

S&OP Top Ten

Produced by: **RaptureWorld** 

Sponsored by: **kinaxis**™

Presented by:



Lora Cecere
Partner
Altimeter Group



Moderated by:



Carol McIntosh
Business Consultant
Kinaxis







Let's start with
9

#9: What do I avoid?

The Market Myths

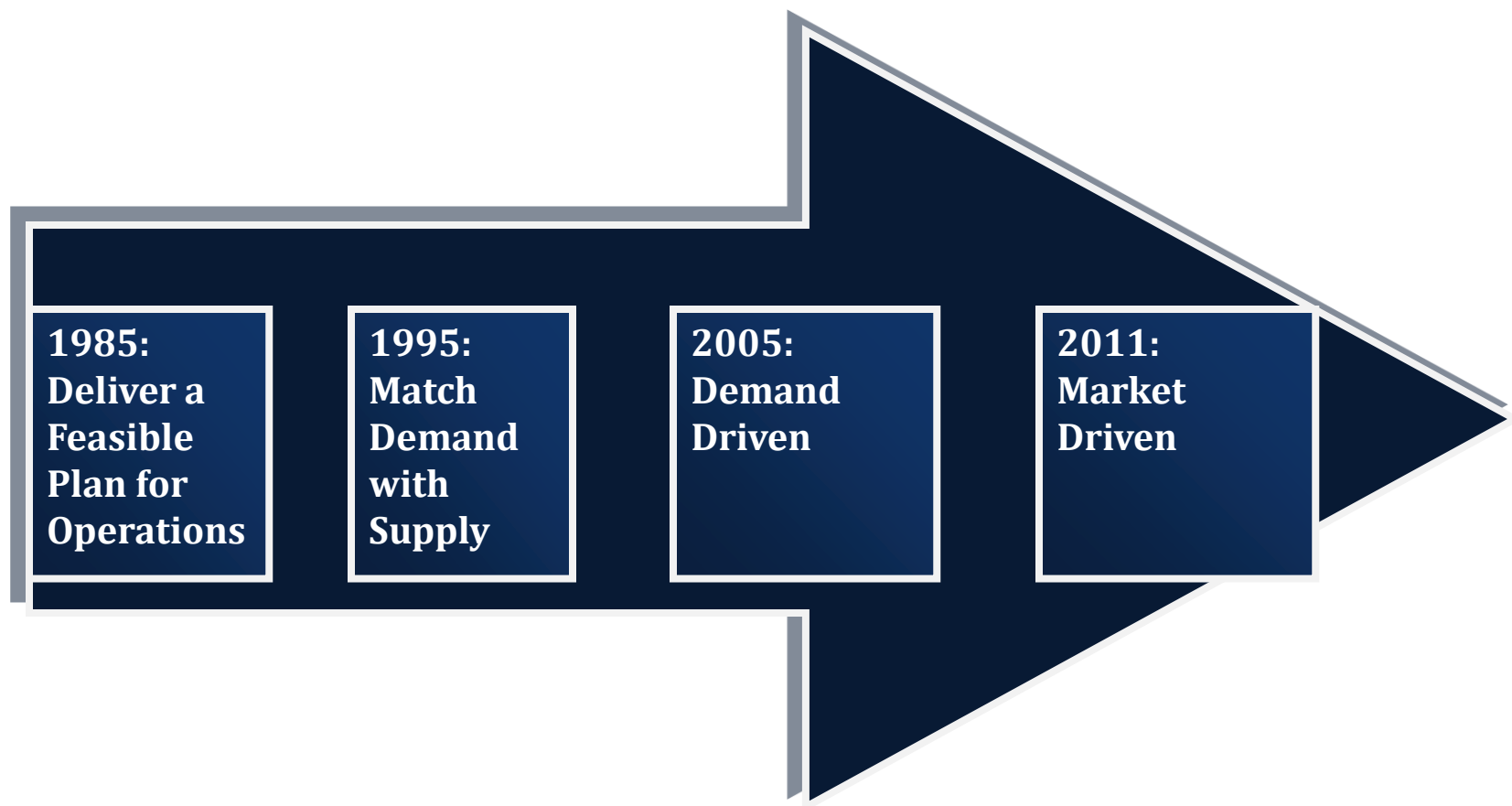
- **One number forecasting**
- **You don't need a technology.**
- **80% is good enough.**
- **Standardize: One solution provider is all you need.**
- **Supply chains are moving so fast they don't have time to plan.**
- **Real-time S&OP is needed.**
- **A COOKIE-CUTTER approach can work.**

#8: How do I get started?

