



How do you know your
**Sales & Operations Planning
Business Process** is meeting the
needs of your business,
measure it!

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Today's Discussion

- 1 | What does a great S&OP process look like and why should you care?
- 2 | How can you use S&OP to generate cash and improve inventory
- 3 | How to use a Kaizen approach to reboot the process
- 4 | How do you identify (define or determine) critical/essential leading and lagging metrics? Which one's are most critical?

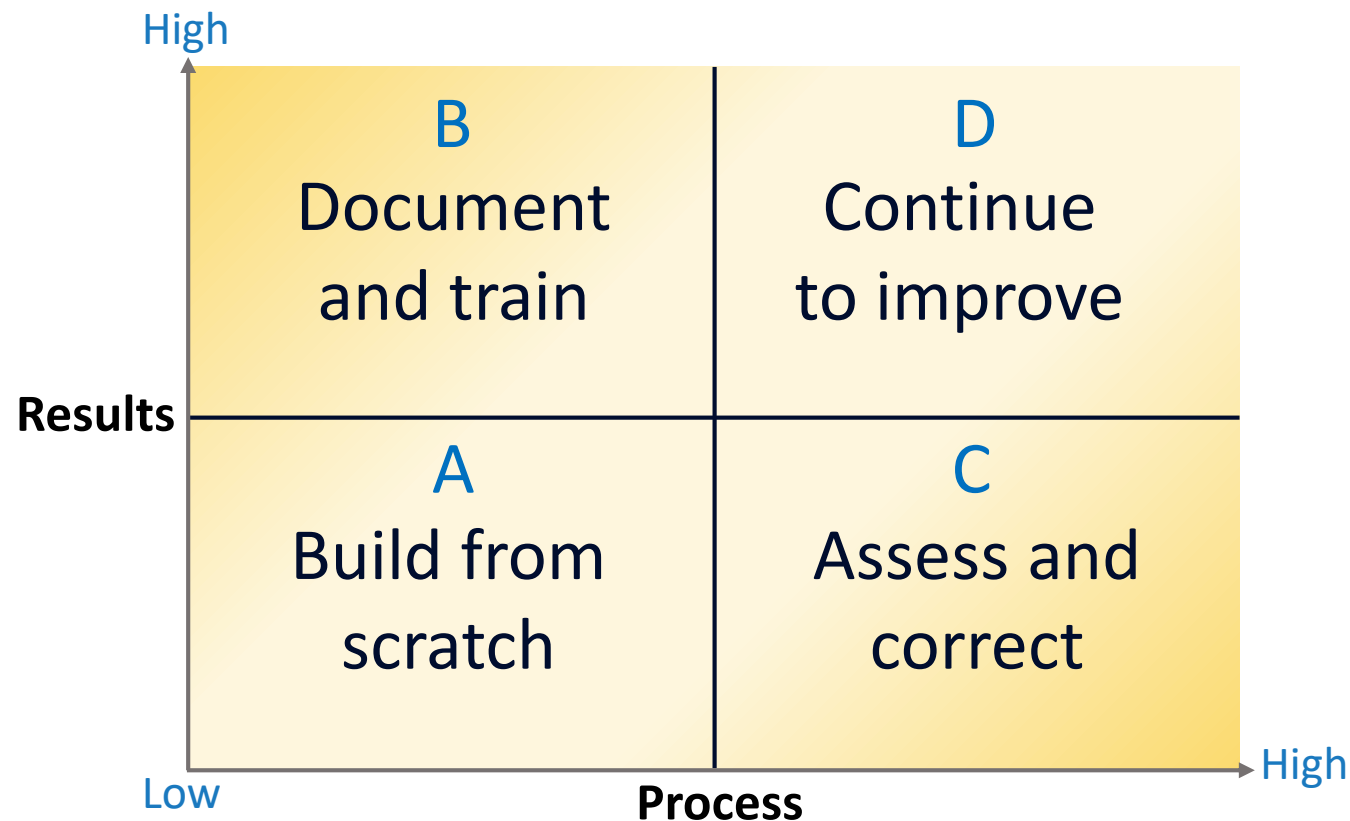
1

What does a **great S&OP process** look like and why should you care?

“We run S&OP, but I’m not satisfied”

Where are you on Results?

Where are you on Process?



