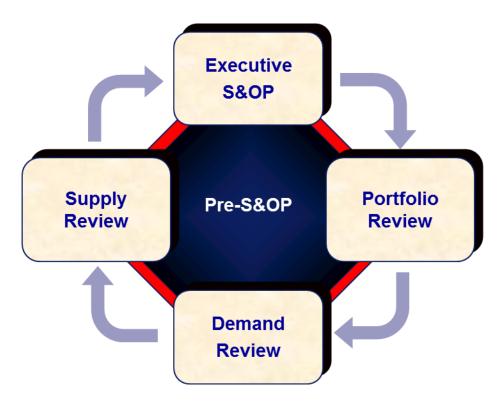


#### When we discuss Sales & Operations Planning, we are...

...referring to the higher-level cross-functional management process, not all the detailed planning processes that support it.

S&OP is the vehicle for communication, performance measurement, and decision making related to integrating financial, demand, and supply planning to meet company objectives.

- This report will cover items dealing with
  - Challenges
  - Sponsorship
  - Design
  - Results
  - Enabling IT
  - Strategic topics



Popular S&OP components are shown above, your design may differ.

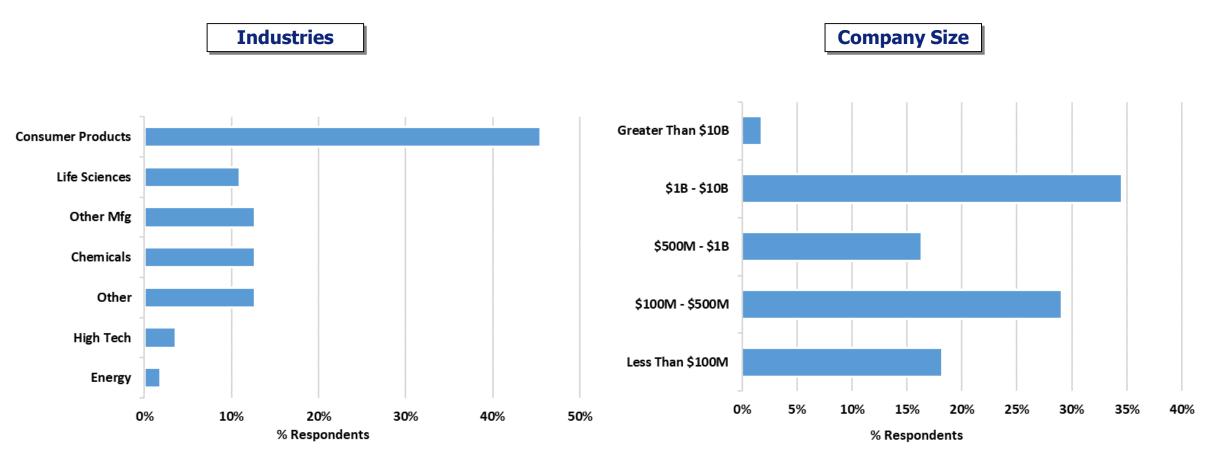


#### **Summary of findings - 2018**

- Consumer products companies made up the bulk of respondents this year (45%) with a good balance of large and medium-sized companies
- Executive sponsorship was lower than in prior surveys (51% vs. normally in the 60's%) and not surprisingly, executive sponsorship was a popular gap, along with S&OP understanding and KPI management
- > 58% of respondents reported overall results improvement above 10%, with 26% reporting results above 20%. This is an improvement over last year.
- Responses indicating use of S&OP as a growth vehicle are growing with 40% of respondents reporting improvements in sales and 28% reporting improved margins
- Communication, teamwork, decision making, and accountability are the highest ranking intangible benefits
- Financial integration continues to improve over prior years, only 25% have no integration, and 69% are using S&OP to support budgeting
- Product portfolio management integration continues to improve with 67% of companies having some level of integration with S&OP (We offer some guidelines and references as to who can benefit the most from product portfolio review.)
- While several companies reported using S&OP for decisions on a breadth of strategic topics, half of all respondents felt their process is at a basic maturity level
- Most companies use of IT is outdated given the tools available today, and the overwhelming majority of respondents (88%) would like to improve their use of existing tools or get new tools



