

A New Collaborative Age for the S&OP Process

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1 Why is S&OP such a Hot Topic?

After several years of economic depression in which companies and consumers have truly observed the power of interdependencies between countries, markets, currencies, organizations and people, it should be obvious that no single function or organization can take a decision without impacting others. Thus, **any decision taken should be coordinated across the most critically impacted people, function or organization.**

In this respect, the old concept of Sales & Operations Planning, the objective of which is to ensure the alignment of decisions regarding Operations and Sales - the so-called S&OP process - is one of the most important concepts in supply chain management. From a practical point of view, most companies would also claim that they use S&OP, even if they are not reaching the expected results.

Why then does such a logical and even obvious concept as S&OP struggle to deliver the results in these businesses?

The purpose of this paper is to provide an answer to this question, as well as a practical method for implementing an S&OP process in a world of extremely volatile demand and interconnected supply.

Notably, although we share the widely-held view on the need for building trust among S&OP stakeholders in order to make it successful, we fundamentally differ from the traditional approaches to solve the often encountered 'silo syndrome', which leaves functions disagreeing on critical decisions.

2 What is S&OP?

Definition

Let us first review **Sales & Operations Planning (S&OP)**. Simply put, it is defined as a structured forum and associated process for communication and decision-making around the balancing of supply and demand. The primary goal is for the participating executive team to continually strive for and accomplish focus, alignment and synchronization among all the operationally relevant functions in the organization, e.g., product development and marketing, customer development and sales, finance, and product supply.

The S&OP plan includes an updated sales plan, production plan, inventory plan, customer lead-time (backlog) plan, new product development plan, strategic initiative plan and resulting financial plan.

Historical highlights

S&OP started about 30 years ago, when the variability of the demand mix was much more limited than it is today. At that time, the alignment of sales with operations consisted of a periodic meeting inside the plant between sales and operations directors. This was already a challenge, as both sides had their own objectives, but the convergence of minds was far less complex than it now is.

With the increasing globalization of the supply chain and an ever-wider range of objectives coupled to a broader geographical and functional scope, the alignment of sales with operations has become ever more complex. Pressure on margins, and volatility of supply and demand, have now made S&OP one of the most challenging processes to get right, even though the concept itself remains simple enough.

In short, from the 1990s, where the focus was on aligning demand and supply, S&OP has today become an integrated planning framework geared towards a 'pull' vs. a 'push' supply chain. Now we require more inputs and dimensions, deeper granularity, higher frequency and a broader involvement of people. We also now leverage additional tools and approaches such as demand shaping and 'what-if' or scenario analysis applied to supply, demand, and finance. Today's high-functioning S&OP process is defined by a silo-free culture where appropriate, integrated metrics are established and jointly managed across all participating functions.

90s	2000 - 2005	2005 - 2020
<ul style="list-style-type: none"> ▪ Develop a demand forecast ▪ Balance demand with supply ▪ Consensus meeting ▪ Publish the plan 	<ul style="list-style-type: none"> ▪ Collect sales input ▪ Develop a forecast ▪ Demand consensus refinement ▪ Develop a constrained supply plan ▪ Review and gain agreement through consensus meeting ▪ Publish the plan 	<ul style="list-style-type: none"> ▪ Collect sales and market input ▪ Develop a demand plan ▪ Explore demand shaping strategies ▪ Employ what-if analysis applied to demand ▪ Develop a constrained supply plan ▪ Employ what-if analysis applied to supply ▪ Decide demand shaping strategies and impact on overall demand ▪ Develop financial implication of various strategies ▪ Review and gain agreement through consensus meeting ▪ Publish the constrained plan: sales, operations, finance ▪ Measure and communicate the plan

Figure 1: Increasing complexity of S&OP over time (source: AMR Research and Lodestone)

Between strategic and operational planning

All sales and operations decisions need to be taken at the right time, considering the balance between flexibility and the available forward visibility into demand and capacity.

In the longer term, the flexibility of both sales and operations is extensive, but the forecast has very low levels of accuracy. It is therefore important to build long-range scenarios to which the organization must be prepared to react. This long-term planning, so-called 'strategic planning', is dominated by complex modelling and analysis, but the decision cycle can be slow.

In the short term, on the other hand, the visibility into sales and operations is great, but flexibility is fairly limited, due to prior decision-making and anticipation.



Companies have been naturally breaking the horizon into two stages:

- **Strategic planning** with multiple scenarios and low forecast accuracy, done annually (which may not be frequent enough in a volatile global economy and evolving market landscapes due to new entrants, M&A and other shifts); and
- **Operational planning** over the short term, coupled to silo-based decision making, and relying on systems and inventory buffers in order to ensure global consistency. Although this approach can work in a world of low volatility of demand and limited competition, it usually gives rise to lower service levels and higher inventory.

A middle stage is so-called **tactical planning**, in which cross-functional decision-making is maintained, while the frequency of cycles and the granularity of data are both increased to weeks instead of months. However, this is under-developed in most companies.

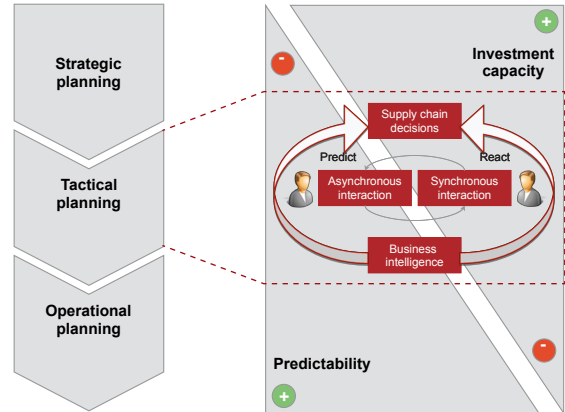


Figure 2: S&OP in the mid-term horizon

This is, in fact, the horizon in which the S&OP process should take place.

An end-to-end supply chain decision process

If we look at the structure of a typical S&OP process, first there needs to be a consensus on demand, which then serves as a baseline for calculating global distribution and production requirements, taking into account the relevant inventories, lead-times, capacities and workloads at each stage. The resolution of supply constraints then leads to a supply consensus, which is communicated to business units as 'constrained demand'. This constrained demand is then translated into the financial outcomes emerging from the planned sales and production volumes.