What I hear from my team

Process



- *We can't start S&OP until we clean up our data*
- *We can't forecast our demand accurately enough to effectively do long term capacity analysis*
- *Participation by the functional groups are not always consistent*
- *We have orders that have not been properly entered into our MRP system*

Results



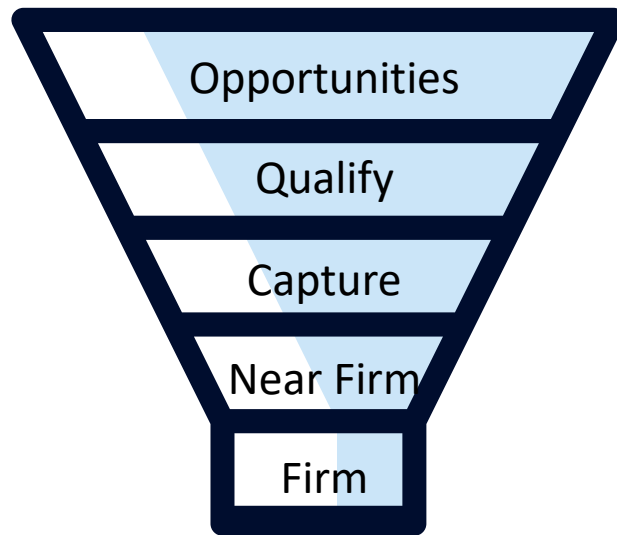
- *We took orders and we do not have the capacity to meet the demand*
- *Our operations are not hitting their financial plan consistently*
- *Key suppliers are not able to meet our demand*
- *Inventory is higher than we need and I'm not sure what's driving it*

Where Does S&OP Fit Into My Business Planning



Simple Concept But not Simplistic to Implement

How to measure potential of demand?



Demand



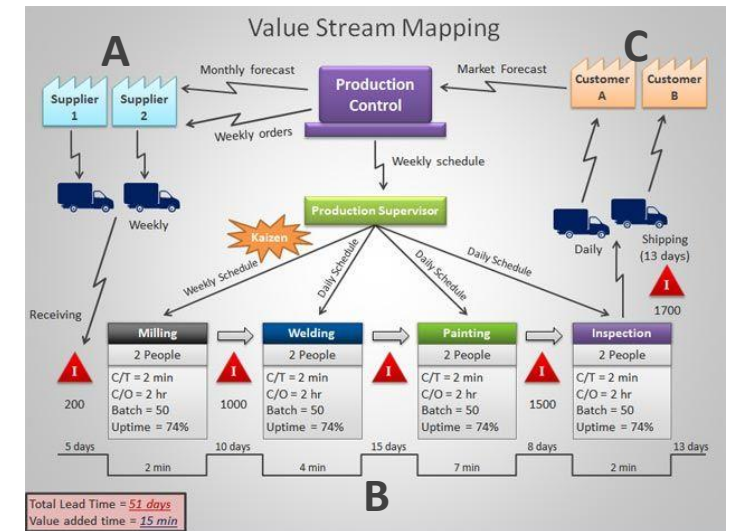
Balance



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Financial Plan

How far to go within the Value Stream?

