

An S&OP Project? You are dead in the water!

By Hughenden

Implementing a Sales & Operations Planning process is high on companies' agendas, say research organisations. What the statistics are not telling you is that most of these companies will fall into the same trap. "The best advice I can give is not to do it as a *project*" advises Hugh Williams of Supply Chain Planning specialist Hughenden. He adds: "This has been a real problem for businesses: they have a project to implement the process, and then it falls into disrepute as soon as the project ends."

Called S&OP (Sales & Operations Planning) or sometimes IBP (Integrated Business Planning), the process is often a revolution for businesses. We are talking about a process that generates and works from a jointly agreed forecast, resource and supply plan. Implementing it means overcoming some encrusted cultural differences between sales, operations, marketing, purchasing and finance. S&OP also looks 12 to 24 months ahead, when many companies are still struggling to plan genuinely beyond 4 months.

A 2-speed process

By labelling the implementation as a 'project', you immediately sign its death certificate. This is because one of the many guises of resistance to change is known as *'let's pretend... and it will soon go away!'* Instead, S&OP should be implemented organically, gradually changing the culture of the business. The process itself must evolve with the business and its products.

"We do not believe in a template for S&OP" says Williams. He continues: "For every company we have helped, the S&OP process took a different shape. For one of our clients, we even had a 2-speed process at first. This enabled them to break out of the constant fire-fighting, caused by the lack of proper planning. As their S&OP got better, the need for fire-fighting diminished!"

For those wondering how much time it takes to see the process generate some real benefits, Williams provides a reality check: "At least 6 months. Think about it. This means only 6 goes at the full process, since most companies run a monthly cycle".

So is it all worth it?

Does the visibility and contingency planning offered by S&OP really deliver up to expectations? “A client whose northern plant was affected by the floods this summer, told me ‘*S&OP is saving our bacon*’” says Williams. This should settle that argument. For more advice and Golden Rules on S&OP, a free Supply Chain Planning toolkit is available for download from www.hughenden.net.

Hughenden specialises in Supply Chain Planning and helps companies develop their Supply Chain Practitioners’ skills and knowledge, whilst improving the Planning Processes. The Hughenden team offers focussed consultancy and interactive education. Its customers include Marks & Spencer, Kraft Foods, Johnson & Johnson, Nestlé, and Hallmark Cards. For more details, email info@hughenden.net.