



S&OP

in the 21st century

Your System for Navigating the
Modern Business Landscape



Contents

About this eBook	3
1. What is Sales and Operations Planning?	4
The Ingredients of S&OP	5
Why Bother with S&OP?	6
Where Does Your Company Sit on the Maturity Curve?	7
2. Do You Need Technology? What Kind of Technology?	8
What's Wrong With Excel?	9
What About ERP?	10
Are Legacy Apps Yesterday's News?	11
3. Four Keys to S&OP Effectiveness	12
East-West Integration: Demand + Supply	13
North-South Integration: Finance + Operations	14
Tying Together Volume and Mix Plans	15
S&OP On Demand, Not Only on Schedule	16
The Rise of Integrated Business Planning	17
4. The Technology You Need for Success	18
A Single Data Model, Goes Deep and Broad	19
"What-If" Is Vital	20
Collaboration is the Bedrock	21
Dashboards and Scorecards Keep Track	22
Moving Up the Maturity Model Staircase	23
What to do Next?	24
About Kinaxis	25
Notes	26



About this eBook

What's this eBook all about?

Sales and Operations Planning (S&OP) is a big topic.

This eBook 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 to forums where you can engage with others.

Who is this eBook 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 through the use of technology

How to use this eBook

- ▶ Flip through these pages to get a quick overview of the challenges, benefits, tips, and best practices for S&OP.
- ▶ For more details on any topic, use the 'CHECK IT OUT' links in the sidebar to find resources such as blogs, surveys, research reports, and white papers...plus find some lighter content just for laughs across the bottom of some pages.



You know your S&OP process is in trouble when your CEO pronounces it Sales and Oooops!

1. What is Sales and Operations Planning?

CHECK IT OUT



INTERVIEW

There are as many definitions of S&OP as mutts in the dog pound



WEBCAST

The Evolution of S&OP: Moving Beyond the Single Plan



VIDEO

What's Wrong With Traditional S&OP?

While S&OP has been around for a long time, and most have a conceptual and common understanding of what it represents, the way in which S&OP is executed demonstrates that it can mean very different things to different organizations.

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 continues to gain momentum and grow in maturity.

A typical Sales and Operations Planning (S&OP) process is primarily:

- ▶ Operations led
- ▶ Mainly focused on satisfying revenue and margin goals
- ▶ Aimed at attempting to meet a forecast for a discrete planning horizon, usually 6-24 months
- ▶ Sequential and involves isolated planning activities consolidated at a high level and then pushed up to management for approval, and pushed down to manufacturing for execution

However a different interpretation and expectation for S&OP is emerging that entails better, broader goals. This eBook elaborates on the evolving horizontal S&OP process capabilities that are required in order to achieve a transformation.



You know your S&OP process is in trouble when your VP of Manufacturing calls it Sales OR Operations Planning. But never both at once.

The Ingredients of S&OP

Most experts agree that S&OP has four ingredients:

- ▶ People: the cross-functional teams involved
- ▶ Process: the way you make decisions and manage meetings
- ▶ Information: the data from 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.

Knowing exactly what is required for each of these areas, and potentially most importantly, finding the right balance between them is the key to effective and efficient planning cycles that drive maximized value for the enterprise.

Ultimately, S&OP should be 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.

How you do that is the secret to success!

CHECK IT OUT



WEBCAST

Top 10 S&OP Questions



BLOG

Your supply chain is costing you money – Reason #2: S&OP



INTERVIEW

Bob Ferrari: Process inertia and organizational thinking can derail the progress of an S&OP initiative



You know your S&OP process is in trouble when the S&OP team is proud to announce they have reduced their monthly cycle down to only 6 weeks!

Why Bother with S&OP?

CHECK IT OUT



ANALYST REPORT

S&OP: Non-Negotiable as a Process



ARTICLE

Top 10 Reasons Why YOU Should Be Doing 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 laggards in terms of the maturity of their S&OP processes. They suffer from:

- ▶ Lower customer service (79% of orders on-time vs. 95% for best-in-class competitors)
- ▶ Inaccurate forecasts (accuracy of 25% vs. 86%)
- ▶ Poor ROI (cash conversion cycle of 85 vs. 46 days)¹

Can you afford a weak showing on such vital KPIs?