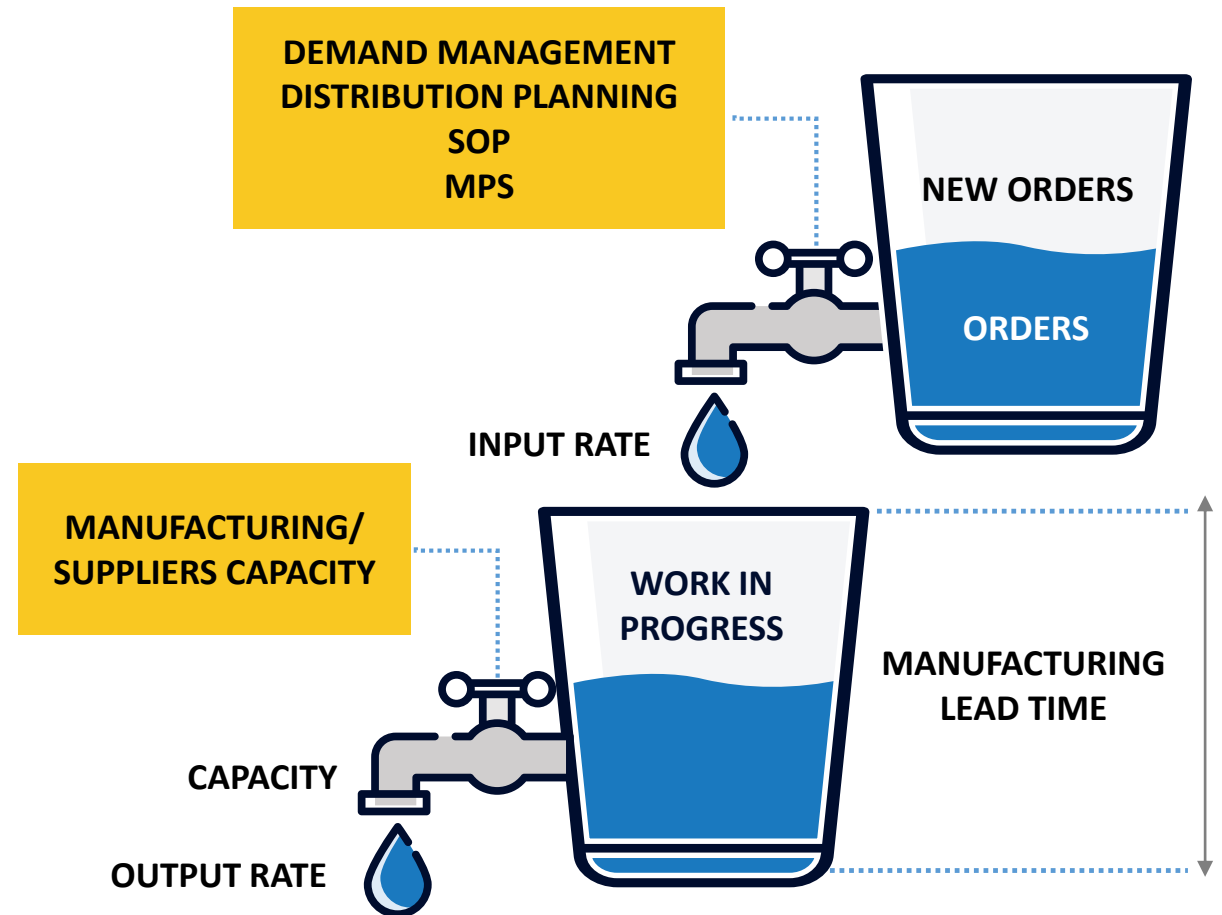


Supply

Sales & Operations Planning

Process that maintains a singular fully-linked business operating plan. It aggregates and balances all demand and supply at an appropriate level.

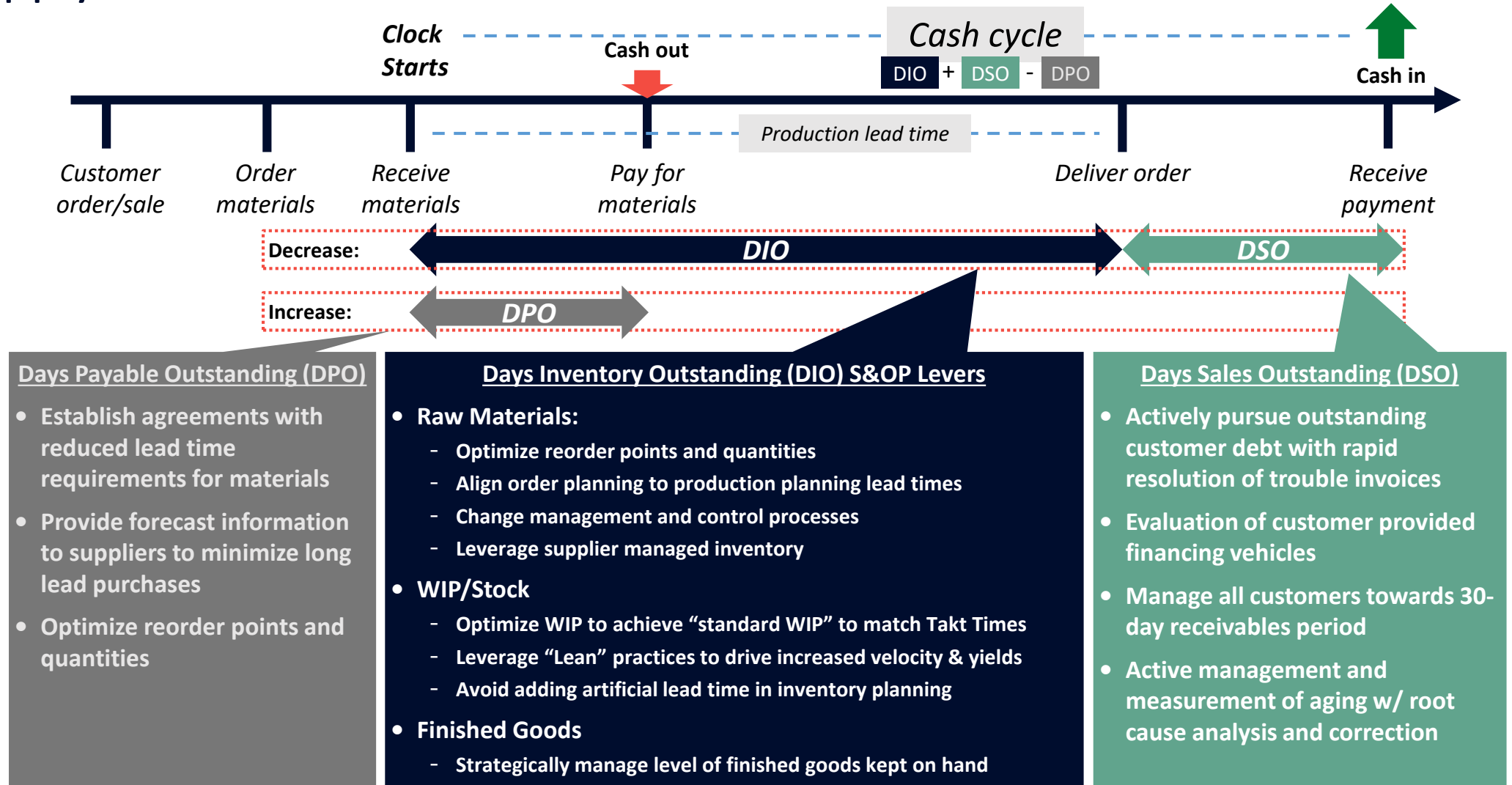
Most importantly it is a key process to achieve balance between customer satisfaction and business demands



