



When to Implement a Sales & Operations Planning System of Differentiation (SOD)

A question I often hear from supply chain practitioners engaged in running and improving their company's sales and operations planning process is, "When should we implement a system dedicated to facilitating our S&OP process?" As with many complex supply chain processes the answer is not black and white and depends on a number of factors

I am a strong believer that you need to address organizational structure, people skills and process issues before implementing technology. The first step is to ensure you have assigned someone to lead and manage the S&OP process. This may or may not be a dedicated resource. Usually this resource reports into the Supply Chain Organization, but that may depend on what executive is sponsoring the process and available resources. You definitely need an executive sponsor who has the authority to ensure participation in the S&OP process from the various functional groups.

To be effective at managing and leading the Sales & Operations Planning process requires a unique understanding of the entire planning process (demand, supply, new product introduction, inventory, etc.) as well as a well-rounded understanding of the business including markets, customers, products channels, and business objectives and strategy. Assigning the right resource to lead the S&OP process is critical to success and to determining when and what technology will eventually facilitate that process. This resource can also lead the effort to educate the organization on the S&OP process and benefits obtained to drive buy-in and participation.

I am also a strong believer is starting small, working out the issues and then expanding a refined technology enabled process across the expanded organization. A good way to work out the kinks in an S&OP process is by piloting with one business group or a couple product categories. A pilot can be managed using simple tools like spreadsheets and email. The initial stages of implementing Sales & Operations Planning is often more about changing culture and establishing the periodic exchange of volumetric information to create a balanced demand and supply plan. Gartner would refer to these stages as Stage 1: React and Stage 2: Anticipate.

Once you have the organizational structure (process leader, executive sponsor, and process participants) in place, you have cross-organizational buy-in for S&OP, and you have run a few monthly S&OP cycles for your selected pilot it is time to start putting together a technology requirements document. Ensure you not only take into consideration your current needs but also look out 3 to 4 years into the future. S&OP is a journey and to gain and maintain a competitive advantage your company should have a vision of moving up the S&OP maturity curve. If your objective is to get to a Stage 4: Collaborate or Stage 5: Orchestrate make sure your technology requirements includes the capabilities to support these stages of maturity. Spreadsheet and email systems are ok for Stage 1 or 2 pilots but quickly fall short when you want to implement an S&OP process across the company or want to move to higher, more beneficial levels of S&OP maturity where you start incorporating capabilities like multi-year financial

alignment, long-term constrained supply what-if scenarios, new product introduction, and collaboration with marketing, sales, and external partners.

So to answer the question, get your organizational structure, people skills, and process in place first then evaluate your current and future technology requirements before making a decision.

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Enjoy the long weekends in March!

"We rise by lifting others."

-Robert Ingersoll



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