# The study was conducted across a variety of industries and company sizes, we had 55 responding companies

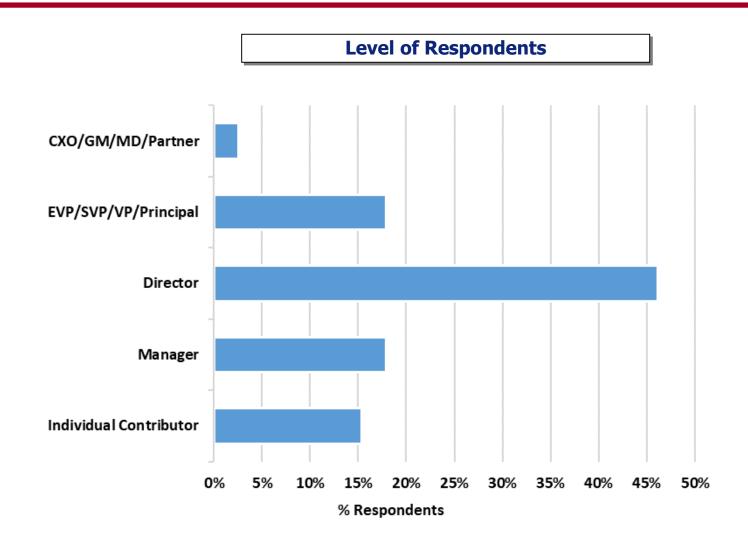


Consumer Products once again is the industry with the highest responses. We often see the most emphasis and S&OP maturity within consumer products companies.

This distribution isn't much changed over last year, and it shows companies of all sizes are now using S&OP.



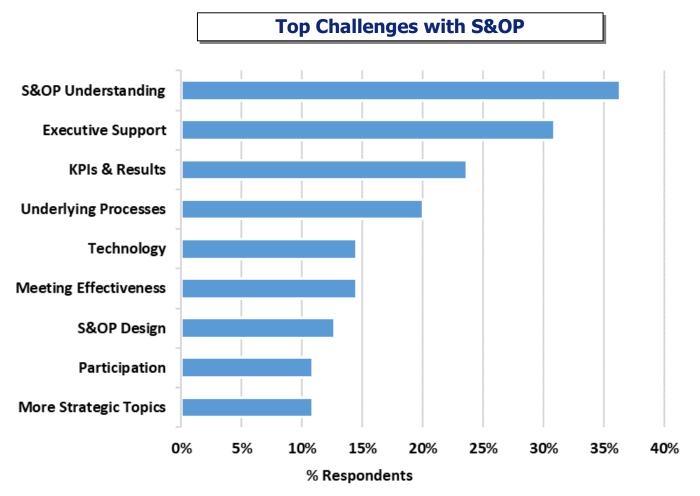
### The majority of our respondents are Director level and higher





#### S&OP Understanding and Executive Support are the largest challenges this year

Respondents chose their top 2 challenges



- It seems that team need to "work-in" more crossfunctional education in their processes
  - From time to time, we suggest reminding your participants and stakeholders what we're doing and why
- Executive support and results management go together
  - We maintain that better executive support will follow from better results

#### You may also like



Why S&OP Initiatives Fall Short – Interview with Supply Chain Brain



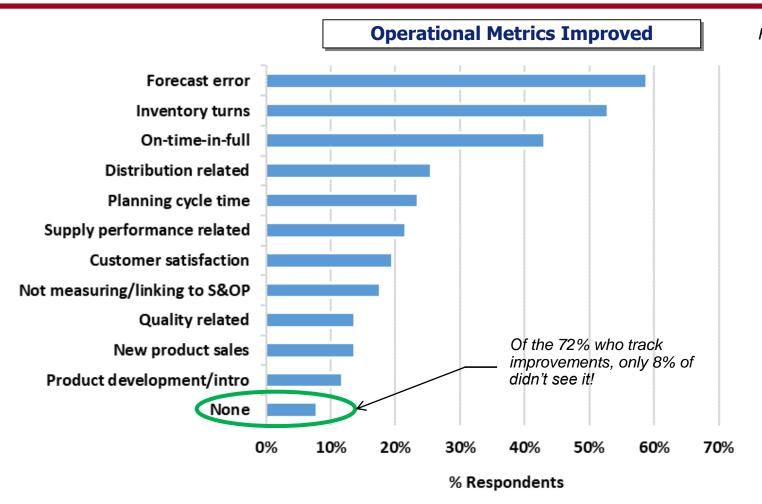
Five Ways to Excite Your Executive Team about S&OP



Why Your S&OP Initiative is on the Back Burner



#### The vast majority of respondents are seeing OPERATIONAL improvements



Respondents chose all that applied

For more ideas and techniques for achieving results, please see

"Sales & Operations Planning RESULTS"