2

How can you use S&OP to generate cash and improve inventory

S&OP is a Key Enabler to Drive Cash by Synchronizing The Supply Chain with Demand



3

How to use a **Kaizen** approach to reboot the process.

The Dilemma

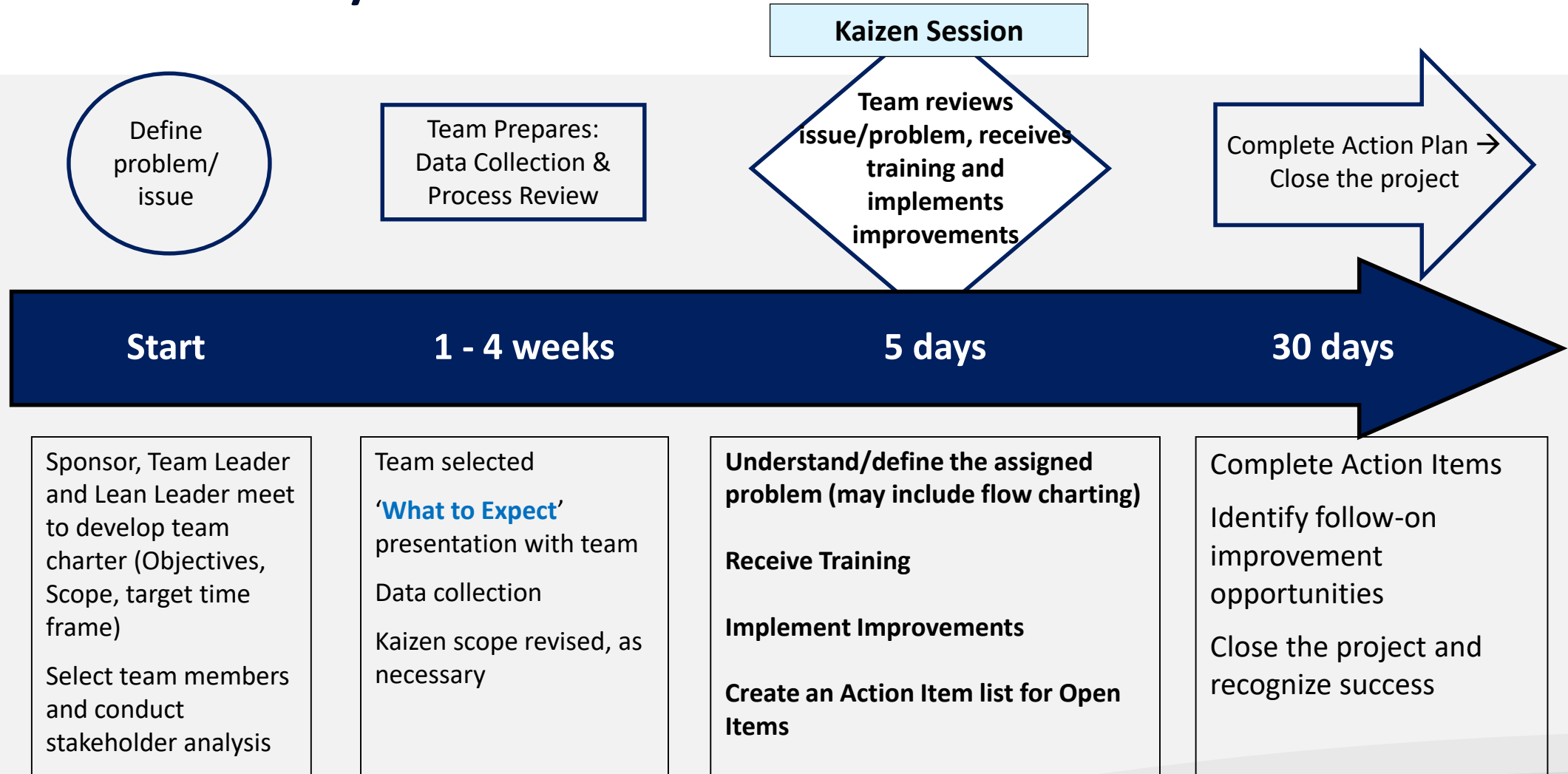


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Rapid Approach to Implementing S&OP