What's in it for your company?

In fact, here are some actual metrics of 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 laggard companies²
- ▶ An order fill rate that is 11% above the industry norm and 13% above laggard companies²
- ▶ 5X faster responses to market changes³

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!

Where Does Your Company Sit on the Maturity Curve?

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.

These models allow us to quickly measure how a company is doing in a specific area and point the way up to the next level.

Numerous maturity models have been developed for S&OP. Most are variations of the same theme, with four or five stages from immature to mature. As one example, Gartner calls these stages React, Anticipate, Integrate, Collaborate, and Orchestrate.

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

A Four-Stage S&OP Maturity Model			
Stage 1: Marginal	Stage 2: Rudimentary	Stage 3: Classic	Stage 4: Ideal
Meetings informal and sporadic	Meetings formal but attendance spotty	Meetings formal with 100% participation	Meetings held as driven by events participation
Disjointed supply and demand plans	Supply plan aligned to demand plan	Plans aligned with a few suppliers and customers	Plans aligned with most suppliers and customers
Spreadsheets, all data entered by hand	Standalone systems interfaced one-way only	All apps integrated, with external data re-keyed	External and internal systems integrated

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, 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.

CHECK IT OUT



BLOG

Value Network Models



ARTICLE

Integration is the Key Component in Gartner's New S&OP Model



INTERVIEW

Eric Tinker: The use of a maturity model for S&OP is critical



ARTICLE

The 1 simple reason why S&OP implementations fail

2. Do You Need Technology? What Kind of Technology?

CHECK IT OUT



BLOG

Do Supply Chain Planning Systems generate any value?



ANALYST REPORT

Three Techniques to Improve Organization Alignment

Can the S&OP process be done without technology? The answer to this question has certainly evolved over the years, and while there are still some holdouts, most will now agree that technology is indeed required. Whether its objective should be to support the process versus help define the process remains a healthy debate.

Fundamentally, the more complex the organization and the more mature the process, the greater the need. Regardless, you will find most are running their process via spreadsheets.

It's surprising how many enterprises entrust a mission-critical task to a desktop software, Excel®. On the other hand, the fact that so many turn to Excel is proof that despite the plentitude of systems (or perhaps because of it), existing ERP and legacy planning apps are not meeting the requirements for S&OP processes regardless of where that process is positioned on the maturity curve.

Consider a Supply Chain Insights report that states:

“Many companies have five to 30 Enterprise Resource Planning systems and two to three supply chain planning systems. In addition, companies will have two to five S&OP processes working independently.”⁴

This demonstrates an enormous level of complexity, from both a process and data perspective.



You know your S&OP process is in trouble when you're celebrating the first time your forecast accuracy ever hit double digits.

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 can't scale up to support the rigorous, multi-tier 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

This is supported in the same Supply Chain Insights report referenced earlier:

*"Today's S&OP process needs to be modeled using technologies that recognize constraints and bottlenecks and can model volatility and demand/supply probabilities. The supply chain of today is just too complex to be modeled in a spreadsheet."*⁴

Don't believe everything you see in a spreadsheet

The problems with Excel could be a whole eBook 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!⁵ 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.

So if there is an argument that organizations are not able to do the analysis they need using spreadsheets, and the analysis they are doing is prone to errors, maybe it is time to ask the question "Where's the value?"

CHECK IT OUT



BLOG

Your supply chain is costing you money – Reason #4: Making key decisions by modelling the supply chain in Excel



BLOG

When spreadsheets go bad...



WEBSITE

A few documented spreadsheet snafus and what they cost companies

 **Married to the Job: Excel Hell - Watch Damon and Sibley try to keep on top of who has the most recent data from Excel.**

What About ERP?