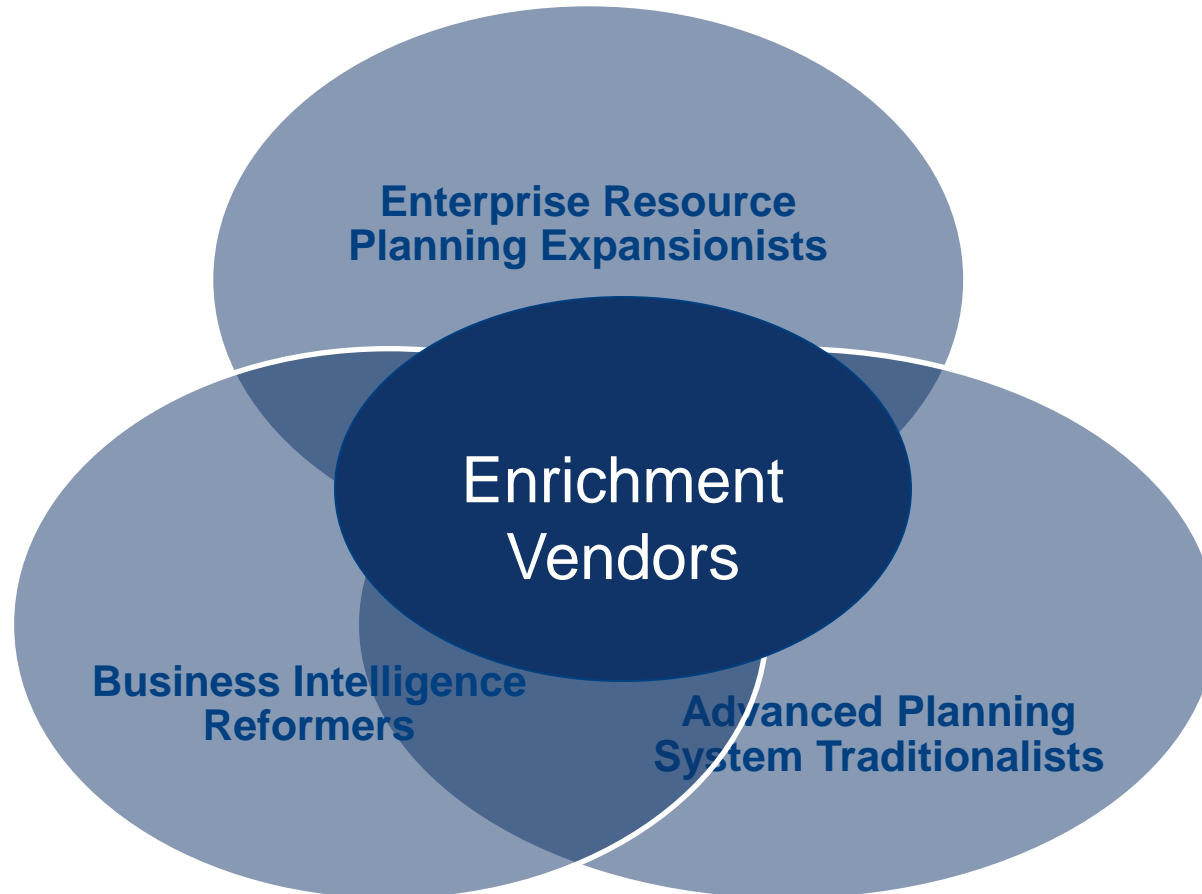
The Right Questions

- **What is the goal?**
- **How do you achieve the right balance between demand and supply?**
- **How do you make decisions?**
- **How does your organization measure success?**
- **How do you tie S&OP planning to execution?**

Goal Evolution



Lots of Options



#7: What are the barriers? Pitfalls?



Building Value Networks

Business strategy

What are the right things to do to increase company value?

Value-network strategy

What are the right ways to support the business strategy?

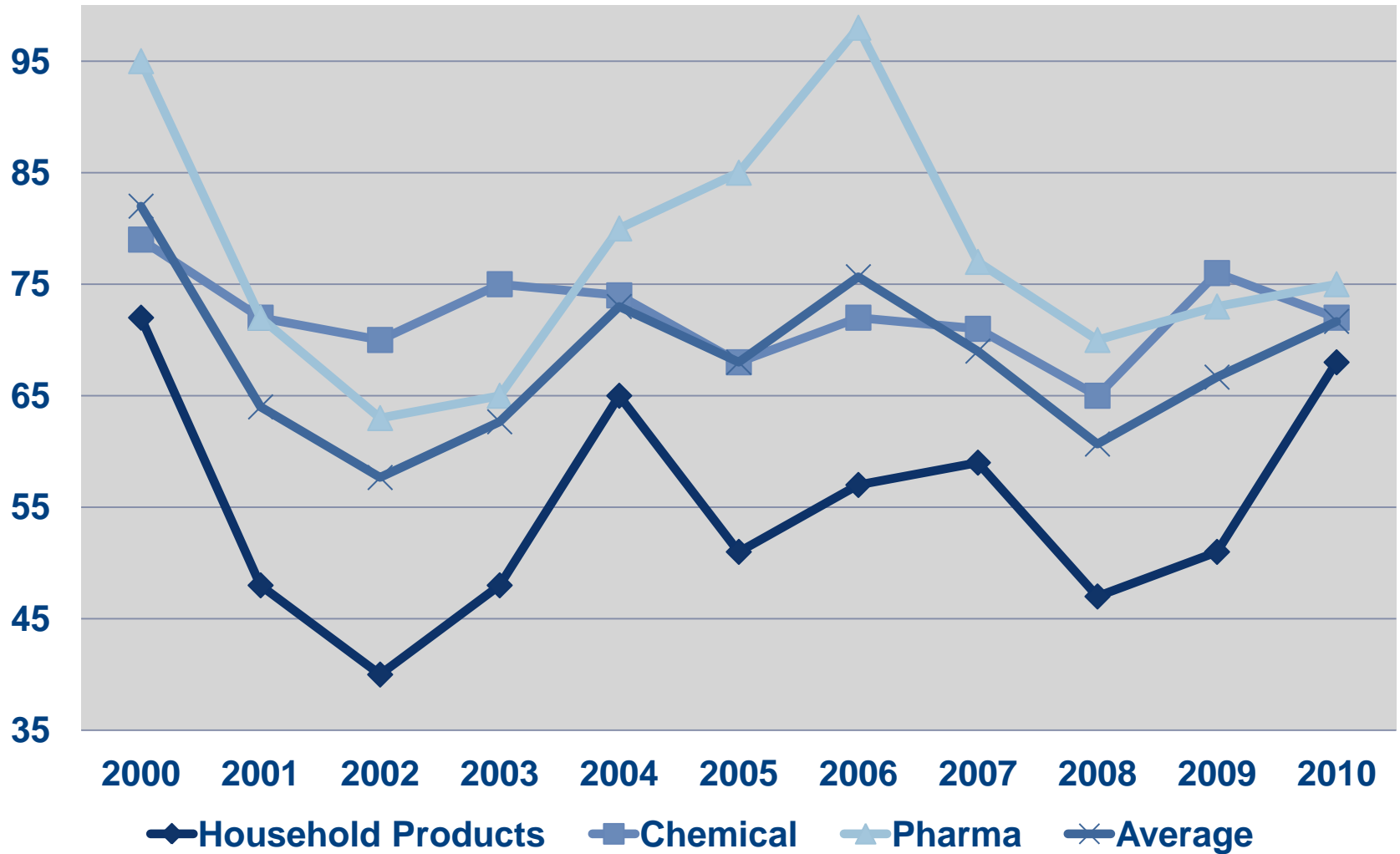
What are the right trade-offs between value drivers for each value network?