Kaizen Lifecycle



Typical Kaizen Week

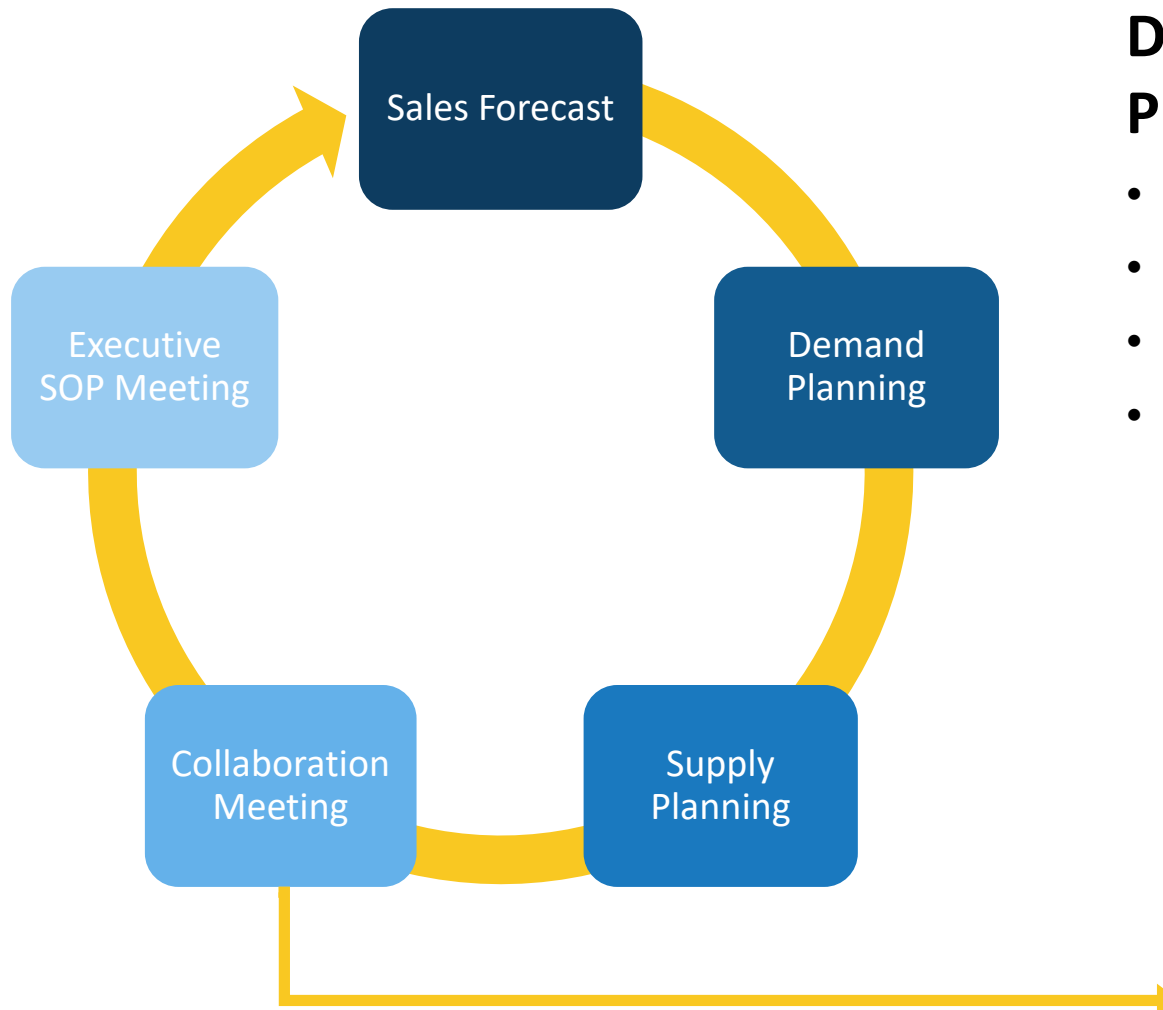
	Monday	Tuesday	Wednesday	Thursday	Friday
AM		Develop the "As-is" Condition (Measure)	Implement Change	Implement Change	Deliver Kaizen out-brief
PM	Training	Define the "To-be" (Analyze)	Measure Change	Measure Change/ Prepare presentation	
		Team Leader meeting	Team Leader meeting		

