

S&OP: Report

In an increasingly competitive world, the Sales & Operations Planning (S&OP) process has become a strategic weapon for many businesses. We take a look at the skills needed to make it succeed.

Once upon a time the supply chain was merely a mechanism in the wider organisation, now it plays a primary role in the overall planning and strategy of the business. This change has meant an up-skill and shift in capability for talent in the supply chain. An increasing number of companies are achieving this through integrated S&OP.

The supply chain has grown in importance using tools to help businesses manage risks and challenges as well as to optimise opportunities. Overall, a successful S&OP strategy helps to support revenue growth and manage operations and capital expenditure, more effectively.

Following the ICD Supply Chain seminar in November 2012, a new focus on collaboration and engagement between suppliers and retailers is underway.

What are the challenges for implementing an effective S&OP process?

Many businesses face the same issues around engagement and ownership of the process, and should never underestimate the degree of cultural change it brings. Implementation can often fail due to frustration or internal tensions, so clear ground rules are a pre-requisite.

The S&OP process takes into account the full end-to-end of the supply chain's 'information flows' and integrates cross-functionally into all supply, demand, commercial, financial and manufacturing or procurement streams. There is often a dilemma where the process owners sit within the business units; however this cross-functional aspect should always represent the structure and attendees of successful S&OP meetings.

Many companies believe that getting the right people engaged in the process is the most critical step - that includes gaining the appropriate 'senior level' backing and commitment.

What improvement or output can be expected?

The S&OP process looks at the 'big picture' and helps strategic decision making. It drives informed decisions around business efficiency and impacts positively on the bottom line. Characteristically:

- The output will guide the sourcing, production or co-manufacturing policies.
- Product availability is demonstrably improved, as is new product development or promotional planning effectiveness.
- The pace of change as well as the likelihood of meeting customer and consumer trends is enhanced.
- Unit costs, inventory levels as well as the return on capital investment all become more transparent.
- The objective is to achieve a 'one number' output across the business, aligning demand, planning and financial expectation. This should be measurable against a common set of KPIs.
- It opens the gateway to true customer collaboration and business plan sharing.

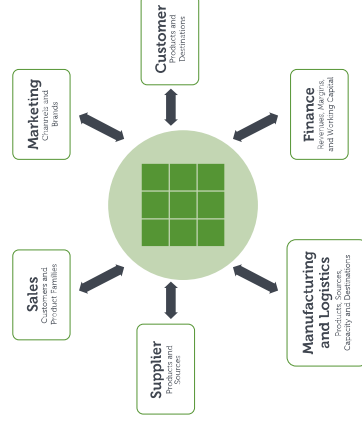
How does the talent and skills journey begin?

A typical career would begin in supply or demand planning, where exposure to broad commercial and financial forecasting will engender strong S&OP understanding early on.

Successful S&OP teams will be made up of those with an intimate understanding of customer demand, as well as the capacity limitations associated with meeting volumes or lead times. This will be complemented by a strong analytical and methodical approach, underpinned with excellent IT knowledge, to ensure successful deployment of appropriate planning tools and the capability to exploit them.

S&OP practitioners will also possess strong communication and listening skills and involve all levels of the business in their sphere of influence. It's unlikely a team can be assembled 'ready-made', so emphasis is always on strong leadership, coaching and a desire to achieve continuous improvement; both personally and professionally.

S&OP leaders keep open and honest relationships; they thrive on challenge and always endeavour to promote 'best practice' standards.



Where can the journey lead?

The S&OP process crosses organisational boundaries and challenges the status quo – it is fast becoming a recognised company asset. It is also a real growth area for talent. With an expanding S&OP talent pool, businesses are beginning to value it as a key enabler to success in an increasingly competitive environment.

The S&OP process helps bring clarity and fact-based intelligence to the 'cost versus customer service' debate. Robust processes alone are not enough – people need to be engaged to make them excel. At the end of the day we all share a common goal – to sell more and sell effectively.

Food Manufacturing Excellence Awards 2013.

Nigel Wright is proud to sponsor the Ambient category award at the Food Manufacturing Excellence Awards 2013.

The Food Manufacturing Excellence Awards are extremely important because they showcase the quality and diversity of the UK's food and drink industry. As category sponsors, we play a key role in building the reputation of the industry and raising awareness of the awards, ensuring that it is a competitive and well recognised event. Like other sectors, the food industry continues to move forward amidst difficult trading conditions, as well as its own specific problems, but

has responded to these challenges in the same way it always has; through innovation. Each year we continue to see an improvement in the event itself but most importantly, in the standard of those entering. The UK food industry is very much associated with quality and best practise and we're once again looking forward to hearing about some of the latest success stories in food manufacturing, at this year's event.