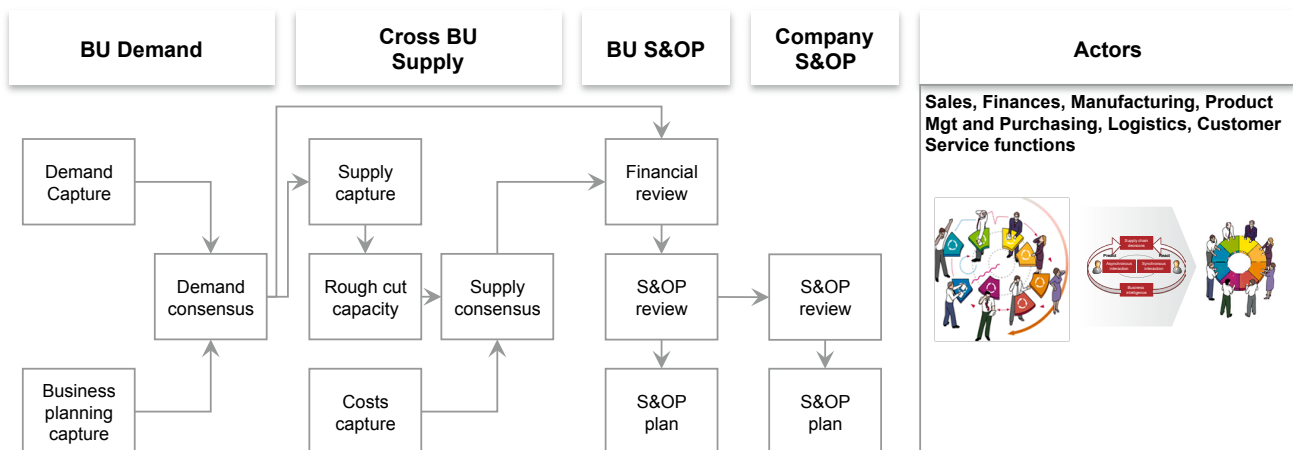


Figure 3: Example S&OP process

S&OP is not a trivial process to put in place. It goes through several business units, and there are numerous stakeholders involved, many coming from a wide variety of functions and geographies, each with his own understanding and objectives. Each is accountable for just one piece of the global supply chain, with the whole process being facilitated by the supply chain organization.

Converging on a consistent plan - in which both overstocks and overcapacities are minimized - is clearly a tremendous challenge, and to date many **S&OP implementations have failed to deliver the expected results.** Let us now describe what we believe are the fundamental issues faced by a typical S&OP process.

3 Limits of Traditional S&OP Implementations

Signs of a dysfunctional S&OP process

What are the typical signals that indicate that there is something wrong in the S&OP process - or in the planning decision process, if no S&OP process is in place? These signals are important, once we consider that S&OP decisions mainly depend on information flows among people from different business units, functions and locations.

The list below is not exhaustive, and of course these symptoms can also indicate dysfunctions in other processes, but if the S&OP process is in trouble, then the people involved in it will typically see:

Overuse of mails and phone calls to resolve issues

People can resort to emails in order to raise issues and request quick resolutions. With a heavy reliance on email, it becomes difficult to make decisions involving more than two people.

Too much time spent on time-wasting tasks, compared to value-adding business activities

People spend their time on non value-adding tasks such as raising or solving technical issues, cleansing data, reading and answering emails, formatting data or retrieving and gathering information - and not enough on their core business activities (analysis, communication, and business issue resolution).

S&OP meetings are unproductive

People enthusiastically embraced S&OP, but then it became clear that the meetings were not productive. 80% of the agenda is about reporting on past results, and decisions that have been made already. It also seems that many S&OP meetings are attended by people without proper decision-making authority.

Decisions appear outside the S&OP process

Supply chain management requires a lot of event-based decision making, and it appears that the traditional S&OP organization is not coping well with the real world. Monthly or quarterly face-to-face meetings appear to be inadequate with regard to necessary decision-making. S&OP then becomes a forum for reporting consolidated past figures that resulted from silo-based decision-making processes.

Everything becomes urgent

Since people do not have forward visibility into incoming issues, they continuously rush to solve last minute problems, all as important as each other, and have difficulties meeting process deadlines. Many issues are not addressed during the S&OP process, and must instead be dealt with in daily work.

Nobody cares/everybody cares

Nobody knows who really leads the S&OP process, everyone can make decisions, and many of those decisions can be invalidated, ignored, or not followed by actions.

Garbage in, garbage out

Analysis is often erroneous because master data is not maintained. Poor analysis leads to bad decisions which undermine the value of the S&OP process, which can in turn lead to poor attendance – a downward spiral, to be sure.



Some typical mistakes

If you are not satisfied with your supply chain performance in terms of inventory and service levels, then improving the way that your S&OP runs must become a business priority.

Here again, we develop a non-exhaustive list of some critical mistakes that could precipitate S&OP failure:

Implementing a Supply Chain Planning system without putting in place S&OP

Supply Chain Planning systems have been implemented without paying attention to the human organization and interaction that is required for their coordinated use. The business case behind the system's implementation has been oversold. Systems are delivering visibility into execution and planning scenarios based on forward-looking information, but are still requiring much manual decision-making. Further, planning systems are often implemented without first fixing master data maintenance processes, and within 6-12 months of implementation it becomes clear that the analysis is inaccurate.

Your S&OP process is no longer suitable

While your business is constantly changing, your S&OP cycle does not match this reality. The scope of your business challenge is wider than the scope of your S&OP. The decisions that must be taken are truly complex, with potentially more impact on your business results.

Misconception of what S&OP entails

Everybody in the organization has his own understanding of what the S&OP process is - a mistake that we frequently encounter as the concept appears to be obvious. Managers in a silo organization want S&OP to be their forum, and use it to communicate their global point of view. This leads to an S&OP process that is driven either by demand, supply or finance - with corresponding negative impacts on the balance of the decision chain.