Align demand relationships	Right product platforms	Design the supply response	Build organizational systems and manage talent	Align supply relationships
Demand Networks	Design Networks		Continuous Improvement	Effective Supply Networks
Joint Value Creation Strategies	Innovation Methodologies	Supply Chain Network Design	Capabilities Required	Execution of buy-side strategies

Business Process

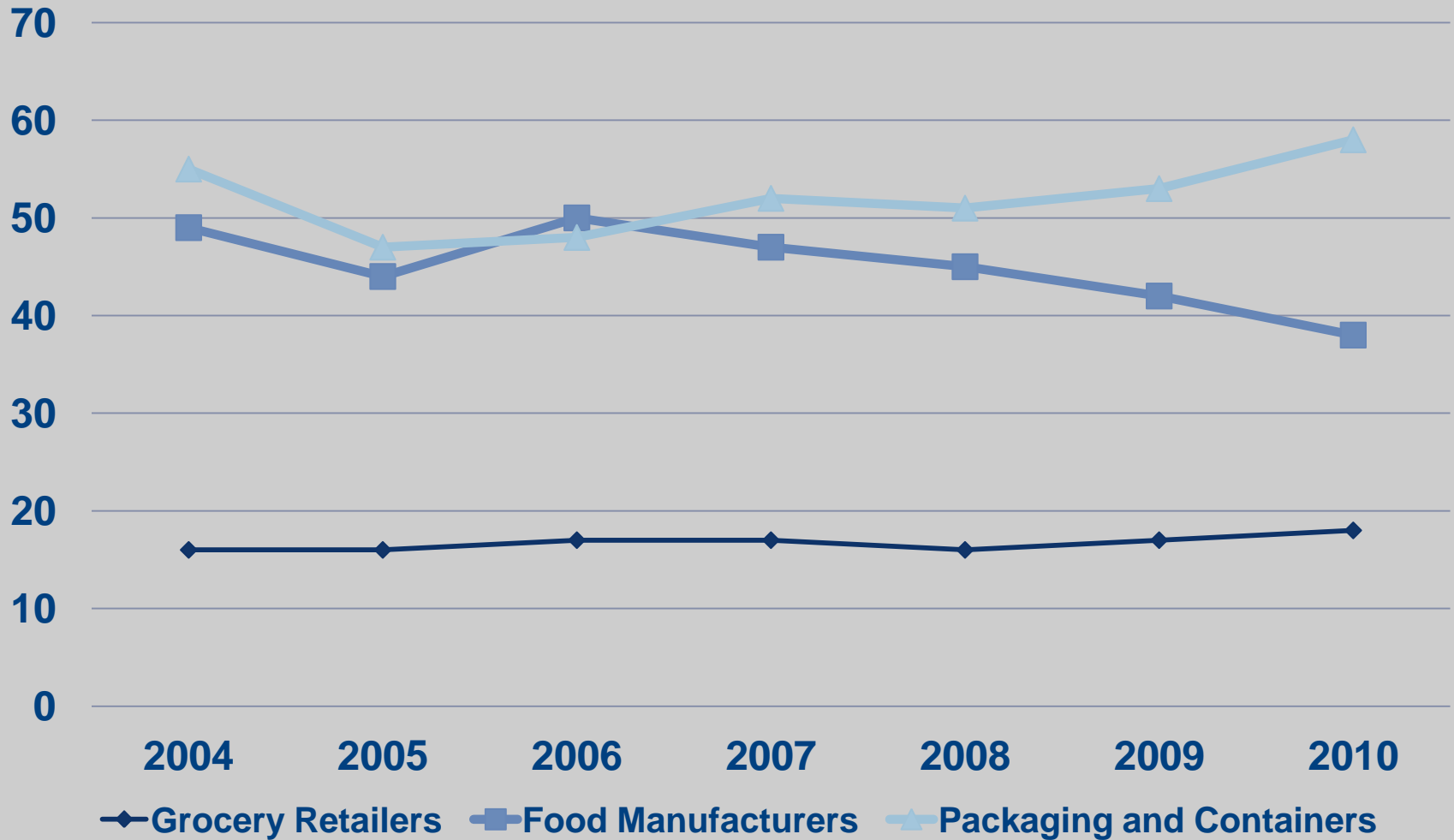
How do I do the right things right?

