

Change the Heart as well...

When Sales & Operations Planning makes so much sense, why are companies still struggling to implement it? Maybe because even the most robust of S&OP template is not enough to make people change.

Quite by accident, last night I found myself watching one of the W. Edwards Deming Library videos (on TV, would you believe). In it, Deming said that he did not know why people thought that, just because they explained the logic of an idea clearly, people would see common sense and change the way they worked. He added that we cannot just change the mind by giving logic, we have to change the heart as well – and this was one of the hardest things that management had to do.

I began to think about Sales & Operations Planning and the experiences of many different companies. *“We did S&OP once – it doesn’t work!”; “It’s just a way of beating up the commercial team”; “We did it for a while but then it just started to deteriorate”.* Did somebody not explain the logic very clearly? Was there no methodology? Simply put, S&OP is all about putting together common and consistent plans for taking the business forward – why would you not want to do that? Deming was, of course, right: it is a *hearts* thing, not just minds.

We do not resist change simply because we do not like change. If the idea is logical and appealing (i.e. it does not make us feel insecure) it will be accepted and people will change. *“If I give you £10 million, it will change your life completely. Do you want the money?”* For the vast majority, it will not take long to make that decision, even though it would change everything.

The changes required to make S&OP work are dramatic too, so you cannot expect logic alone to win people over. Your company culture and the people involved must be a significant factor in the design of the end process.

So here are some simple tips to help you address the ‘people’ aspect:

- When designing the information flow in the process, you must recognise what people *want to know* versus what they *need to know*, and manage the gap accordingly.
- It may be an old trick, but many companies are going back to having the people from planning, purchasing, sales, and even design in the same open office. This significantly increases communication and reduces ‘blame-culture’.
- You must integrate the various performance measures. Conflicting measures, which often push for local rather than global optimisation, will be like spanners in the S&OP works. A good example of KPI integration would be to measure ‘Plan/Schedule Adherence’, rather than ‘Machine Productivity’.

- It is very useful to distinguish between ‘resistance’ and ‘opposition’. People are resistant because they do not understand your idea or cannot see (yet) what they will gain from it. Resistant people will require you to try harder, which will help test your ideas. Once convinced, they will be your biggest ally to implement the process. Opposition is active and organised: you can only silence them with your successes!

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