is accurate and meaningful.

**Must-have capability #2. Quick, comprehensive “what-if” scenarios**
Create different versions of the entire sales and operational plan in seconds. Revise plans as needed during S&OP review meetings to analyze different scenarios. Automatically calculate the impact of each scenario on corporate KPIs. Use “what-if” scenarios to understand the impact of unplanned events and simulate alternative course corrections in mid-cycle.

**Must-have capability #3. Collaboration and consensus-building**
Bring together everyone who can help resolve an issue in a collaborative environment. Gain consensus among all stakeholders, internal or external. Speed up the decision-making process.

**Must-have capability #4. Continuous monitoring of KPIs**
Actively monitor the plan. Get immediate alerts to any deviations that put the plan at risk. Understand the financial and operational impact of these events, and then respond quickly with the agreed corrective action.

In short, these four capabilities will enable you to improve corporate performance while mitigating risks.
We know that successful S&OP must be fed by solid and complete information from across the extended supply chain and supported by robust advanced planning analytics. The secret sauce is to have that all in one place.

Only when the information and the capabilities are contained within one system will you achieve broad and deep visibility, fast and accurate analysis, and effective and continuous alignment.

From one system, you should be able to:

• Integrate data from every division, location, department, product family, legacy system, and supply chain partner.
• Administer both demand and supply planning.
• Centralize, track, and test assumptions of the plan.
• View data at multiple hierarchies at anytime to support the specific analysis you need to do.
• Make changes at the volume level that automatically ripple down to the mix level. And vice versa.
• Translate between units, dollars, and other units of measure.
• Evaluate different scenarios simultaneously, and against multiple operational and financial metrics.

Managing S&OP from a single application enables companies to better balance tradeoffs and most effectively align volume and mix; operations and finance.
Here are some typical questions than can occur to executives:

- What if sales of the new product are slower than we expect?
- What if we run a promotion to clear out inventory of the older model?
- What if a distributor goes into Chapter 11 with $2 million in unpaid invoices?
- What if a volcano knocks out all flights to Europe for two weeks?

In today’s fast-changing economy, business success can depend on finding effective answers to far-reaching questions like these.

After five years of research and speaking with 150+ companies, S&OP expert Lora Cecere says that the #1 capability manufacturers want is better “what-if” features. Surveys confirm that the lack of powerful “what-if” features is the #1 complaint about today’s S&OP software.

A “what-if” capability is perhaps the single most vital key to effective S&OP. Any enterprise with mature S&OP is continuously searching for better results. This means balancing factors like taxes, go-to-market strategies, new product launches, sustainability, and all kinds of risks.

It means trading off KPIs between different teams, divisions, or business partners to find the best overall win-win. It means trying to peer into the future by asking, “What if we did this? What if we tried that?”

To help find the answers, “what-if” scenarios must be easy and quick to run, must accept data from many sources, and must support collaboration across the enterprise and the extended supply chain. If it’s not fast and easy, it won’t happen.

Are you shortchanging your organization at every “what-if” decision making juncture?
People working together is the bedrock that supports everything else in S&OP. This is an area where S&OP excellence can be won or lost.

Have you noticed how hard it can be to get people to work together, even in the same company? It’s even harder to share information, opinions and decisions with a supply chain partner... especially a complete stranger from a different culture on the other side of the world. Yet this is a common reality in today’s outsourced and off-shored supply chains.

Collaboration is clearly about people and process. But technology has a key role to play in promoting collaboration.

The role of technology in collaboration goes well beyond simply sharing data. S&OP technology must also help to:

• Capture assumptions, inputs, and opinions of stakeholders in a meaningful, organized fashion
• Identify and proactively bring together teams of people who are widely dispersed (and may not even know each other) for both planned and spontaneous interactions
• Enable stakeholders to share and evaluate scenarios in an interactive way
• Document and track any commitments made and actions taken

This deep engagement between people is what working together is all about.