CHECK IT OUT



BLOG
Data is the new oil



BLOG
Innovation in the cloud



BLOG
Knowing the right decision in time to make a difference



BLOG
Your supply chain is costing you money – Reason #3: Lack of visibility

Your organization 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.

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.

This piece-process approach has proven to lead to ineffective and inefficient planning cycles that drive less than maximized value for the organization, largely because it does not adequately address cross-functional (and cross-enterprise) issues or concurrent activities.

Here's how the design of ERP systems compares to S&OP requirements:

	ERP Characteristic	S&OP Requirement
Perspective	Backward-looking, accounting for past transactions	Forward-looking, predicting future outcomes
Scope	Inside out, activities within company walls	Global, activities across extended supply chain
Cadence	By the calendar: weekly, monthly, or quarterly cycles	Regular cadence, plus mid-cycle assessments/adjustments
Speed	Scheduled report runs that take hours or even overnight	Real-time, on-demand analysis and reporting
Data Integration	Slow and difficult to integrate data from other systems inside or outside the organization	Fast and easy to gather data from other systems

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.



Suitemates: Two Peas in a Prison - Convicted ERP vendor executives lock in customers, raise fees, launch faulty products, and plot their appeal.

Are Legacy Apps Yesterday's News?

Legacy planning solutions 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.

Here are four critical limitations of legacy planning systems:

- 1:** Inaccurate forecasts based on statistical forecasting that can't keep up with volatile markets and ever-changing business assumptions
- 2:** Slow and limited "what-if" simulations to test assumptions and alternative actions
- 3:** Limited collaboration support to bring teams together, either planned or ad hoc, to provide input and secure buy-in
- 4:** No accounting for outside value, such as inventory being purchased, assembled or shipped by third parties

Is S&OP best of breed really the best?

Most S&OP tools focus primarily on an aggregated view of demand and a static and high-level representation of supply. At best, supply constraints are determined using rough cut capacity planning where only key constraints are included. In some cases, key or constrained materials are considered. Further, timing and interactions of those key constraints are ballpark estimates at best. The true impact of the plan (or feasibility of the plan) isn't truly known until after the S&OP plan is disaggregated down to the MPS.

Linking 'cause' to 'effect' can only be achieved by having a complete representation of your supply chain – from the highest level demand signal (e.g. product family forecast) to the very lowest level raw material component.

CHECK IT OUT



ANALYST REPORT
S&OP Process Demands Put Pressure on System Support and Big Data



BLOG
The Effective Supply Chain Frontier – Fact or Fiction?



BLOG
Paradigm Lost: It's not all about changes in demand



New Kinexions: S.A. Perkins is too complicated - When your experience with software reminds you of an annoying ex.

3. Four Keys to S&OP Effectiveness

CHECK IT OUT



PRESENTATION

The Three C's of S&OP



INTERVIEW

Atul Chandra Pandey: S&OP must be a closed loop process – volume to mix; executive to execution



WHITE PAPER

S&OP for Business Orchestration: 4 Requirements for Making the Transformation

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. Successful S&OP provides a 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.

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

It is this model of S&OP, whereby process execution evolves into operational orchestration; efficiency goals are coupled with measures of effectiveness; and cost control objectives are appropriately balanced with mandates for delivering business performance and value-based outcomes.



You know your S&OP process is in trouble when you hold a "tribal council" to vote off the customers who won't be getting their orders.

KEY #1 East-West Integration: Demand + Supply

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.

Ideally, all plans should 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 parts 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.

CHECK IT OUT



PRESENTATION

What S&OP Capabilities Matter Most?



BLOG

A new way to think about S&OP

Married to the Job: Quarterly Objectives - Damon and Sibley are caught up in conflicting goals on each side of the demand/supply divide.



KEY #2 North-South Integration: Finance + Operations

CHECK IT OUT



BLOG

Measuring Supply Chain Effectiveness

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. In too many cases, Finance simply rubberstamps or files away plans developed without their input.

S&OP gives Finance 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.

Getting the financial impact perspective

As teams are developing plans and responding to events, they should be looking at the alternatives and asking:

- ▶ What will it do to profitability?
- ▶ What will it do to market share?
- ▶ Can I accomplish it with my resources?
- ▶ Are the risks worth it?

