

IBP Workshop

An interactive session to probe the maturity of the Sales & Operations Planning processes at the organisations attending this SIG, common obstacles and how organisations have overcome them whether technology related or hearts & minds or whatever.

Please could each attendee answer Gartner's questions on "How mature are your Sales & Operations Planning processes?" at the web page <http://www.gartnerinfo.com/SupplyChainSOP/survey.php> and get their rating. The questions can be viewed in a separate document on the events page.

The questions are below but **the survey needs to be completed on-line to get the Gartner rating:**

How mature are your Sales & Operation Planning processes? **Gartner**

Our research shows that 67% of companies struggle to get beyond stage 2 of S&OP maturity. Stage 2 describes a S&OP process that is essentially volume based, focused on balancing demand and supply, with limited use of metrics and understanding tradeoffs. Those who do achieve advanced, demand-driven S&OP can improve revenue from 2% to 5%, reduce inventories by 7% to 15%, and improve the success of new product launch commercialization by 20%. Achieving success requires a cross-functional balance between commercial and operating teams that are focused on building the best go-to-market strategy and operating plan to maximize business opportunity and mitigate risk. S&OP provides the platform and forum for various functional groups to make these value based, enterprise level decisions. The following test will reveal how mature your S&OP processes are and how well your company is positioned to reap benefits realized by S&OP leaders. After you complete the survey your results will show you where you fall on the Gartner 4-stage S&OP maturity model. We will define the stages and provide you with recommendations for how to use your score to build dialog and enact change within your organization.

Section 1: Goals

1) What is the goal of your company's S&OP process?

- a) The goal of a good S&OP process is to meet or exceed the financial budget numbers.
- b) Our goal is to match expected demand with supply.
- c) Our goal changes frequently. We keep our eyes on a moving target and pride ourselves on being flexible and adapting to change.
- d) Our goal is to align cross-functional processes to strengthen the operating strategy to maximize opportunity and mitigate costs.
- e) Our goal is to maximize asset utilization and have a feasible production schedule for our facilities.
- f) Both A and E

2) How do you reward the organization?

- a) Each function has its own metrics. Is there a reason to align them to the S&OP process?
- b) We have commonly held metrics that are measured and reviewed as part of the S&OP process.
- c) We reward the organization for making its budget numbers.
- d) People are rewarded through their annual appraisals.

3) Which metrics best represent S&OP effectiveness?

- a) Customer service (perfect order), working capital, forecast accuracy (mean absolute percent error, or MAPE), profitability (margin), and revenue (market share or meeting revenue targets)
- b) Asset utilization, inventory, and manufacturing costs

- c) Customer service (perfect order), inventory (days of inventory outstanding or inventory turns), forecast accuracy (MAPE), and total supply chain costs
- d) Customer service (order fill rate), inventory (obsolescence), and total supply chain costs
- e) We pride ourselves on measurement. We have about 50 measures we use that represent key cross-functional measures.

4) What results have you achieved from your S&OP processes?

- a) Not sure
- b) A more reliable operating plan
- c) Reduced inventories, a better forecast, and improved customer service
- d) Higher revenue, an increase in margin, and an improvement in new product launch success
- e) A greater understanding of market options and alignment of the organization to better seize market opportunities as they happen
- f) B, C, D, and E

Section 2: Cross-functional alignment

1) How would you characterize your company's S&OP meetings?

- a) Long, laborious meetings with frequent absences of key decision makers
- b) Focused and strategic. These are meetings that no one wants to miss.
- c) Short-term focused. We want to be sure we focus on how to align assets to best meet demand.
- d) Short monthly meetings with clear agendas to make key decisions
- e) A and C
- f) B and D

2) How are your company's processes aligned?

- a) By manufacturing assets - we focus on manufacturing plants and alignment of demand to each factory center.
- b) By profit center - we align decisions based on them.
- c) By geography - decision making is based on each region.
- d) By budget center - we want to be sure we are properly aligned to make our budget numbers.

3) How are decisions within the company made?

- a) All functions are equal partners in reaching consensus on strategy.
- b) It changes based on how we are performing.
- c) By the boss, of course.
- d) By multiple functions, but not the entire organization.
- e) Marketing and sales own the forecast, and manufacturing decides what to make.
- f) By the most vocal person in the room. Otherwise, we would never get anything done.

4) How would you characterize S&OP interaction?

- a) Structured, disciplined, and well-orchestrated across functions. What we agree to gets implemented.
- b) Last-minute, rushed, and hectic.

- c) Confrontational and contentious, but decisions are still made.
- d) Lots of talk, but no decisions.
- e) We plan, but we rarely execute what we plan.

5) Thinking of the "sales" part of sales and operations planning - in your opinion, which of the following does that word best describe?

- a) The sales organization
- b) Combined input from sales and marketing
- c) A group that never participates in our S&OP process
- d) The right go-to-market strategies to drive sales revenue
- e) The right go-to-market strategies to drive profitable sales
- f) The right go-to-market strategies to maximize the business opportunity as outlined by the business strategy

6) Thinking of the "operations" part of sales and operations planning - in your opinion, which of the following does that word best describe?

- a) The manufacturing organization
- b) A feasible operating plan
- c) The optimized demand response: plan, make, source, deliver
- d) The operating plant that delivers the lowest costs
- e) Optimizing the response to have the right product at the right place at the right time
- f) Making the right tradeoffs and aligning supply (plan, make, deliver, and source) to maximize the profitable demand response based on the business strategy

Section 3: Process

1) Who attends your company's S&OP meetings?

- a) Leaders from manufacturing operations. We want to be sure we are ready to meet the needs of the business.
- b) Operational leaders from sales, marketing, finance, procurement, operations, and Supply Chain. We want to make the right decisions on go-to-market strategies and supply to maximize revenue.
- c) A small, cross-functional group with senior representation from finance, sales, operations, marketing, R&D, and supply chain orchestrate the meeting, with a fixed agenda for the profit center manager and direct reports. We want to maximize opportunity and minimize risk.

2) What is the frequency of the meetings?

- a) Perpetual - We are constantly reacting to supply and demand mismatches.
- b) Ad hoc - We call the S&OP meeting when we have trouble in cross-functional alignment or need to better match demand with assets in a manufacturing strategy.
- c) Monthly - We have a structured agenda. There are a series of steps that we take to orchestrate the S&OP process throughout the month. This culminates in a strategic monthly meeting.
- d) Weekly - We review our operating plan to the demand plan weekly.
- e) We have a structured monthly process. In addition, we have a few people that meet weekly to review business deviations and make pre-agreed corrections.
- f) C and E

3) Demand input into the S&OP process includes which of the following?

- a) Market data, sales forecast, and orders
- b) The financial budget
- c) Sales forecast and orders
- d) Whatever the sales director provides us with
- e) We don't involve sales, since we can forecast better than they can
- f) What-if analysis to determine the best demand plan
- g) A and F

4) How does your company plan for new product introductions?

- a) We get a rough-cut sales forecast from sales or marketing and use that.
- b) We wait until the new product is through ramp-up before we include it in the S&OP process.
- c) We use attribute-based forecasting techniques along with market intelligence.
- d) New product launch is a separate process.

5) How far out into the future does your company look to make decisions?

- a) Our business is so unpredictable that we only make decisions for one to three months into the future.
- b) It changes regularly based on business conditions.
- c) We are lucky when decisions can stick one week out.
- d) For our business, we have established clear planning time horizons

Evaluate My Process