Mature S&OP engages everyone, no matter where they sit or what KPIs they focus on. Successful S&OP involves everyone in true consensus-building, so that even if one team has to temporarily trade off a heart-felt KPI, top executives know they did it to achieve an even more strategic goal.
Dashboards and Scorecards Keep Track

The S&OP data provided to executives today often suffers from many defects:

• Little connection to current reality
• No way to explore multiple scenarios
• No way to evaluate how decisions affect KPIs
• Not easy to spot trends

The alternative is to show executives well-designed dashboards and scorecards that sum up a host of data in a visual format.

Dashboards provide a visual

Executives should not have to wade through giant reports looking for patterns or deviations. A mature S&OP system generates a graphical dashboard showing the KPIs of most interest: sales, profits, ROI, inventory turns, customer satisfaction, and so on.

This kind of dashboard makes it far faster and easier for most people to understand the current status, spot trends, and notice developing issues.

S&OP dashboards should be role-based, so that they show the data that matters most to the person looking at them, but hide any information that person should not be able to access.

Scorecards keep everyone honest

The data in the S&OP dashboards should be evaluated against the company’s financial and operational targets, so you can actively monitor the plan.

From there, you can get immediate alerts to deviations that put the plan at risk, understand the financial and operational impact of these events. You can evaluate proposed scenarios, and respond quickly with the most profitable (or least costly) action.
This e-book has provided an overview of S&OP, and the many benefits and challenges of moving to a more mature level of this practice. We hope you’re inspired to help get your company moving in this direction.

But if your company isn’t moving yet, don’t worry. We have to crawl before we walk, and walk before we run. It’s the very same with S&OP.

“It’s like training for a marathon,” says veteran editor Andrew K. Reese of Supply & Demand Chain Executive magazine. “You can’t expect to walk out the door and run 26.2 miles; you need to build up miles over time... The most important step in running a marathon is the first one you take out the door.”

In the same way, the most important steps in S&OP are the first ones you take on your journey: making an initial commitment, and then staying committed over time.

“S&OP really doesn’t have a ‘finish line,’” adds Reese. “Each planning cycle lays the foundation for the next, and each milestone in terms of improvement should become the baseline for the next stage of the journey.”

In other words, get started from wherever you are, and you will make progress if you stick to it. The benefits are worth the challenge.

Good luck on your journey.
What to do Next?

Feel free to pass along this e-book to any of your colleagues who might be interested in these ideas. Start a discussion at your company about how more mature S&OP would benefit everyone.

Through the links to the left, you can access many further resources on S&OP, such as:
• Informative downloads
• Compelling blog posts
• Interviews with S&OP leaders
• Hilarious videos

Visit our S&OP Resource page for more information, insight, and research.

Want to learn more about Kinaxis RapidResponse S&OP capabilities? Come talk to us directly at: 1-877-KINAXIS or info@kinaxis.com.

CHECK IT OUT

S&OP Resource page

The 21st Century Supply Chain Blog

Just for fun, don’t miss the hilarious videos in 6 different series that touch on every aspect of supply chain management...
Kinaxis delivers a cloud-based solution at the heart of planning and response management for value chain operations. Large manufacturing companies with complex supply chain networks and volatile business environments rely on RapidResponse for collaborative planning, continuous performance monitoring, and coordinated response to plan variances across multiple areas of the business.

With RapidResponse, enterprises are able to attain a control tower solution that encompasses a full spectrum of supply chain related business processes, including such functions as: S&OP, supply and capacity planning, demand planning, and supplier collaboration. As a result, Kinaxis customers have replaced disparate planning and performance management tools and are realizing significant operations performance breakthroughs.

From a single product, customers are able to make both long-term and real-time demand and supply balancing decisions quickly, collaboratively, and in line with the shared business objectives of multiple stakeholders.

For more information
Visit www.kinaxis.com or the Kinaxis blog at www.21stcenturysupplychain.com
Notes


3. Lori Smith, “Lora Cecere: There are as many definitions of S&OP as there are mutts in the dog pound”, S&OP Experts Blog Series, Kinaxis, September 14 2010

