

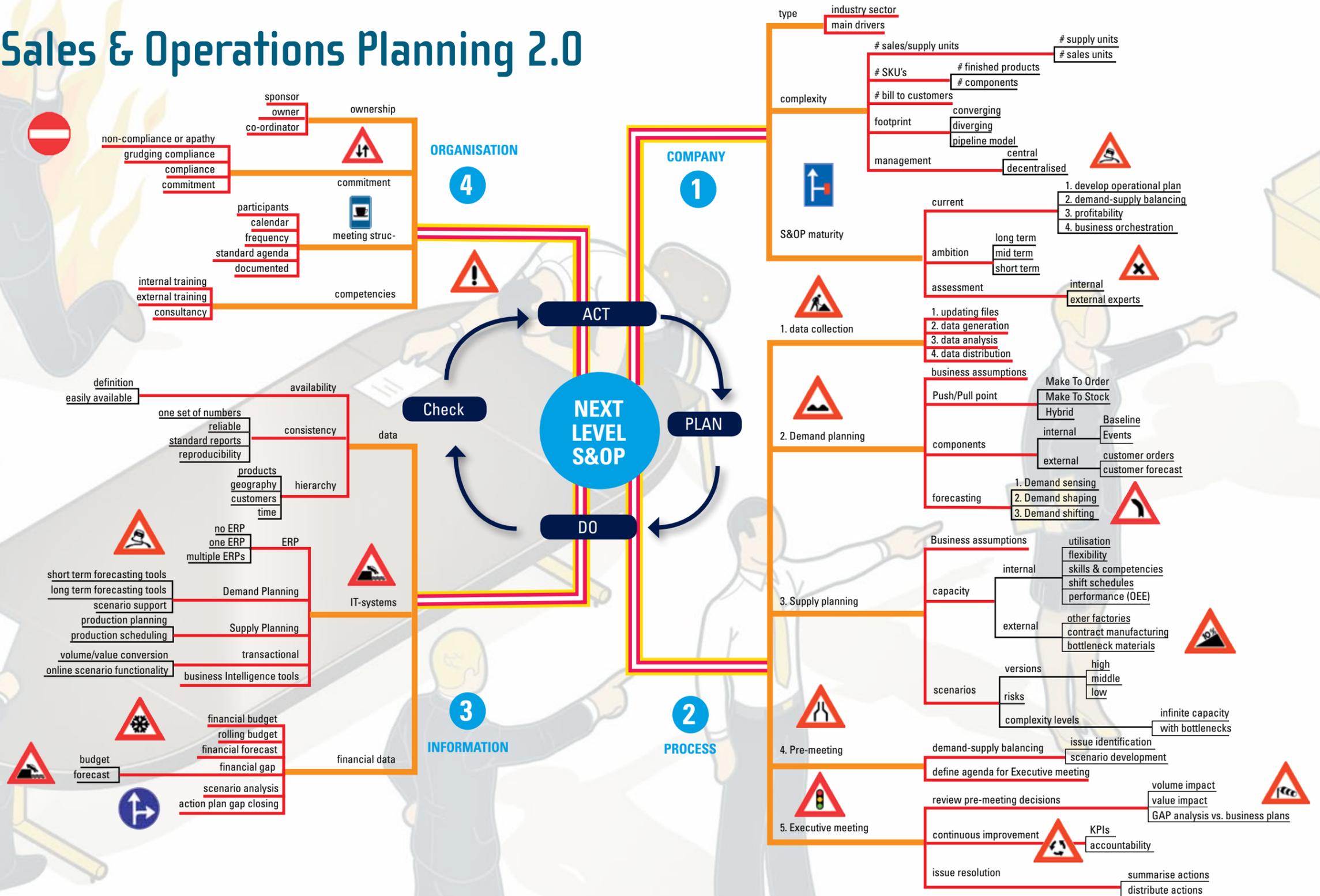
Mind map for Sales & Operations Planning 2.0

Increased demand volatility is one of the main reasons why many companies are busy implementing Sales & Operations Planning (S&OP). They are trying to go further than simply balancing expected demand with production volumes, by also integrating financial budgets and business scenarios into the process. What should companies take into account in order to reach the next level of S&OP maturity? Consultancy firm Involvation and Supply Chain Movement have therefore designed a mind map, including practical directions and warning road signs.

Mind map creators:

INVOLVATION

SCM
SUPPLY CHAIN MOVEMENT



MIND MAP MANUAL

First step is a thorough analysis of the company; what is the industry segment that it operates in, what are SKU and customer complexities and how are the latter served? Another essential step is to assess the maturity level of the current S&OP process. To what extent does the company plan its profitability and does it make use of scenarios?

What is the planning horizon? Combining this analysis with the company's S&OP ambitions results in a blueprint for the process: **Plan**.

Step 2 describes the actual and periodical S&OP process. This starts with extensive data collection, followed by Demand and Supply Planning. Bottle-

necks are identified in the so-called Pre-meeting, that also decides which issues have to be resolved in the final S&OP meeting. Companies with more mature S&OP processes are able to plan further ahead, using planning horizons of 1-2 years. After the final Executive meeting it is clear what the company will do in the coming months: **Do**.

Based on the first two steps, a company determines its S&OP data requirements. Standard Enterprise Resource Planning (ERP) systems with static order data generally offer insufficient support. Various software packages offer more sophisticated support in determining the expected market demand (forecasting) and creating production plans against

finite capacities. For integrating financial data and analysing scenarios, preferably at various levels of aggregation, again other tools are required. Once the required data and systems are available, the company can start the implementation: **Check**.

The fourth step in the mind map focuses

on the organisation of the S&OP process. In case the primary objectives are financial planning and profitability, next to demand-supply balancing, the ownership of the process should move from Supply Chain to the P&L responsible person. The geographical scope has a crucial impact on the meeting structure and the required competencies. Once the neces-

sary organisational structure has been defined, the company can start with the actual execution of S&OP: **Act**.