If you are going to de-scope or re-scope it should be discussed here

Critical status check with Steering Committee to give authorization to proceed

Leadership / Steering Committee discusses and approves recommendations for the 'Path Forward'

Utilize Proven Tools to Document Processes



Do the Detailed Work to Establish Clear Processes and Responsibilities

- Utilize SIPOC methodology
- Establishes clear ownership for each step
- Documents the steps to perform each step
- Creates a very straight forward process to identify leading and lagging measures

SUPPLIERS	Inputs	Process	Outputs	Customers
		Debrief Prior Months Performance	Report of prior month performance	Executive Review Meeting
Sales Department	Demand Plan from Sales	Sales and Demand review	Customer Demand by platform, build area, customer, month and \$	Executive Review Meeting
Operations / Supply Base	Results of Simulation - Scenarios: Production plans (load in hrs by WC), Required Head Count (Direct & Eng, QA, ME, etc) Tooling needs, Machine time needs, Vendor Actions and Financial Impact	Supply/Capacity Review - PFEP Review, Inventory, Ship Plan, Constraints	Capacity Review - Capex, Material, Labor Tooling support labor (ME, QA, misc.) recommended 1 to 2 scenarios.	Executive Review Meeting
		Reconciliation Discussion	Revenue, Inventory, Profit, Arrears Forecast	Executive Review Meeting
Operations	Risk and Opportunities from Demand	Risks and Opportunities Discussion	Risks and opportunities	Executive Review Meeting
Supply Department	Risk and Opportunities from Supply	Develop Counter Measures / Action Plan	Actions based on Scenarios, Hire, CER, Policy Release & Portfolio. Have forms available for the executive signatures.	Executive Review Meeting
		Document / Prep for Executive Review	Deck for Executive review	

Build the Understanding



State Your Case

Make your pitch custom to your particular business challenges you face

Share what's in for the business or them personally



Make it simple

Don't overcomplicate your message or what you are trying to communicate



Get influencers on board early

Find peers who can share their experience – Road trip



Share quick wins

Success builds upon itself so share little wins with the team



Be persistent

Over communicate and stay the course

Why People Don't Engage

Engagement typically doesn't occur until a clear understanding of what the system can provide either the business or them personally. **It's the "What's in it for me" syndrome!**

- ➔ Increase Financial Predictability
- ➔ Improve Cash Flow
- ➔ Reduce Inventory
- ➔ Increase On-Time Delivery
- ➔ Increase Customer Satisfaction

Rapid Reboot or Implementation



Executive sponsorship is **critical to success**



When you get it capitalize on it! - or - don't waste their time!



Our experience shows a **S&OP process can be deployed in 1 week**

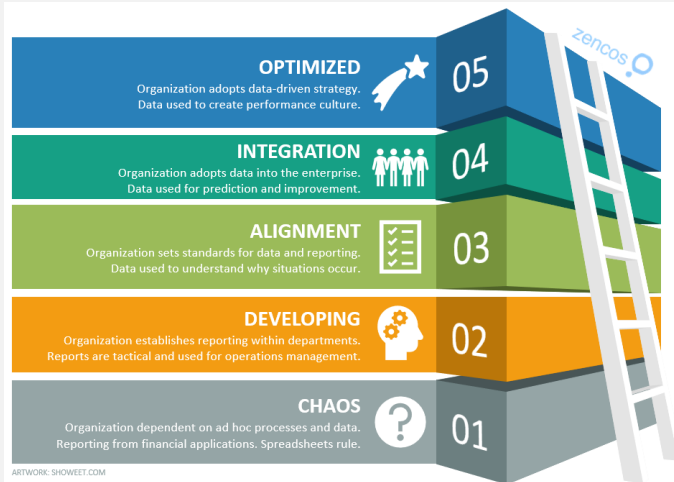
- Concise pre-work
- Implement via kaizen methodology utilizing the SIPOC process
- Hold initial S&OP meeting at end of first week
- Persistent follow-up

