

Implement Robust Sales & Operations Planning Solutions Successfully

The inability to establish a continuous improvement loop in Sales & Operations Planning (S&OP) processes is due to several factors, including ineffective technology use, poor data quality, and lack of alignment between functions. Read what companies must address to plan and execute S&OP processes more effectively.



Constraints and S&OP challenges affect every aspect of the organizational value chain, while increasing the level of uncertainty.

The S&OP process is further complicated by disruptions in supply chains, such as shortages of raw materials and shipping delays. As a result, companies are having difficulty forecasting demand accurately. Due to this uncertainty, it is difficult to plan and develop robust production schedules, manage inventory levels, and allocate resources efficiently. This is only the tip of the iceberg, additional constraints may exist, including:

- **Production planning challenges:** Companies struggle to obtain the materials and components they need for their manufacturing processes, leading to delays in production and missed deadlines.
- **Increased costs:** Supply Chain disruptions coupled with high inflation are driving increases in raw materials, shipping, and other logistics expenses. These increased costs are making it more challenging for companies to maintain desired margins and profitability. There is a need to continuously adjust pricing or find new suppliers to mitigate cost pressures.
- **Inventory management issues:** Delays in the delivery of goods, resulting in a build-up of inventories at different stages of the supply chain, excess inventory in some areas and shortages in others, add to the challenge of managing inventory levels effectively.
- **Optimizing Resource Allocation:** Sales and Operations Planning must ensure that resources are allocated to the right operational areas to maximize production efficiency and minimize costs. This requires an understanding of customer needs and the ability to forecast and harness trends.
- **Customer service challenges:** Disruptions also impact customer service levels. Late deliveries, product shortages, and quality issues lead to customer dissatisfaction, potentially leading to lost sales.

In order to plan and execute S&OP processes more effectively, companies must address these constraints. It is more important than ever for companies to be able to adapt their strategies, be more flexible, and work closely with suppliers and customers to navigate these challenges in a more

holistic manner. Working with many of our clients, we see collaborative opportunities for driving improvements across the sales & operations planning process. Some of the most common improvement opportunities are:

- **Integration with other processes:** Improving the integration of S&OP with other business processes such as demand planning, production planning, and financial forecasting.
- **Data quality:** Improving the quality of data used in the S&OP process, including accuracy availability and effective utilization of real-time data.
- **Improved forecasting accuracy:** Forecasting accuracy is a critical element of S&OP. Implementing more accurate forecasting methods including the utilization of real-time inputs from data mining, machine learning, and advanced analytics will help improve the accuracy of S&OP.
- **Increased visibility of data:** Increasing visibility across the organization can help create a more holistic view of the supply chain to enable more informed S&OP decisions.
- **Collaboration:** Encouraging collaboration and communication between different departments directly and indirectly involved in the S&OP process.
- **Establishing better communication and feedback loops:** Communication and feedback loops are essential for a successful S&OP process. Stakeholders should be able to communicate and provide feedback quickly and effectively to ensure that the S&OP process automatically identifies gaps and bottlenecks promptly, with visibility of the root cause.
- **Flexibility:** Making the S&OP process more flexible and responsive to changes in demand, supply, and other external factors.
- **Technology:** Implementing technology solutions such as advanced analytics and visualization tools to enhance the decision-making process in S&OP.

- **Automation:** Automating elements of the S&OP process will help reduce manual effort while simultaneously increasing efficiency. Automated systems will also provide real-time and timely visibility and insights into S&OP.
- **Process standardization:** Standardizing the S&OP process to ensure consistency.
- **Continuous improvement:** Regularly reviewing and improving the S&OP process to ensure that it stays aligned with the changing needs and demands of the business.
- **Executive buy-in:** Ensuring senior executives are fully committed to continuous S&OP process improvements and see the value in helping the organization achieve its goals.

Any seasoned manager is aware of the opportunities discussed above. Yet, most organizations have difficulty identifying gaps as they arise in a timely manner, followed by the ability to develop and implement rapid solutions.

To implement a robust sales and operations planning process, organizations must commit considerable resources, time, and change management, all of which are rarely available.

Several reasons contribute to companies' inability to establish a continuous improvement loop in their S&OP process: lack of alignment and collaboration between functions, poor data quality, and the ineffective use of technology, are just some.

As a result, almost every company overlooks the importance of recognizing and resolving the inevitable resistance to change. This is only one of the many reasons why companies often prefer to hire an external consultant; there are others, including:

- **Expertise:** Consultants bring a deep understanding of S&OP best practices and can guide the implementation of a robust S&OP process that aligns with the organization's goals and priorities.

- **Objectivity:** Consultants can provide an objective perspective and help organizations avoid common pitfalls and mistakes when implementing an S&OP process.
- **Experience:** Consultants have extensive experience working with various organizations and can bring knowledge and expertise to the S&OP implementation process.
- **Technology:** Consultants can help organizations assess the technology solutions available to support their S&OP process and assist with selecting and implementing the most suitable solutions for their needs.
- **Process improvement:** Consultants can help organizations identify areas for improvement within their existing S&OP process and develop a roadmap for continuous improvement.
- **Change management:** Consultants can help organizations effectively manage the changes to processes, systems, and organizational structures that come with implementing an S&OP strategy.
- **Time and resource constraints:** Implementing a robust S&OP process can be complex and time-consuming, and organizations may not have the internal resources to complete it effectively. Organizations can complete the implementation process efficiently and effectively by working with consultants.

We have and continue to help many organizations overcome the challenges and hurdles associated with rapidly addressing many of the S&OP process challenges highlighted in this article. We further provide the expertise and guidance needed to implement robust S&OP solutions successfully.

As we have already stated, it is essential for companies to rapidly identify and address these challenges. This will enable them to effectively and continuously execute the sales and operations planning process to deliver meaningful business and operational results.

Copyright © 2023 Audere Partners. All rights reserved.



Read more by going to auderepartners.com/insights or by scanning the QR code on the left.