Days of Working Capital



Data Source: CFO Magazine

Days of Working Capital Across the Food Manufacturing Value Chain

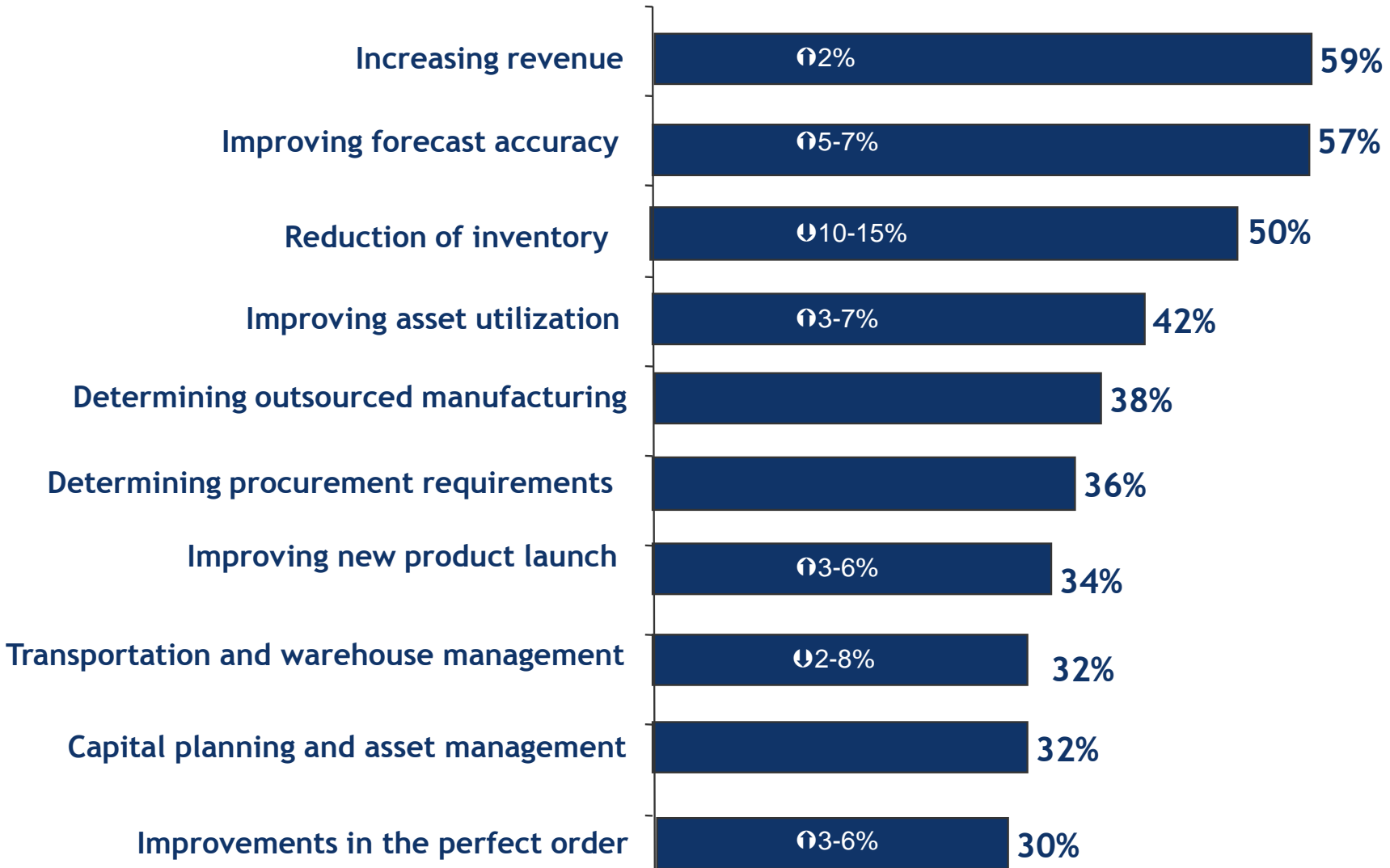


Data Source: CFO Magazine