Lack of management involvement

The discipline required to attend periodic S&OP reviews prevents management attendance. Progressively some key attendees are replaced by personnel from lower levels inside the organization. S&OP then becomes an operational process in which there is no real accountability on the impacted organizations.

A purely technical implementation of an S&OP process

As S&OP requires analytics and dashboards, some companies spend their effort on building dashboard integration in order to support the process, but forget to conduct the more difficult change management piece of the challenge which delivers collaborative behavior and a better business result.

Given all the mistakes we have observed, and the limited performance of many S&OP processes we have measured, it is clear that **S&OP foundations need to be reviewed according to a new mindset**, with consideration given to what brings the most value in today's world.

4 What are the Principal Drivers of Business Value in an S&OP Process?

People interaction is critical

The main outputs of S&OP are the decisions taken and their associated actions. When business guidelines are clearly defined in terms of inventory policy, trade-offs, rules or market priorities, the most important thing is to ensure that decisions are taken following these guidelines, rather than according to short-term considerations or pressure from the most vocal actors.

Therefore **the quality of interaction of the people involved in the process is vital to success**. If necessary, process, organizational or technical solutions or improvements must be implemented as required in order to ensure that this successful interaction happens.

This can be achieved by developing and encouraging four characteristics in the way that people work together:

- **Individual motivation:** each person involved in the process knows what his or her role is, is motivated by it, and is willing to contribute within a defined process
- **Utilization of best expertise:** people are involved at the right time according to their skills and capabilities, wherever they are within the organization, and continuously improve themselves in their functional areas
- **Cross-functional learning:** people learn from the expertise of others by sharing information and points of view, as well as working together on common activities. They improve their own business skills, as well as their ability to understand and solve business issues beyond their functional boundaries
- **Effective teamwork:** people act as a team with common goals and objectives, trying to resolve conflicts globally rather than locally. They get used to working together by sharing information and collectively building value in an efficient way, avoiding redundant work, thereby limiting misunderstanding and creating confidence

The ways in which people work together in organizations have evolved into three distinct orientations. Some groups are oriented toward individuals, and focus on individual expertise with limited interactions, while some are oriented toward teams where people work together within a well known and defined subset of the organization. Some, on the other hand, are network-oriented, where people habitually share information beyond their local business environment, leading to better and more holistic analysis and optimization solutions. It is clear that a network-oriented organization has the best potential to realize value across each of the 4 dimensions.

The most efficient mode is network-oriented since it optimizes the four characteristics of people interaction.

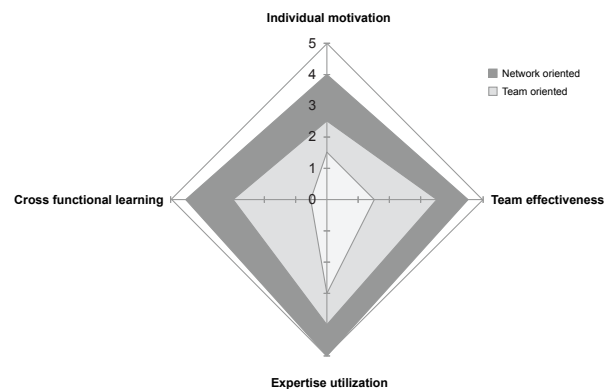


Figure 4: The four levers to improve people interaction

Collaboration and excellence

What is collaboration

Collaboration is a term that is often misused. For instance, individuals may say they are 'collaborating' while in practice they are individually working on their own tasks, with frequent email communication or face-to-face meetings in order to synchronize team members and to present personal achievements. We consider these ways of working as 'coordination', or at best 'cooperation'. This is often a source of major business issues, as critical business information is not shared enough.

Collaboration is the ability to share information, competencies, skills, and intelligence, and to collectively commit and undertake actions and decisions. You achieve optimum collaboration when you allow instant collaboration anywhere and anytime with both internal and external people, and when this permits the use of 100% of the information needed to perform an action or make a decision. In addition, a strong level of trust among people is a prerequisite for collaboration: an initial level of trust can start with social networking, but frequent interaction through successful collaboration will significantly increase the level of trust over time.

Finally, while coordination and cooperation promote individual tasks and responsibilities with limited people interaction, **collaboration is based on collective intelligence and thinking with shared responsibilities.**

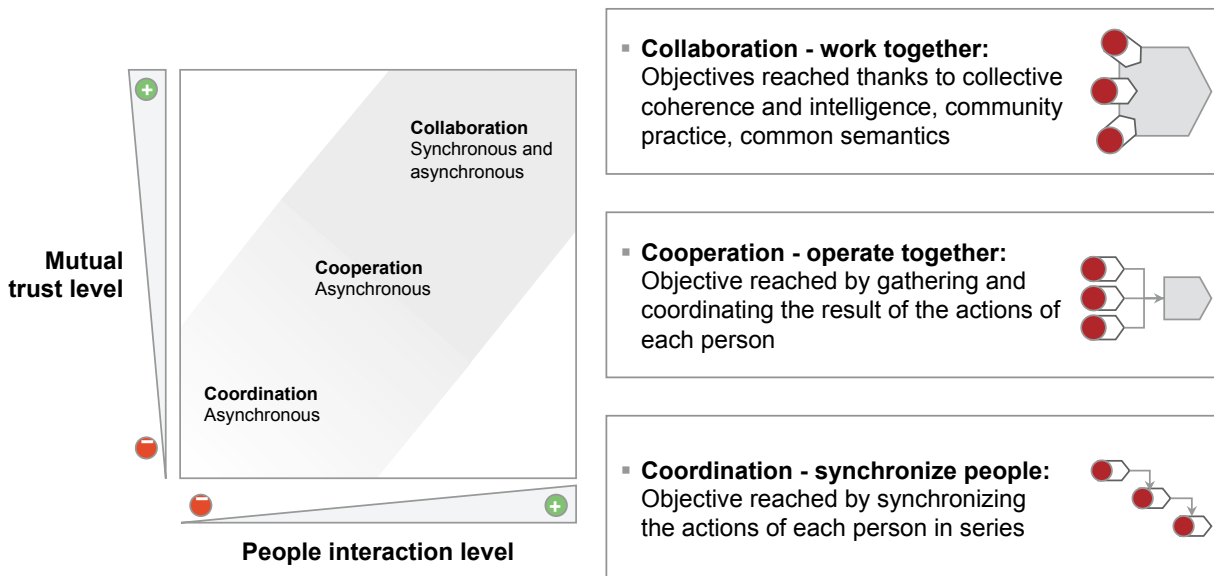


Figure 5: The three modes of working

What does collaboration bring to people interaction

In terms of the four characteristics of how people work together, coordination turns out to be quite poor in developing individual motivation, the utilization of expertise, cross-functional learning and team effectiveness. Cooperation gets better - but still limited - results.

