

Focus: Sales & Operations Planning

Demand Solutions makes it extremely easy to arrive at the right numbers to make strategic decisions.

Just say the words Sales & Operations Planning, or S&OP, and people will listen. Its buzzword popularity is nearly equivalent to the excitement over tried and true three-letter acronyms such as ERP and CRM. The largest companies are no longer the only ones adopting this strategic planning process. *Everyone* wants S&OP and scores of companies claim to have the perfect solution. Despite the widespread acceptance and popularity of the process, many do not know what features to evaluate when shopping for a dedicated tool.

Demand Solutions' history with S&OP dates back to its release of the first, stand-alone S&OP solution to the market in 1992. It happened shortly after Dick Ling along with his team at Oliver Wight revealed their concept of integrating the demand and supply streams into one view for strategic decision making. They named it Sales & Operations Planning. Dick Ling personally assisted Demand Solutions with the very first S&OP software planning tool. "S&OP was like my younger brother growing up," says Rick Ling, Demand Solutions representative.

Bringing together Demand Solutions and Dick Ling's S&OP expertise, we have come up with the four main requirements for a successful S&OP solution. As one of our power users says, "It's simple, but it's not easy."

Simplify the Data-Gathering Process

The first step to the S&OP process is collecting all of a company's data. Considering the various internal departments and external partners even the smallest organizations have, this step is not easy. It is therefore essential for a stand-alone S&OP tool to have a smooth process of consolidating the numerous plans.

5. Senior Management Review

4. Financial Integration

3. Manage Supply

2. Manage Demand

1. Manage New Activities

Demand Solutions drives successful sales & operations planning

Demand Solutions S&OP (DS S&OP) supports this by directly integrating with any supply or demand planning tool. Through an Import/Export utility, which accepts data from the DS system as well as others, multiple departments can easily share valuable information.

At Sara Lee's Douwe-Egberts coffee division in the UK, DS S&OP is used to consolidate the year-to-date and forecasts from individual sales managers to create a master view of its coffee business. From this view, executives can see opportunities by product, by customer and by product category.

"With DS S&OP, I can get the direct customer contribution by sector. This allows me to monitor trade spend and profitability by each account," says Chris Pitt, National Account Manager. "I can compare multiple accounts such as Tesco compared to Morrison's or Sainsbury's – the three major English grocery chains."

The S&OP process gives visibility to the key performance indicators (KPIs) and allows executives to tailor business plans around the exceptions.

"This has forced us to focus on the core profitable accounts and on the more profitable promotions," says Pitt. "It has made us look at how we develop our promotions and the types of promotions that are more profitable."

Easy Data Validation

The term "dueling spreadsheets" is too familiar to executives. A good S&OP tool should eradicate planning controversies by providing a transparent process for comparing supply and demand data. To validate the data further, an S&OP tool should then incorporate collaboration with sales and customers about promotions to verify the forecast numbers are the most realistic.

DS S&OP facilitates the demand/supply reconciliation process of the pre-S&OP meetings by validating the data. The pre-S&OP meetings are designed to fix any problems in the balance between demand and supply before the monthly S&OP meetings.

Turtle Wax, the number one selling brand of car care products in the world, implemented an S&OP process more than a year ago to improve inventory management.

"Demand Solutions is one of only three software providers who provide a specialized S&OP module," says Nari Viswanathan, Research Director at Aberdeen Group.

"The S&OP process holds each department accountable for its data and encourages internal collaboration to ensure the data is accurate before presenting it to upper management," says Don DuBay, Director of Information Technology.

DS S&OP shows everyone involved where there are issues in the organization and allows them to address imbalances with easily verifiable data before meeting with C-level executives.

Alcan Cable is a leading producer of bauxite and alumina with recognized leadership in technology sales and technical assistance for alumina processing. The company implemented DS S&OP to increase customer satisfaction.

"The benefit of an S&OP process is getting everyone to understand one another's roles within the company in terms of the big picture," says Scott Ballard, Director of Planning. "Years ago, each department operated in silos. With an S&OP process in place, everyone can work towards the same goal of satisfying the customer."

“With an S&OP process in place, our inventory turns have nearly doubled,” says DuBay at Turtle Wax. “Although the process requires commitment and hard work, seeing the improvements firsthand makes it all worth it.”

Be Flexible: Run Your S&OP to Your Rules – Not the Tools’

A complete S&OP process involves every department, and departments naturally see data in different ways.

Demand Solutions allows users to customize the data content and the layout of their S&OP sheets so they know and understand what the executive S&OP report says about their data. The Summary Views feature allows users to create multiple views of the data to support each of the steps in a pre-S&OP meeting process. Source Record Views provide even more depth into each family. The function allows users to enter spreadsheet formulas to create customized calculations for analysis. The customer can add additional metrics or KPIs that are important to the business.

“The supply team is primarily focused on supply and the demand team on demand,” says DuBay at Turtle Wax. “Consolidating the multiple points of view into one picture allows us to see areas that need improvement.”

Integration to Make the Complex Simple

The final and most important requirement for a good S&OP tool is that it should support the S&OP process at all levels of a business through integration. Only an integrated solution will allow visibility into the families that have problems.

The Demand Solutions product suite builds a solid S&OP process. Importing and exporting files is easy because of the inherent mapping tools in DS S&OP. After generating a forecast, users can collaborate with sales and the agreed-upon forecast then travels to the supply team and becomes the supply plan. Finally, in DS S&OP, executives decide what the integrated sales, production and inventory plan will be.

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Demand Solutions’ superior functionality makes the S&OP process simple – every step of the way. Through Performance Evaluation and Filtering in Forecast Management (DS FM), Action Messages and Exception Filtering in Requirements Planning (DS RP), and Business Plan Deviation Filters in DS S&OP, a company can develop a strategic and realistic business plan.

“For us, the S&OP process is about better satisfying our customers,” says Ballard at Alcan Cable. “We want to be able to make realistic commitments and execute them with as little working capital as possible.”

“The greatest value of S&OP is that it provides a single set of numbers everyone can trust – even the executives,” says Pitt at Douwe-Egberts.

In short, whether you look at S&OP top down or bottom up; whether you use DS RP and FM or other tools, when evaluating a strategic planning tool, look for simplicity. Dynamic business planning is hard enough without having the software add to the complexity. 

“Everyone that sees the data I provide from DS S&OP loves the single-screen view of our company,” says Ballard at Alcan Cable. “The ability to quickly and visually see the impact of changes to production and sales volume on the three main components of our business — sales, production and inventory — enhances our decision-making process.”