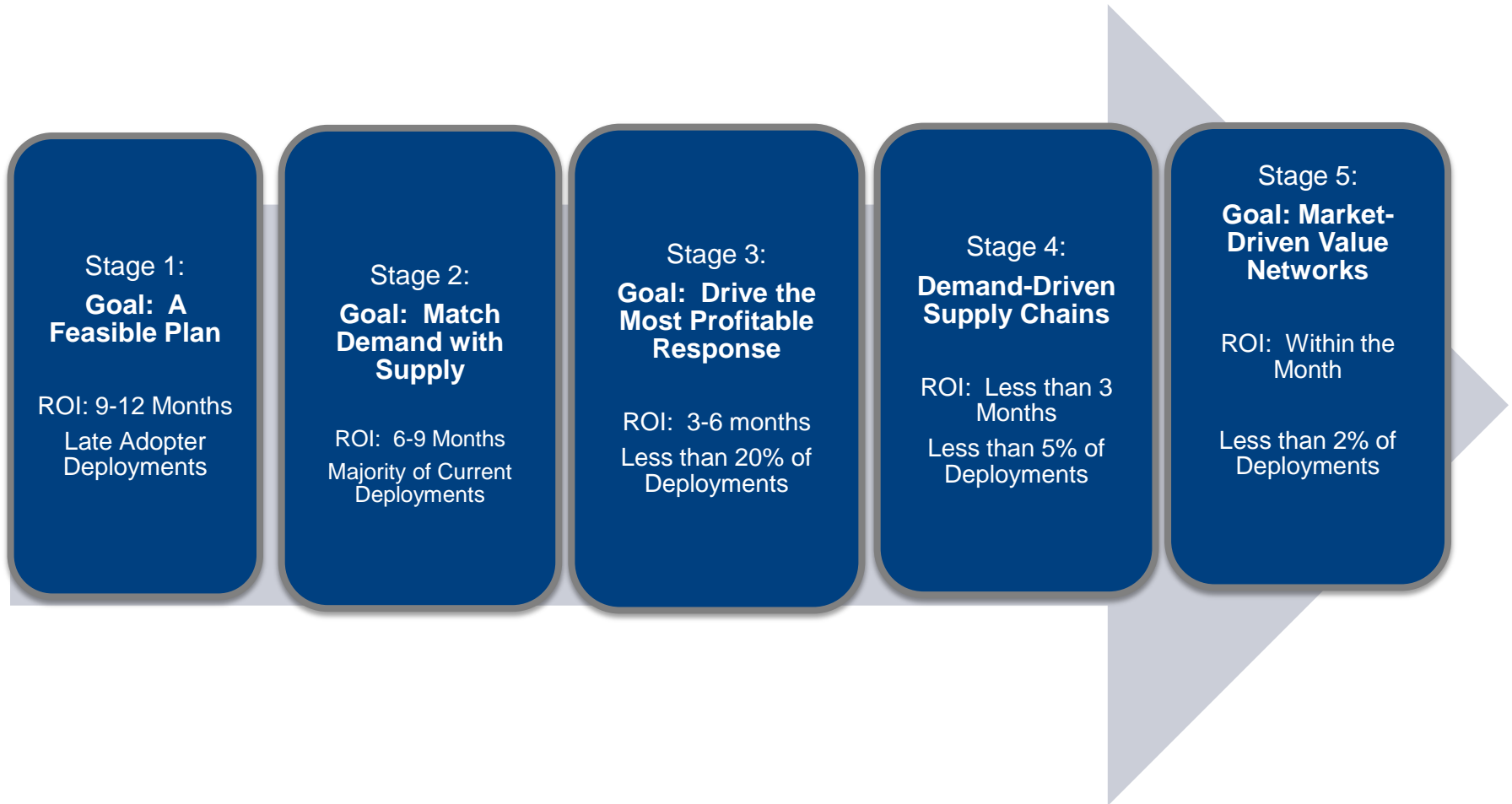
#6: What is the ROI?

Benefits received from S&OP processes

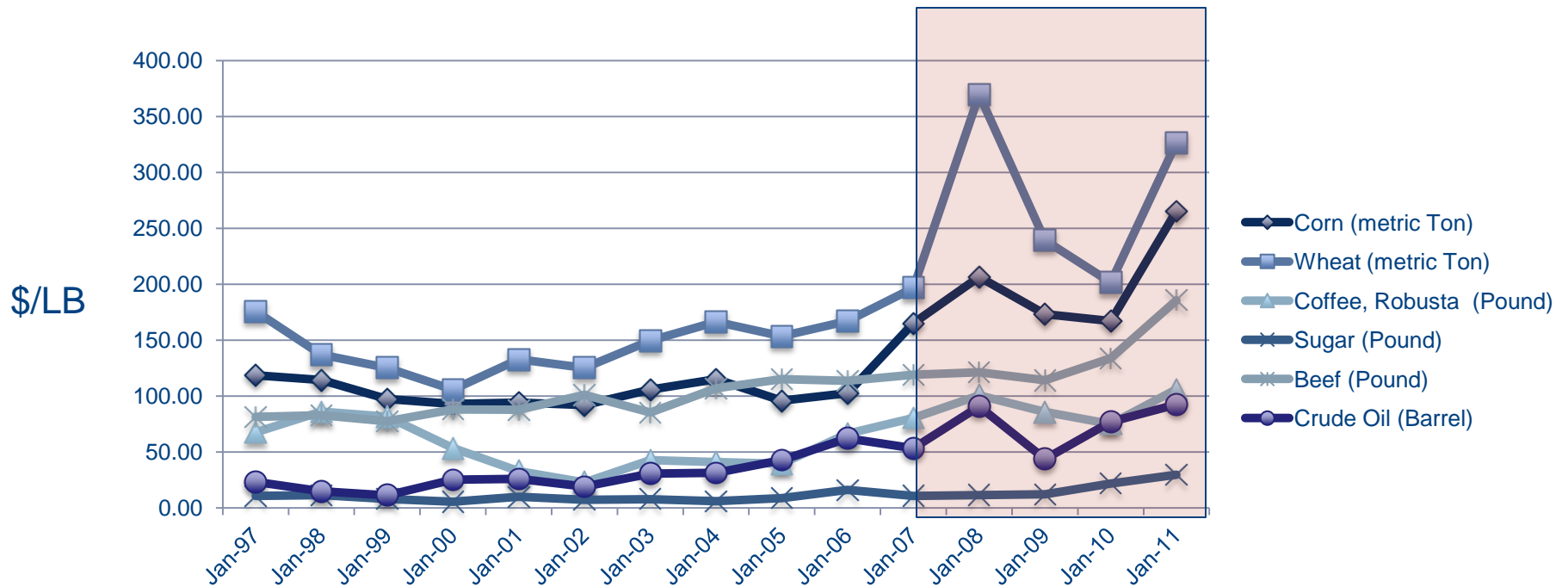
What benefits have you received from your work with S&OP processes?