The reason is that coordination and cooperation stay focused on the individuals separately, and do not promote collective thinking and intelligence.

Collaboration is the only mode of working that intrinsically develops cross-fertilization among people and federates them around common goals, allowing a high degree of people interaction to be reached. Yet despite this, companies commonly stop at the coordination or at the cooperation stage:

- **Individual motivation:** people have a sense of belonging to a community whose results are higher than the sum of individuals' contributions. Collaboration promotes learning and sharing with others, brings personal satisfaction, and makes work easier
- **Utilization of best expertise:** collaboration allows involving the right people wherever they are, and each of them can use the contribution of others to improve the value of his or her own work
- **Cross-functional learning:** while coordination and cooperation do little to fundamentally break down functional barriers, collaboration provides a forum for rich analysis and debate and allows for solutions that would be impossible within a single function or silo
- **Effective teamwork:** the output of the community is always higher than individual contributions, and by interacting frequently in a collaborative manner, people constantly learn to improve the way that they work together

Performance drivers	Coordination	Cooperation	Collaboration
Individual motivation	○	◐	●
Cross functional learning	○	○	●
Best expertise utilization	◐	●	●
Team effectiveness	○	◐	●

Fully reached
 Partially reached
 Poorly reached

Figure 6: Human interaction performances of the three modes of working

However, if collaboration is the most effective way to work, it is also the most difficult to achieve, as people's mind sets must evolve radically from the common functional and siloed bias.

What is required for the development of collaboration in S&OP?

So now that we understand that developing collaboration is not a trivial matter, we must recognize that it requires enterprise transformation at four levels:

- **Cultural:** people must be considered as a resource that is truly valuable for the extended enterprise as a whole, with a commitment to use the right resource at the right time and in the right place, going beyond usual processes, algorithms and automation
- **Organizational:** put in place an organization for cross-functional matters beyond the standard organization structure
- **Management:** collaborative processes for cross-functional matters must be implemented - and in order to break down organizational silos, mechanisms must be developed that motivate individuals to do this
- **Technology:** both data-based and knowledge-based information must be integrated through a comprehensive extended enterprise platform, e.g., Duet Enterprise, and made easily accessible to all players. This can be done by implementing a full suite of collaborative solutions

In collaboration everyone needs to integrate so that what one individual is doing can be leveraged by all the others in the process.

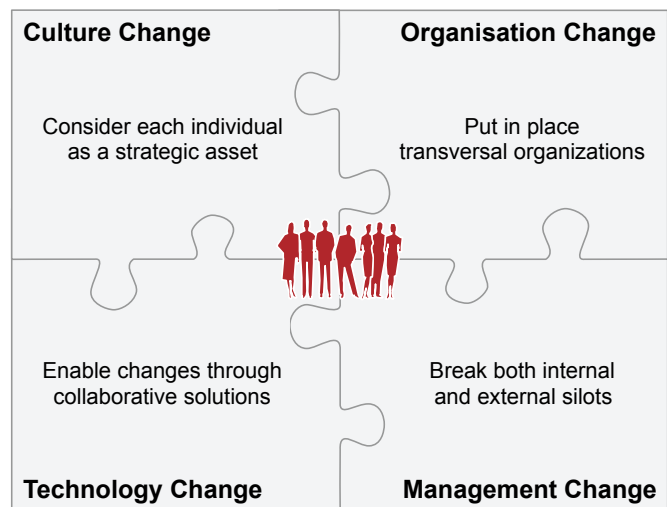


Figure 7: The drivers for collaboration

Developing collaboration is an essential transformational journey that will unlock the value and potential of S&OP. It is critically important to adequately address each level of associated enterprise transformation; culture, organization, management and technology.

5 Our S&OP Model

A collaborative decision approach

As explained, we consider the quality of S&OP decisions to be a very important factor in achieving higher business performance, and we believe that developing collaboration is the right lever to use for this.

Most of the time, S&OP decisions do not fully take into account the point of view of the people who are principally affected by them. Furthermore, these decisions are not then followed by actions.

Typically, people focus:

- Firstly, on their own understanding of the facts, with their own data, reports and dashboards
- Secondly, on a decision process that becomes a perilous and confrontational exercise, as neither their understanding nor objectives are aligned and shared

Thus, S&OP meetings often miss critical supply chain objectives, and become unproductive for the organization.

S&OP decisions must be taken collaboratively, through a structured cycle. We have developed a three-step decision approach, based on supply chain teamwork, that promotes fact-based measurement and knowledge-based sharing:

- **Understanding:** analysing the facts based on data, and focusing firmly on exceptions that have significant impacts
- **Sharing:** exchanging qualitative information, and jointly building scenarios with the main actors concerned, in order to create a collective understanding of the situation
- **Deciding:** reaching a collective consensus, and making the appropriate decisions

Decision meetings are preceded by work in synchronous and asynchronous modes for building collective thinking.