These questions all have significant financial considerations, yet there is a disconnect between Operations and Finance in most S&OP processes that make projecting what the impact decisions will have on financial metrics exceptionally difficult, or at the very least, ineffectually slow.

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.



You know your S&OP process is in trouble when you’ve just hired a new S&OP consultant: Zelda the online psychic.

KEY #3 Tying Together Volume and Mix Plans

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. Otherwise, the S&OP plan will lose credibility within the organization.

The second challenge is to keep the plan feasible.

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 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 volume and mix planning is to bridge the supporting systems. For most supply chains, data needs to flow between different planning and execution systems. And it is what and how things take place between these systems that companies are struggling to manage.

CHECK IT OUT



INTERVIEW

Patrick Bower: I believe we are close to a transition point with S&OP



BLOG

S&OP Scenario Planning: Go Deep or Go Home



You know your S&OP process is in trouble when you come up with a new, more descriptive acronym for it: M3 (Misalignment Management Meeting).

KEY #4 S&OP On Demand, Not Only on Schedule

CHECK IT OUT



PRESENTATION

Continuous S&OP for high tech/electronics



ARTICLE

Keeping the S&OP heartbeat going



INTERVIEW

PJ Jakovljevic: S&OP should become a continuous process and not an annual or quarterly chore



ANALYST REPORT

How to Build a Market-Driven S&OP Process

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 of 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 on-demand 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.



New Kinexions: Ari Cole can't bend when it matters - When your experience with software reminds you of an annoying ex.

The Rise of Integrated Business Planning

A company takes another step up the maturity staircase when it starts to reconcile the forward-looking plans of the S&OP process with financial goals defined in the business or strategic plan.

Many identify this next step in north-south alignment as Integrated Business Planning (IBP).

IBP requires an even more intense process to continually realign the day-to-day decisions of various business functions with 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 seem to all point to the same conclusion: companies that do Integrated Business Planning well, achieve greater benefits than companies that do not.

- ▶ 70% higher profit margins between best-in-class and laggards ⁶
- ▶ Superior delivery performance: 92% vs 79% ⁶
- ▶ Superior customer retention levels: 91% vs 70% ⁶

CHECK IT OUT



INTERVIEW

Coco Crum: 7 differentiators between S&OP and IBP



PRESENTATION

Integrated Business Planning (IBP, S&OP) – Fact or Fiction?



BLOG

Does IBP Make Supply Chain Empty Nesters?



Just for Fun! Dilbert explains the value of S&OP.

4. The Technology You Need for Success

CHECK IT OUT



WHITE PAPER

One-to-Many: Establishing a common platform to address multiple supply chain applications



PRESENTATION

7 Recommendations for Gaining Positive ROI & Strategic Benefits From SCM Technology

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:

#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.

#2: Quick, comprehensive "what-if" scenarios

Create different versions of the entire sales and operations 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.

#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.

#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.



A Single Data Model, Goes Deep and Broad

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 any time to support the specific analysis you need to do
- ▶ Make changes at the volume level that will 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, as well as Operations and Finance.

CHECK IT OUT



BLOG

History of In-Memory Computing and Supply Chain Planning



BLOG

Gartner Supply Chain Leaders Conference – What will be hot?

“What-If” is Vital

CHECK IT OUT



BLOG

S&OP Scenario Planning:
Go Deep or Go Home



VIDEO

S&OP and ‘what-if’
simulations



ANALYST REPORT

S&OP: 4 Key Ways The
Best-in-Class Excel

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

- ▶ 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 supplier goes bankrupt?

Any enterprise with mature S&OP is continuously searching for better results. This means balancing factors like 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?”

A “what-if” capability is perhaps the single most vital key to effective S&OP

An Aberdeen report that talks about scenario planning capabilities for Best-in-Class companies doing S&OP states:

“They have an advantage over their competition in every case, including constrained and unconstrained planning, risk scenarios, visibility into service level impacts during execution, and the ability to respond to unplanned events in a timely manner.”⁷

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?