Increasing ROI



The Reason: Commodity Price Pressure



Source: Index Mundi

#5: What is the right frequency, duration and granularity of planning?

What drives Variability?

Value: Price, trade incentives, new products, services, freshness, responsiveness

Variety: Configurations, items, platforms, components, brands, processing technologies

Velocity: Lead-times, order to delivery, inventory turns, time to market

Volatility: Demand, inventory, schedules, reliability, yields

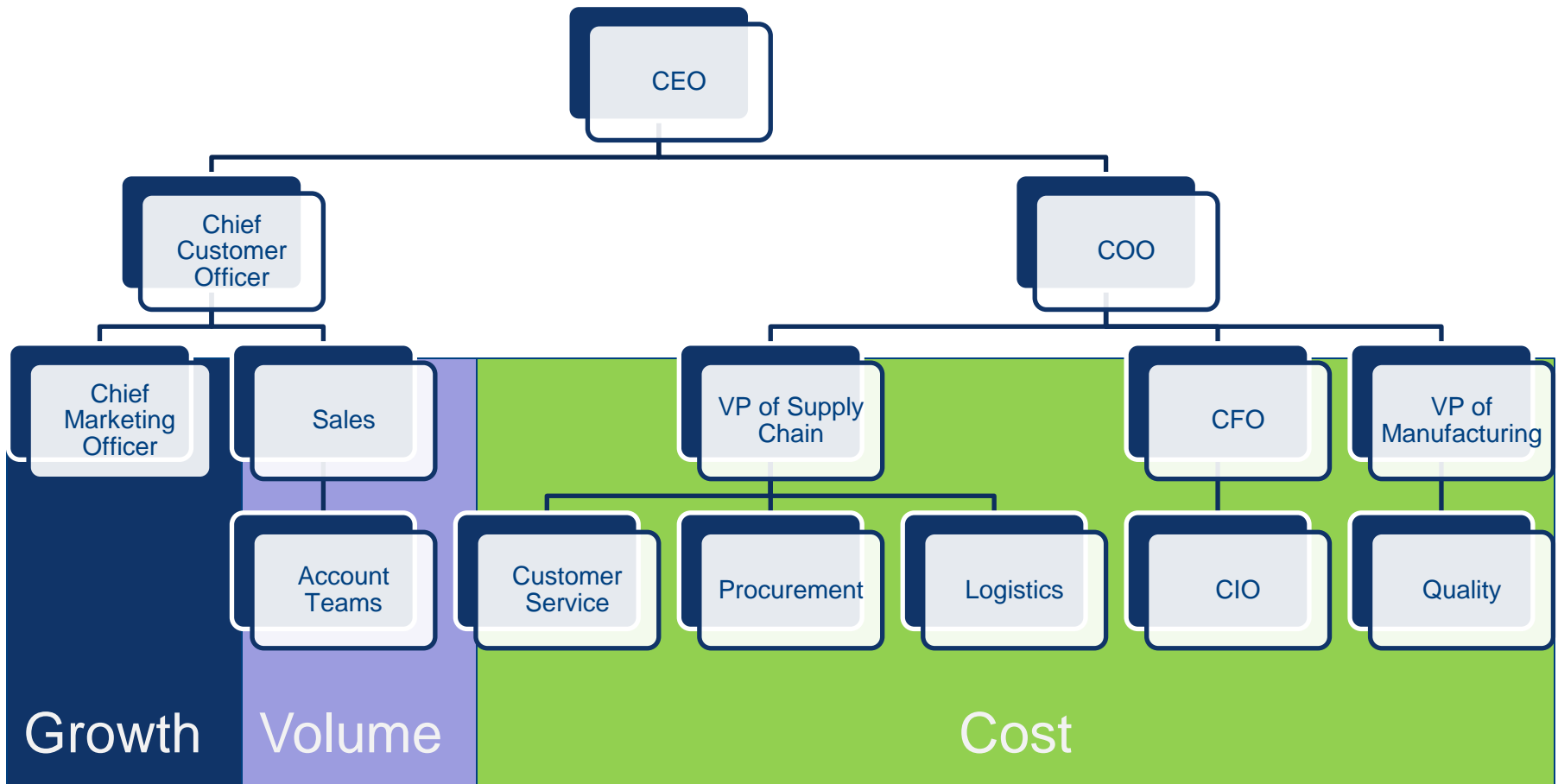
Volume: Plants, warehouses, distribution centers/points, product flow