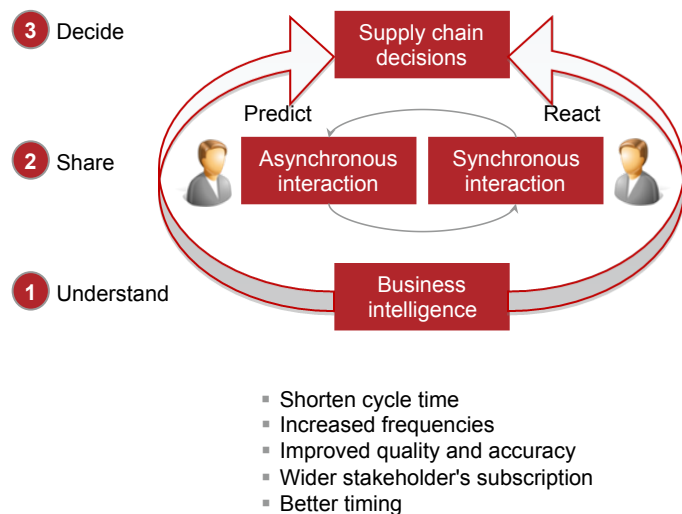


Figure 8: Collaborative decision-making approach

By investing more time in sharing information, we develop a deep and rich collective understanding of the context, the issues, the analysis and the required decisions. This then becomes the pillar of our collaborative approach.

Our collaborative approach allows the supply chain organization to develop its ability to make the right decisions, to make them more quickly, on time and more frequently, and with a broad consensus among key stakeholders. However, it must be supported by appropriate technologies.

In our collaborative decision model the main effort is on sharing information to promote appropriate decisions.

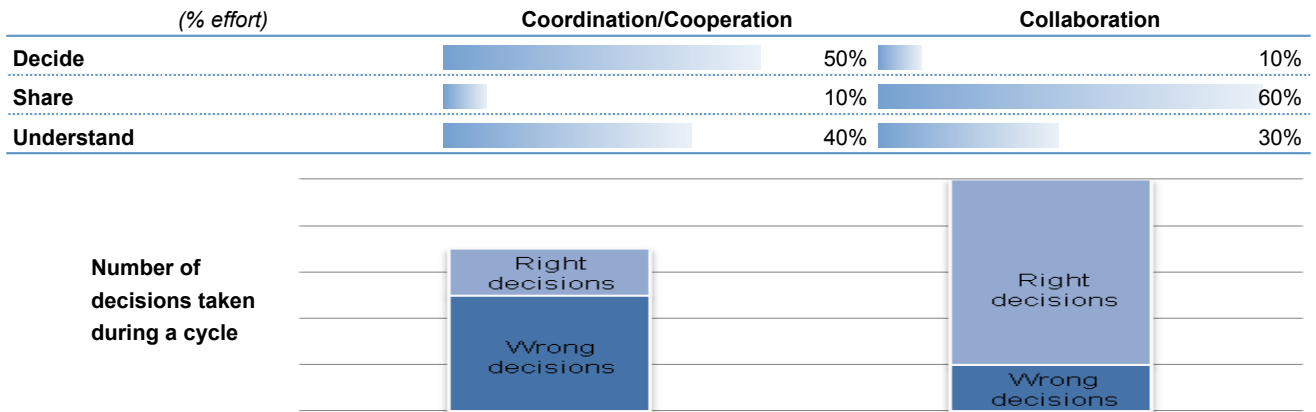


Figure 9: Information sharing eases decision-making

A virtual environment connecting collaborative technologies with legacy IT

Supply chain organizations have variously implemented transactional, planning and business intelligence systems. Despite the improvements made in structuring processes and providing better visibility in almost real time, none of these solutions has fully enabled the effective management of more than perhaps 20% of the information flows that are required in order to manage a supply chain. ERP systems, in particular, have missed the target with respect to cross-functional collaboration, unstructured data, and interoperability and broad access to data. This dynamic effectively limits the ROI potential of any ERP or advanced planning investment.

With the Internet, many new technologies have emerged. They are key add-ons for the more traditional systems in use both in supply chain management and the broader business. They support better sharing, understanding and managing, and help to build communities of people to make better use of intellectual assets. In its most advanced forms, the term 'enterprise 2.0' is used to describe this, where each individual is considered as a 'creative information worker', connected 24x7 to a richly functional collaborative platform.

In our approach we make this concept real, by complementing the existing legacy environment with a full set of enterprise collaboration solutions, emphasizing unified and real time communication tools. Social networks, asynchronous collaboration platforms, synchronous collaboration tools, business intelligence and the Microsoft Office suite are all part of this solution, and are all interconnected on a common platform to optimize the management of the information flows and thus unlock the huge potential of advanced supply chain planning and S&OP models.