4

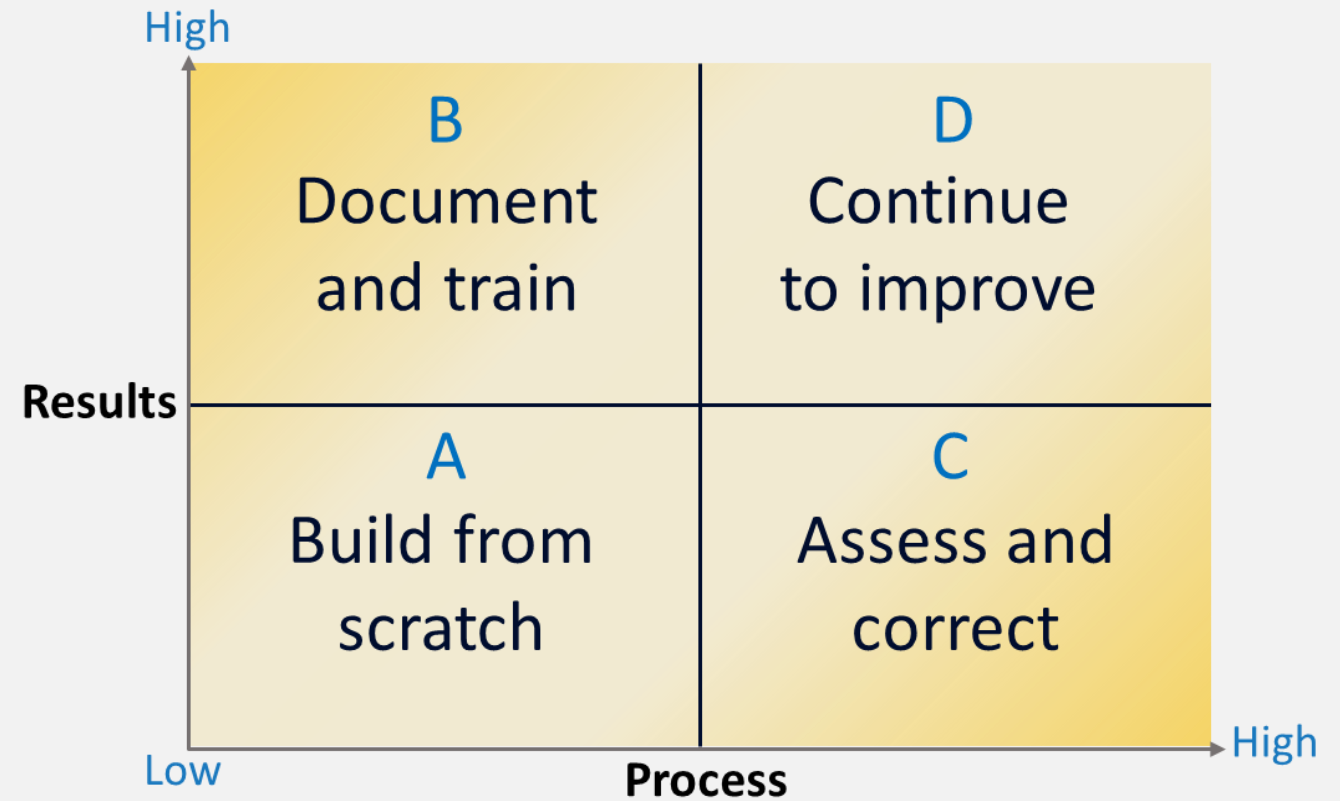
How do you identify (define or determine)
critical/essential leading and lagging metrics?
Which one's are most critical?