Collaboration is the Bedrock

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.

CHECK IT OUT



PRESENTATION

Purposeful Collaboration:
What It Could Mean For Your
S&OP Process



BLOG

S&OP needs to evolve – I'm
frustrated with traditional
thinking!

CHECK IT OUT**BLOG**

Old-school organization power structures thwart business performance: The old dogs need to learn new tricks

Dashboards and Scorecards Keep Track

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

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

But there is a better way 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. It should include the ability to drill down as desired, taking them from high level summaries to the smallest of executional details without ever leaving the system.

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, as well as understand the financial and operational impact of these events. You can evaluate proposed scenarios against each other, and respond quickly with the most profitable (or least costly) action.



Moving Up The Maturity Model Staircase

This eBook has provided an overview of S&OP and the many benefits and challenges to achieving 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 a journey.

The most important steps in S&OP are the first ones you take: making an initial commitment, and then staying committed over time.

The trick is to instill good practices and deploy good technology, whereby both can mature and scale with the organization over time. What you might need now won't be what you need later. Just as S&OP is about planning for the future, you should also be thinking ahead as you design your process and choose your support system.

With a strong foundation, you can build a long-lasting structure.

Good luck on your journey.

CHECK IT OUT



INTERVIEW

Andrew Reese: Organizational change is hardest, but most important success factor



INTERVIEW

Steve Puricelli: S&OP evolving into a powerful mechanism to manage and shape business performance



ANALYST REPORT

S&OP: 4 Key Ways The Best-In-Class Excel

What to do Next?

CHECK IT OUT



BLOG

The 21st Century Supply
Chain Blog

Feel free to pass along this eBook 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.

Want to learn more about Kinaxis RapidResponse S&OP capabilities?
Visit our **S&OP applications page**, or talk to us directly at 1-877-KINAXIS
or **info@kinaxis.com**.



Just for fun, don't miss our series of hilarious videos that touch on every aspect of supply chain management.

About Kinaxis

Kinaxis delivers cloud-based [S&OP](#) and [supply chain applications](#) for discrete manufacturers and brand owners with complex supply chain networks and volatile business environments.

Leaders across multiple industry verticals, including A&D, Automotive, High Tech, Industrial and Life Sciences rely on [RapidResponse](#) applications to create a foundation for concurrent planning, continuous performance monitoring, and coordinated responses to plan variances across multiple areas of the business.

All founded on a single product, RapidResponse's configurable applications encompass a full spectrum of [supply chain processes](#) including such functions as: S&OP, supply planning, capacity planning, demand planning, inventory management, MPS and order fulfillment.

As a result, Kinaxis customers have replaced disparate planning and performance management tools and are realizing significant [operations performance breakthroughs](#) in planning cycles, [supply chain response](#) times and decision accuracy.

From a single product, customers are able to easily model varying supply chain conditions 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 blog.kinaxis.com.



Kinaxis Inc.
700 Silver Seven Road
Ottawa, Ontario K2V 1C3
Canada

1.877.KINAXIS
www.kinaxis.com

Notes

1. Bryan Ball, "S&OP: Non-Negotiable as a Process," Aberdeen Group, December 2013
2. Lori Smith, ["Coco Crum: The 7 differentiators between S&OP and IBP"](#) S&OP Experts Blog Series, Kinaxis, November 2, 2010
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
4. Lora Cecere, "Research in Review", Supply Chain Insights, November 2014
5. Stephen G. Powell, Kenneth R. Baker, Barry Lawson, ["Errors in Operational Spreadsheets"](#) Journal of Organizational and End User Computing, July-September 2009, p24
6. Colleen Crum and George Palmatier, ["Transitioning from Sales and Operations Planning to Integrated Business Planning"](#) Oliver Wright Americas, September 2010, p8
7. Bryan Ball, ["S&OP: 4 Key Ways The Best-In-Class Excel,"](#) Aberdeen Group, July 2014



S&OP in the 21st century