Focus

Sell	Deliver	Make	Source	Service
Strategic: Multi-year views in viewed in aggregate				
Tactical Planning: Focus within months within the strategic horizon on actionable timelines for decisions on revenue management, operational planning, sourcing strategies, and new product launch				
Operational planning for sales deals (weekly views for 4-6 weeks)	Operational planning for customer service (weekly views for 4-6 weeks)	Operational planning for manufacturing (weekly views for 4-6 weeks)	Operational planning for sourcing (weekly views for 4-6 weeks)	Operational planning for service (weekly views for 4-6 weeks)
Execuational planning (Daily views within the week)	Execuational planning (Daily views within the week)	Execuational planning (Daily views within the week)	Execuational planning (Daily views within the week)	Execuational planning (Daily views within the week)
Transactional views	Transactional views	Transactional views	Transactional views	Transactional views

#4: What is the Best Reporting Structure?

Alignment of metrics: Typical organization



Managing Bias and Error



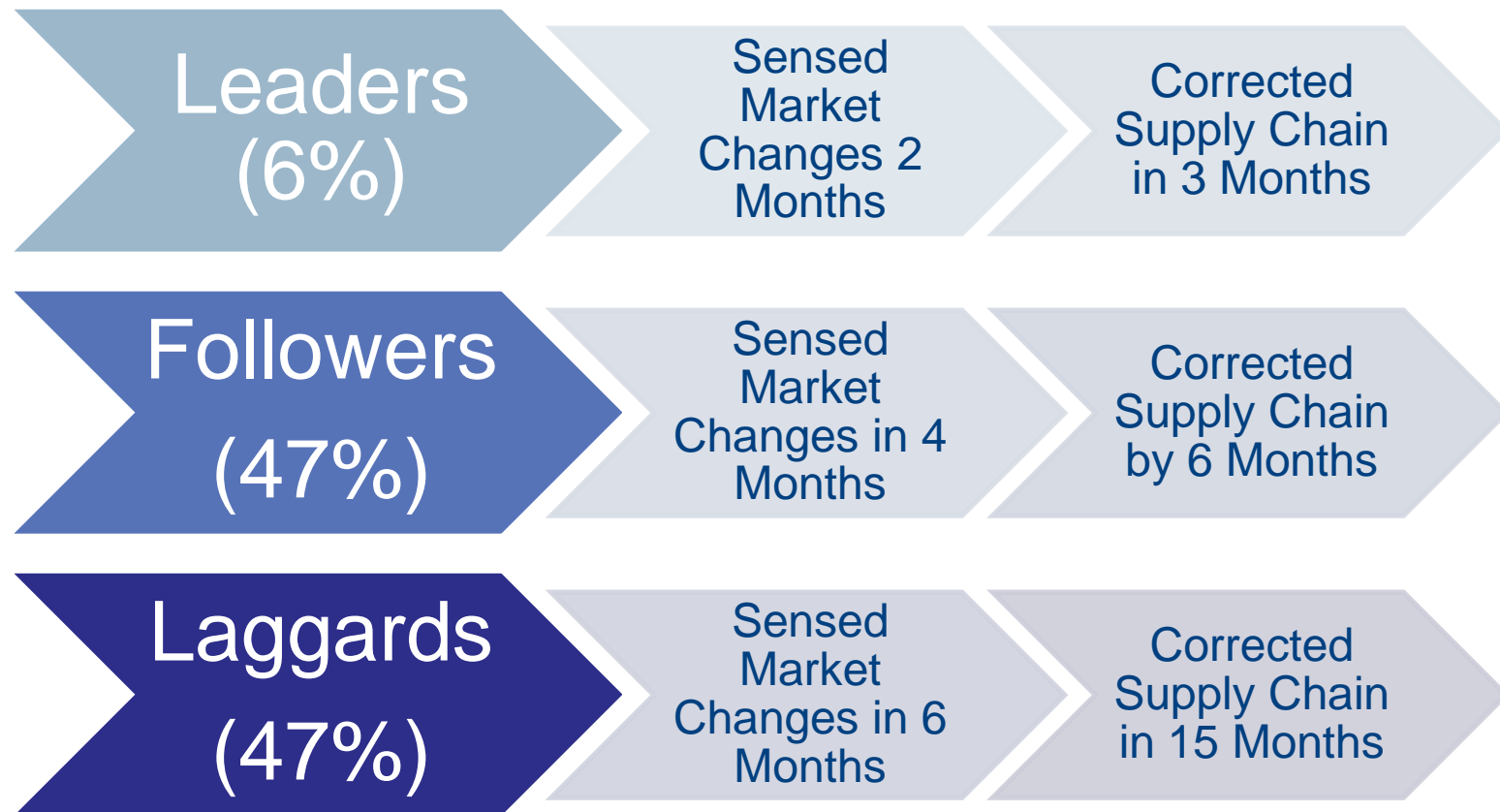
#3: Do I need a Technology?