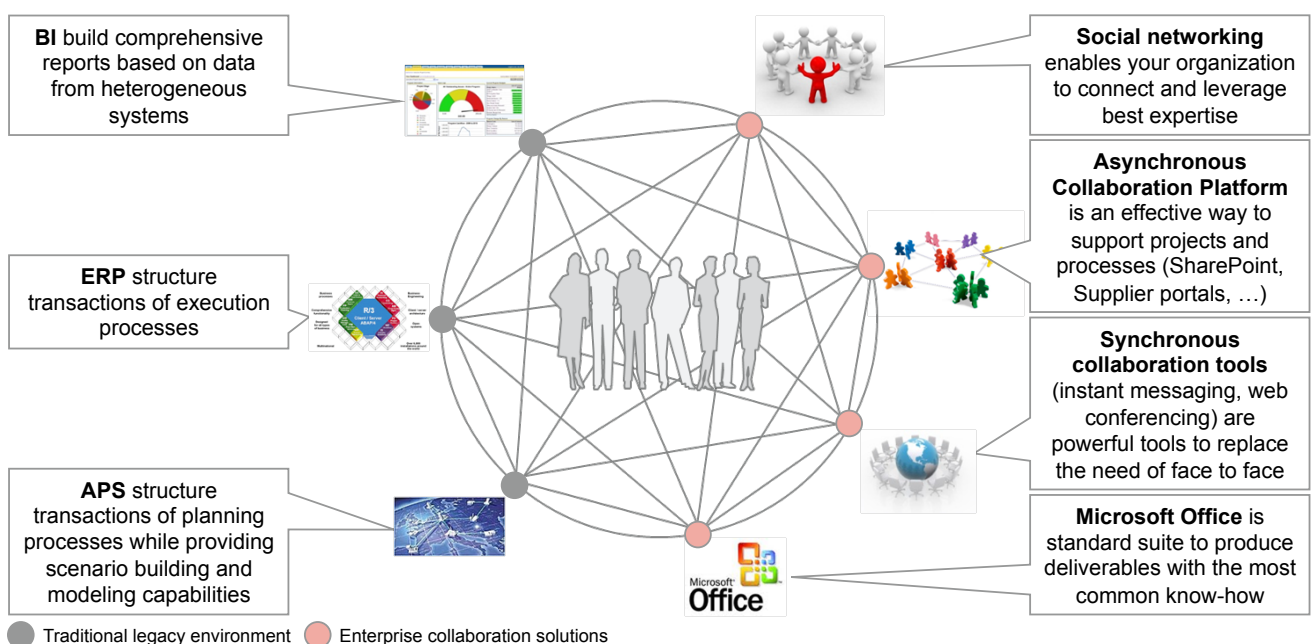


Figure 10: S&OP technology map



Deployed and used as interconnected modules, according to the corresponding activity and stage in the S&OP process, this collaborative environment allows people to work in either a synchronous or asynchronous mode, and to manage qualitative and unstructured information as well as quantitative and structured information. Complementing these collaboration and information management tools, business process platforms are used as transactional systems, providing visibility into orders, capacity and forecast demand.

More than 80% of the enterprise information is not structured.

	People interact asynchronously	People interact synchronously
Information is structured	<p>Business process ERP, APS What for: Generate plans (ex. projected stocks; demand, production, purchasing, distribution plans)</p> <p>Business collaboration Web collaboration platform, BI What for: Generate reports, publish plans and reports (give visibility)</p>	<p>Business collaboration and decision BI, SharePoint collaboration platform, web meeting, video and conference call What for: Build and publish scenarios and dashboards, virtual meeting to analyze variations (projected stock variations; demand, production, purchasing, distribution plan)</p>
Information is not structured	<p>Business collaboration Social network, web collaboration platform, search engines What for: Develop mutual trust and identity, share and analyze business knowledge (market trends and priorities, inventory analysis, production or distribution issues, stock policies, action plans), develop action plan, ...</p>	<p>Business collaboration and decision SharePoint collaboration platform, web meeting and instant messaging video conference and conference call What for: Virtual meeting launched on-demand for events to launch short discussion on business knowledge, ideas, issues, ...</p>

Figure 11: The collaboration framework

The collaboration framework aims to define at a macro level the right technology in the right place. The choice of technology mainly depends on two drivers:

- Whether the information is structured vs. non-structured (e.g., data- vs. knowledge-based); and
- The need for synchronous and asynchronous interactions

Focus on exceptions though data and knowledge-based content

Filtering relevant data to support S&OP decision-making is one of the most important pieces of work in preparing an S&OP process. The level of aggregation is only one element. There is also a need to be able to highlight exceptions in a vast amount of data at a detailed level of granularity, e.g., SKU, location, weekly bucket or resource used. **The information needs to be presented in such a way that every stakeholder is able to understand it from his own perspective.** The information collected should reflect the most recent situation, and should be from trusted sources.

One typical analysis that eases the filtering process consists of focusing on gaps between two planning periods. Another important consideration is coordinating the prioritization across the various stages of the process, adding at each stage additional constraints on fulfilling planned demand.

Additionally, it is essential to consider that there is a lot of critical information **beyond fact-based data including assumptions, risks, and opportunities. These tend to remain informally in people’s minds, but they hold meaning to assist in understanding the plans,** and must be considered as well.

For instance, analysing the criticality of demand variations might require an understanding of the business rationale that led to adding or removing particular promotions. Also, requests can be characterized as ‘urgent needs’ or ‘important issues’ as soon as the business context that is behind the figures is clear, such as customer satisfaction, market strategy and so forth.

Knowledge-based information is therefore essential, and must be captured to complement the figures contained in the raw planning data. This requires people to document and share their point of view in a business context.

An adaptive process with cross-functional reviews

S&OP is commonly implemented as a monthly process. The reason is that the supply chain organization typically feels limited by hypothetical constraints. One of the most important of these is that **cross-functional decision-making is understood as only being possible through face-to-face meetings**, and for executives to fly all over the world at such a frequency would not make any sense.

Our S&OP model frees the supply chain organization of these constraints, and allows continuous interactions and frequent S&OP meetings while gaining efficiency and quality.

This becomes possible with our integration model, which leverages remote working and intensive collaboration, using virtual workspaces. People who decide, and people who execute, can all participate in cross-functional reviews where the Market, Supply Chain, Industry, Product Development or Finance functions can act as leader or challenger depending on the process step.

New Product Introduction (NPI) and disposals are typical events that can trigger the need for an S&OP refresh.

The monthly S&OP process remains valid, but we develop weekly S&OP down to event-based S&OP in order to react to exceptional unpredictable events. **Importantly, by increasing the frequency of your S&OP you can focus each time on fewer issues, and greatly improve your capacity to react in time.** An additional benefit is that people get used to working together by interacting more frequently.

