S&OP process aligns functions, KPIs, and decision making to reduce obsolete inventory while providing lessons learned.

Challenge
Obsolete inventory was consistently running above target which was attributed to gaps in supply chain planning processes and the absence of a formal Sales & Operations Planning process.

Solution
Management identified a need to make a change and top leaders were solidly behind implementing S&OP across 8 business units in the United States and Canada. Without first completing a formal assessment, the project team began distinct but integrated improvement projects in the US and Canada. Part of the vision and charter was to harmonize processes and tools where possible, but also address the needs of different markets and business units where necessary. The Canadian and US project teams collaborated frequently during working sessions and project reviews to ensure commonality where possible and overall integration.

Project teams addressed gaps in demand, supply, and new product introduction processes while designing and implementing the overarching S&OP process. The teams also improved underlying IT systems, through improved use of existing tools and implementation of new tools to support data aggregation and reporting at S&OP levels. We also made targeted organizational changes to support the business and process improvements. Changes included centralizing planning functions that had previously been spread throughout the business units.

Outcomes
At the conclusion of the six month project, we had rolled S&OP out across the business units and were beginning to drive business decisions and manage a set of KPIs across the S&OP components. Forecast error was improving and OTIF was slightly above target. Canadian business units were on track to achieve a 50% reduction in obsolete inventory which exceeded target. Some business units were further along than others and we implemented an S&OP maturity tracking system to ensure consistent continuous improvement along a defined timeline. We launched the automated S&OP reporting system and a web-based interface to the forecasting system that greatly improved the ability to collect forecast inputs from the salesforce. Financial planning was also now integrated with S&OP, and S&OP was being used to drive the next quarterly financial planning cycle.

Despite the successes mentioned above, the project was not without challenges. We had IT delays and to ensure sustainability, the project was eventually integrated with a global ERP initiative. Had an assessment been completed first, management may have decided upon a project sequence that would have created a stronger IT infrastructure prior to full S&OP implementation. The team worked through these issues though to prevail and implement the change.