How Do You Gage the Effectiveness | Measure It

Measure Process

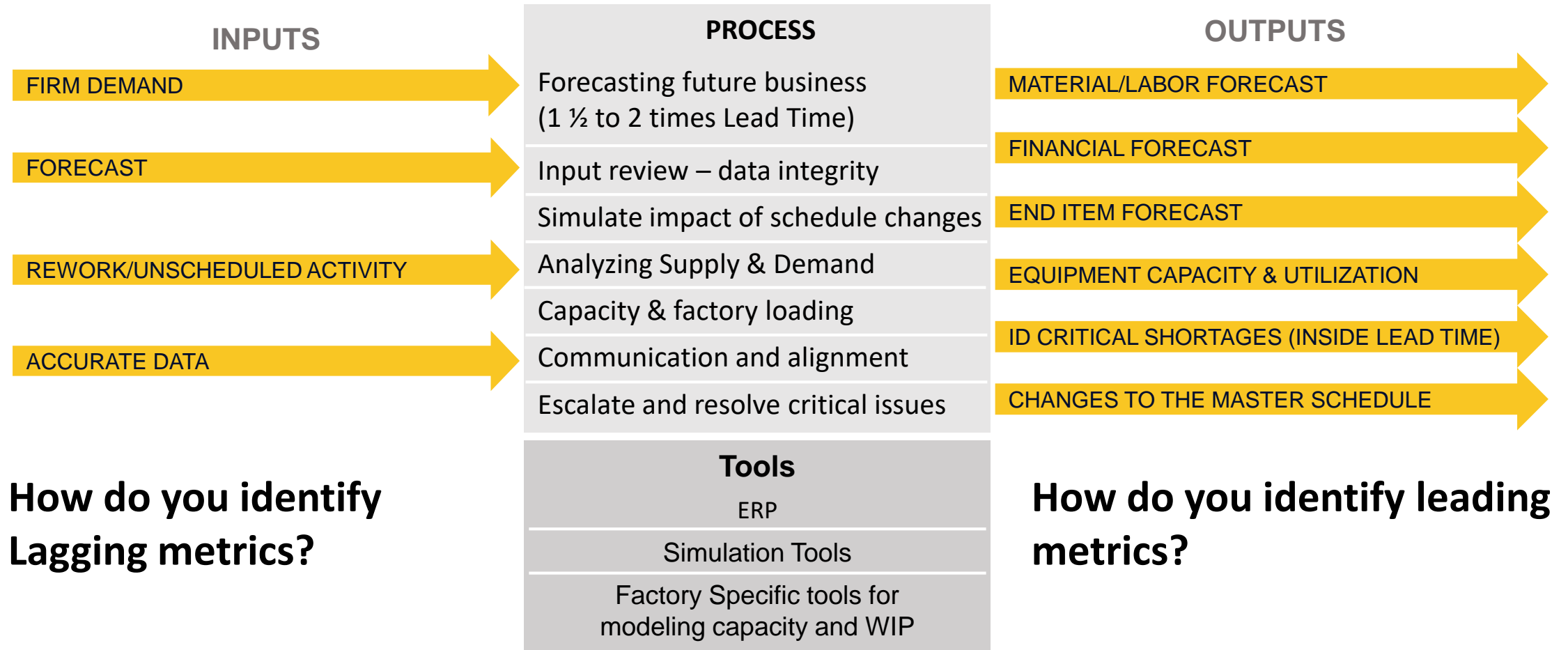


Measure Results



Sales & Operations Planning - IPO

Example from a client



Measurement Selection

- ➔ Use process driven approach to selecting metrics
- ➔ Down select to critical 1 to 3 leading and lagging indicators
- ➔ Questions to ask to help down select
 - Why is the measurement useful
 - Who really cares about this metric
 - How is the measurement calculated

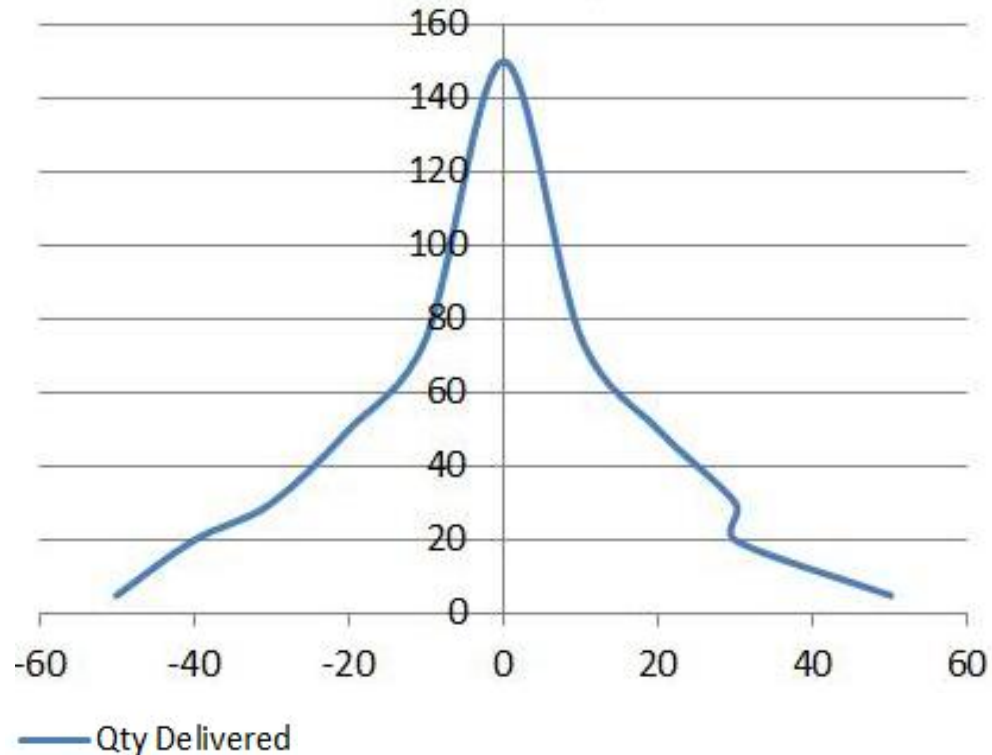
Examples:

- Process Adherence by department – Leading
- Inventory Turns - Lagging

Delivery Performance to Need Date

Must of Well-Defined Metrics

Actual Delivery to Need Date



- Title of Measurement
- Description of measurement
- Why is the measurement useful
- How is the measurement calculated
- Who creates the measurement
- Is it available or does it need to be developed

Questions?

To learn more about CBS capabilities, or for a personal consultation with a member of the CBS team:

Call us at (973) 509-0110 x147 or

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