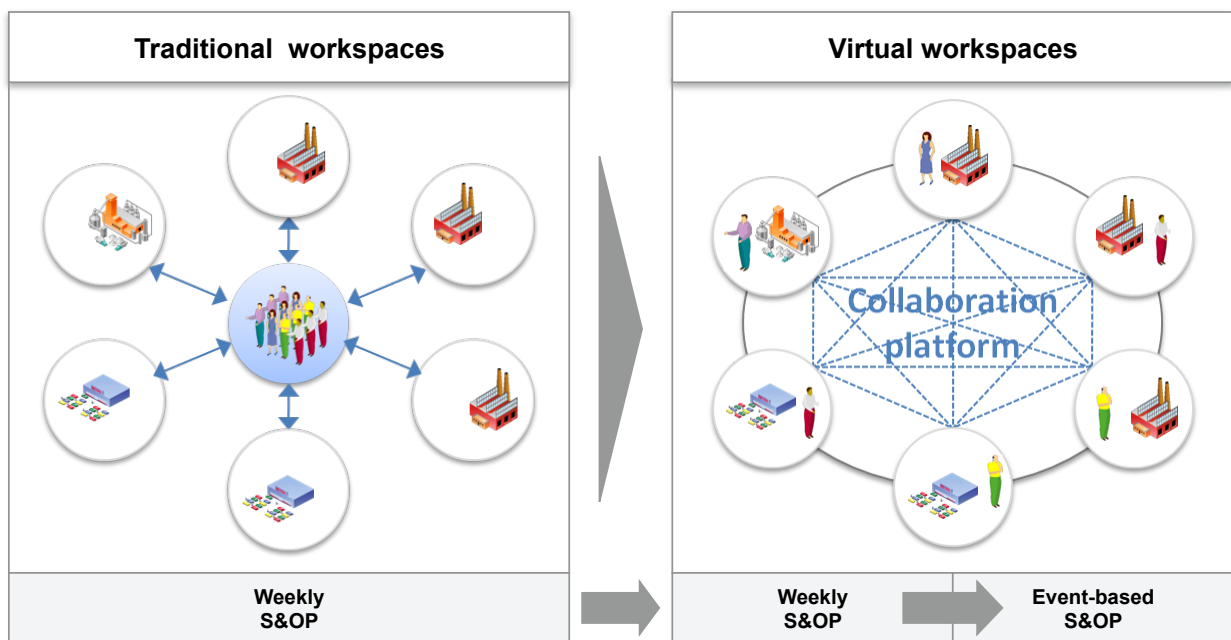


Figure 11: Virtual S&OP cycles frequency

6 Our S&OP Implementation Approach

For an S&OP implementation, where collaboration is the key driver of success, the boundaries between the implementation project and the operational process are not relevant. The cultural, organizational, process and technological transformation is a long journey that needs to be started as soon as possible. The S&OP project can be viewed as an early stage of this journey, the start of a continuous improvement process focused heavily on cross-functional collaboration. Our implementation approach reflects this principle.

Start with a pilot

An S&OP project, in our view, is not a 'big bang' implementation. We start with a pilot phase in which part of the organization goes live with a limited scope of products, selected to be representative of some of the main issues to be addressed by the S&OP process. At this stage, the pilot is reliable and operational, but is not necessarily built with all the functions it will eventually possess, nor is it integrated with the business's legacy systems.

Observations from several S&OP cycles are then used to enrich and extend the pilot, with the S&OP process getting gradually better through subsequent waves of deployment to the organization.

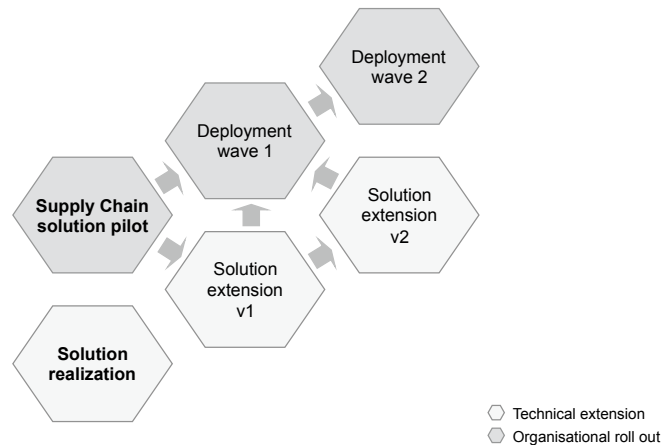


Figure 12: Pilot implementation

Develop collaborative working from the start

Align the project team during an induction session

We start the S&OP project with an assessment phase. In this, we analyse the current state of the decision processes around mid-term planning, in order to build a process map and a SWOT (strengths, weaknesses, opportunities and threats) analysis.

We share this analysis with the project team during an induction phase, and collectively define the objectives of the project using our maturity grid. Based on our best practices we build an S&OP reference model that is customized to company needs, and which gives a clear vision of the path ahead. At this stage the project team is aligned in terms of vision, objectives, project plan and rules on ways of working.

One key at this stage is what we call our 'Fusion Consulting Approach', where we closely examine how to maximize the value of the S&OP investment through aggressive collaboration-based Business Intelligence (BI) processes and technologies merged with unified communications and social networks. We then emphasize the development of innovative, composite processes to support the overarching S&OP master process. A very important dimension in all of this is to design and execute an effective change management program, one which effectively coaches the next generation of information workers driving this enhanced collaboration process. Effectively applied, this 'Fusion Consulting Approach' maximizes the ROI potential of both the investment into the new S&OP process and the legacy investment that has been made into the company's core ERP systems.

Use intensively collaborative technologies

We involve the end-users who will be involved in the S&OP process to not only design but also jointly develop the solution with the functional and the development teams. There is no geographical constraint, and people's skills and experience are leveraged without them having to leave their daily workplace.

This is made possible because right from the start we put the project team in working conditions that are as close as possible to those of the future collaboration-intensive organization. We implement a collaborative platform that is used to run the project as well as to build the S&OP solution, and that also enables advanced data interoperability and ease of access.

So in addition to avoiding frequent travel to a co-located project team workspace, end-users get accustomed to working together in a collaborative mode, and they then build the S&OP solution, embedding learnings from this collaborative project experience.