The Stages

	Goal	
	A feasible plan	<ul style="list-style-type: none"> • Model the network • Recognize and respect constraints • Gain plan visibility
	Match demand with supply	<ul style="list-style-type: none"> • What-if analysis • Multi-tier inventory analysis • Network design
	Deliver the most profitable Plan	<ul style="list-style-type: none"> • Demand translation • Supply orchestration • Optimize financial drivers
	Demand-driven	<ul style="list-style-type: none"> • Sense channel demand • Shape demand • Drive the most profitable response
	Market-driven	<ul style="list-style-type: none"> • Sense buy and sell-side market conditions • Bi-directionally orchestrate demand

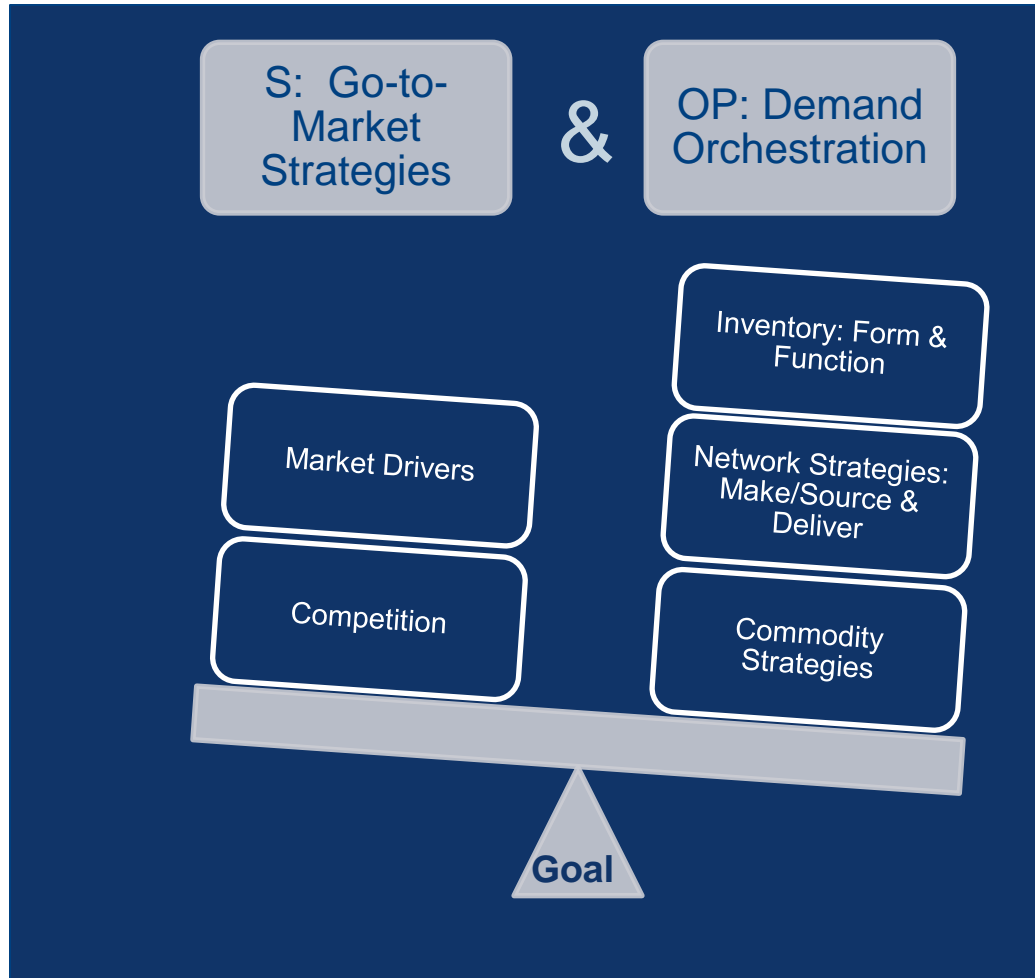
#2: Who does it Best?

Leaders sensed Market Changes 5X Faster



#1: What does Good Look Like?

Aligning for balance



Definitions

Letter	Common Practice	Optimal Practice
S	Ask sales	Focus on market drivers: How do we best shape demand?
&	Direct integration to supply	Design of the value chain to optimize trade-offs, minimize risk, balance cycles, and orchestrate demand
OP	Manufacturing plan	Trade-offs between make, source and deliver

What is the roadmap?

- Value Planning
- Focus on continuous improvement
 - Forecast-Value Add Analysis
 - True North
- Focus on what is important in YOUR business
- Move horizontal and outside-in



About Us

Altimeter Group is a research insights group providing companies with a pragmatic approach to understanding disruptive technologies. We have four areas of focus: Leadership and Management, Customer Strategy, Enterprise Strategy, and Innovation and Design.

Visit us at <http://www.altimetergroup.com> or contact info@altimetergroup.com.



Thank you



Lora Cecere

lora@altimetergroup.com

Blog: www.supplychainshaman.com

Twitter: [lcecere](https://twitter.com/lcecere)

Linkedin: [linkedin.com/pub/lora-cecere/0/196/573](https://www.linkedin.com/pub/lora-cecere/0/196/573)



S&OP Top Ten

Produced by: **RaptureWorld** 

Sponsored by: **kinaxis**



Q&A

Please feel free to submit your questions now



Lora Cecere
Partner
Altimeter Group



S&OP Top Ten

Produced by: **RaptureWorld** 

Sponsored by: **kinaxis**™



Thank you for joining us!

If you have any questions or comments, or would like to receive a copy of today's presentation please email info@kinaxis.com