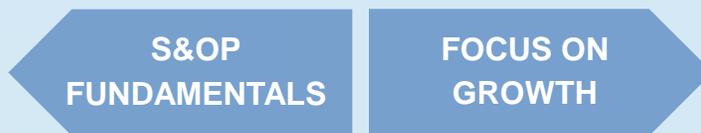# Once the fundamentals are in place, teams can focus on using S&OP as a vehicle for growth

Maturity Dimensions

- ➢ Meeting Mechanics
- ➢ Design and Best Practices
- ➢ IT Enablement
- ➢ Behaviors
- ➢ KPI Management/Results

S&OP FUNDAMENTALS **FOCUS ON GROWTH**

Lagging (Not S&OP) `0`

- Discussion of plans and operations is month to month – react to changes in the business
- Plan updated on an ad-hoc basis, not well communicated
- Planning horizon shorter than lead times needed by operations and marketing
- Decisions made informally without quantitative impact on whole

Basic `1`

- S&OP components aligned with org structure and how the asset is managed
- S&OP roles in place, meetings occur
- Planning horizon covers longest lead time items
- Summary/basic reports manually prepared, available centrally
- KPI scorecard measured against targets
- Leadership owns

Functional `2`

- Discussion balance between review and forecast
- Plan updated to match frequency of changes in the business
- Exception focused and sub-process gap discussions not excessive in S&OP
- S&OP plans are the single plan of record
- S&OP used as the process for making decisions
- S&OP meetings confirm results of underlying planning and decisions are rolled down
- Data hierarchies consistent in source systems

Maturing `3`

- Cross functional scenarios presented in S&OP for further analysis
- Plan updates cover constant rolling period
- S&OP plan serves as the key input to next budget
- Gaps addressed in time to act
- IT automation enables focus on analysis
- Root causes on KPI variance
- KPI results improving
- S&OP supports interactions with Corporate Sr. Mgmt

Leading `4`

- Scenarios analyzed beforehand and summarized in S&OP meetings with financial implications
- Leaders collaborate within S&OP process on best decision for the whole without pushing own agenda
- Broad understanding of decision limits/escalation process
- Parts of S&OP extended to targeted, significant trading partners
- IT systems support scenario analysis and flexible hierarchy changes
- Machine learning/AI based on short-term feedback, influences or determines longer-term plans
- Planning horizon extended as needed
- Actions drive KPI and $ results performance

Also see the full diagnostic tool we use with clients.

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