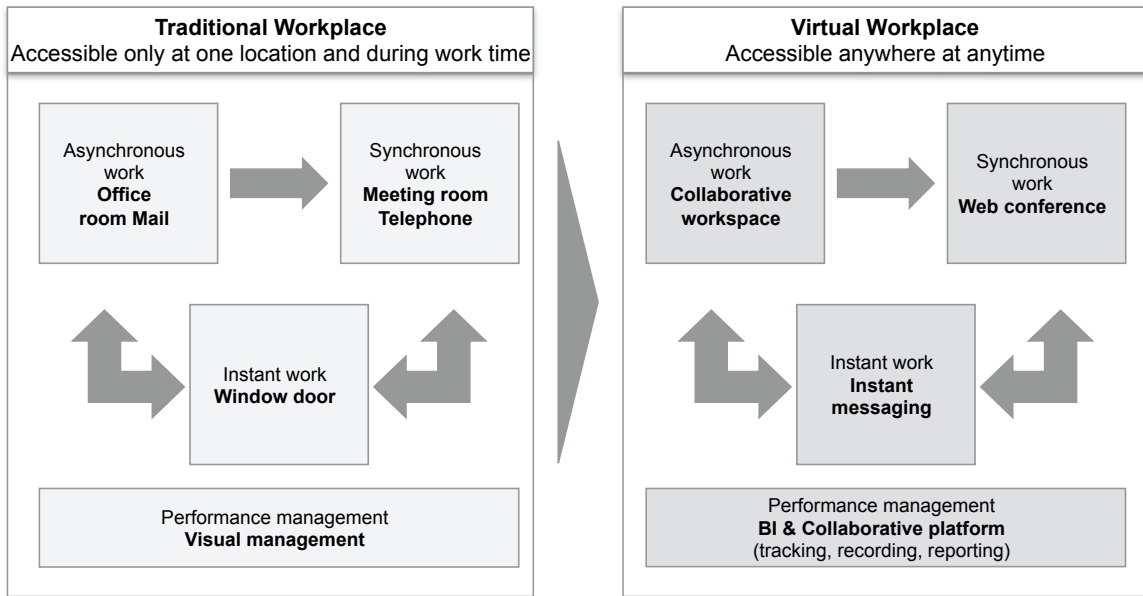


Figure 13: Collaborative working

Implement with agility

In our approach, there is no strict segmentation between the design and the realisation, but rather a strong and continuous interaction. The solution is therefore jointly developed with end-users who can test in real time, refining the understanding of their needs, and adjusting their S&OP process design accordingly. With this approach, the project team defines the needs, then designs, creates, and tests the solution, during several interactive loops that gradually converge on the final result during a formal Conference Room Pilot (CRP) meeting, where end-users become accustomed to both the solution itself and to the new ways of working.

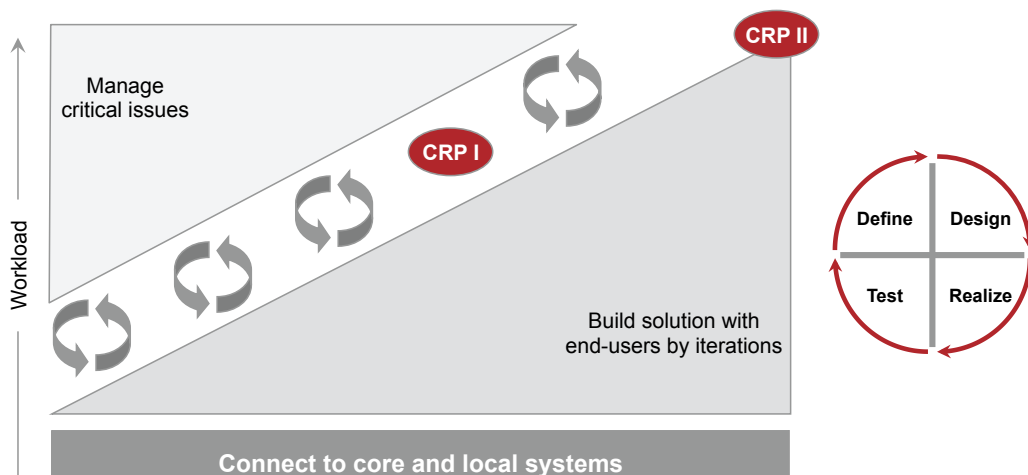


Figure 15: Implementation approach

Another implementation tactic is to release the S&OP solution piece by piece, meaning that there is no need to wait until 100% of the solution is developed in order to start generating decisions and value. The first business release can allow an S&OP process to operate with basic collaboration features where existing documents are shared during cross-functional reviews, while a second business release might allow advanced collaboration features with limited reports, and a third one with real time data sharing and dashboards.

This approach mitigates the risk of developing inappropriate solutions, and allows end-users to adjust the design according to real needs expressed in the target S&OP process.



7 Conclusion



The S&OP process is a well known concept, but one that has historically struggled to deliver the expected results. It has gradually evolved over a period of years, becoming far more complex, and simultaneously having a higher impact on business performance.

It is still a tremendous challenge to implement, especially so in terms of getting executives to work together effectively, with mutual trust and commitment, on joint decisions that take into consideration the point of view of each one of them.

The critical factor that determines the ability to make fast decisions on complex matters, and react to unpredictable events, is the quality of teamwork.

This is where collaboration takes its place as the main performance driver of S&OP. But it requires a radical change in people's mindsets, and necessitates a transformation of the organization's culture, processes, and technology.

Starting the S&OP journey means implementing the dynamics of supply chain team collaboration. It fuses individual skill sets, diverse knowledge, and accurate/timely data easily accessible to all to enable coherent and fast decision-making. This leads rapidly to a substantial increase in supply chain agility and operational excellence – and to the dynamics of a supply chain collaboration that never really ends.

S&OP is not a 'big bang' implementation. The process starts with a comprehensive assessment of the supply chain planning challenges and design of an end-state S&OP model which best serves the business. Then a limited pilot project is implemented using an appropriate mix of process, organization and technology elements. The model is then tested and refined, all the while adding more advanced features.

Organizations will benefit greatly from combining business intelligence (BI) with next generation communication and social networking tools on a unified platform, such as Duet Enterprise (i.e., the unified platform between SAP and Microsoft Sharepoint), in order to drive true collaboration to the highest possible levels. S&OP implemented in such a collaborative environment has the potential to realize the great value that has been promised for years, but not yet achieved.



About Lodestone Management Consultants

Lodestone is a global management consultancy, committed to designing and delivering solutions that enable international companies to thrive in today's complex business environment.

We help our clients to define the measurable business benefits that we will achieve together, using our teams of client-focused consultants, who combine a passion for excellence with strong process and SAP skills and deep experience of transformational change in their industry.

We have offices in 14 countries throughout North America, Europe and Asia.