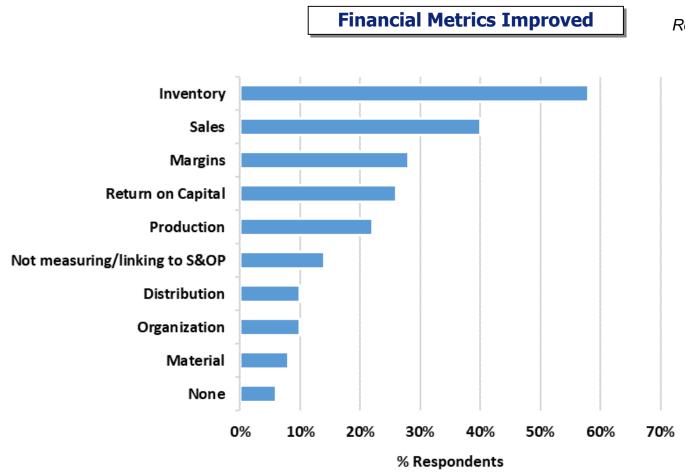
Find, Measure, and Manage Results Throughout Your Supply Chain

Available on Amazon

The top result areas are familiar ones, and important ones!



# Sales and Margins are higher on the list this year for FINANCIAL results, indicating a higher focus on growth and profitability



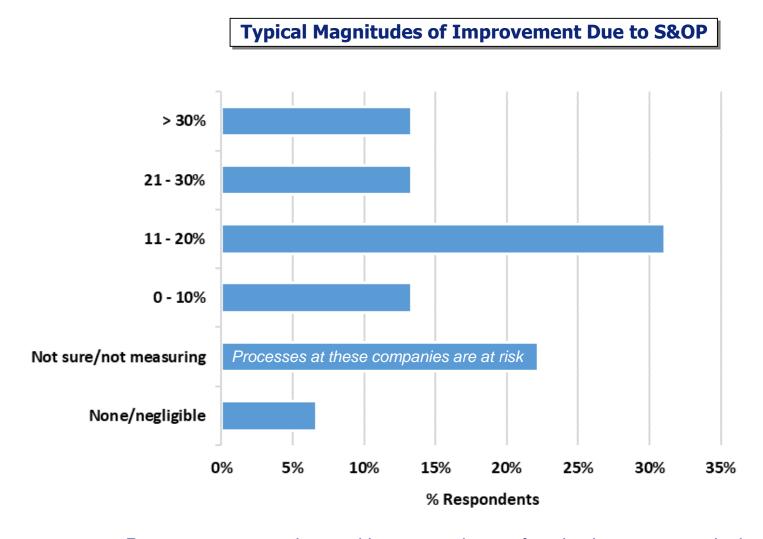
Respondents chose all that applied

- Ideas for sales and margin improvement include:
  - Tracking connections between increased sales and topics addressed in S&OP
  - Improving promotions management/S&OP integration
  - Making S&OP decisions that result in meeting demand
  - Managing budget shortfalls in Demand Review and putting corrective actions in place
  - Getting products into the marketplace faster as well as pricing management in Portfolio Review
  - Changing structural elements of the supply chain/business (M&A/divestitures, outsourcing/insourcing, market entry, product management)

nexview

Leaders of the more mature S&OP processes, recognize this can be used as an engine for growth!

#### 58% reported improvements exceeding 10%, which is very positive!

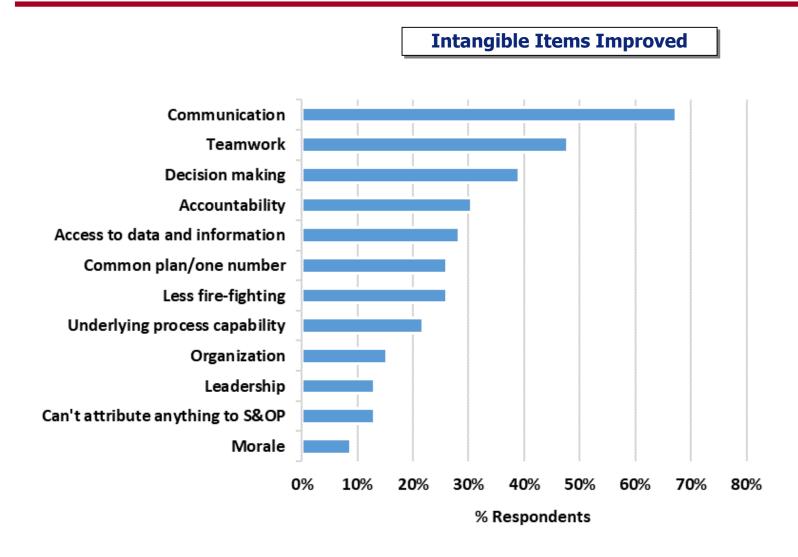


- Measuring results will
  - Keep people engaged
  - Demonstrate that the hard work is paying off
  - Set expectations for continuous improvement
  - Lead to root cause discussions
  - Enable the team to address issues before they become bigger problems

Responses are consistent with our experience of seeing improvements in the 10-20% range.



### **INTANGIBLE** results are important too

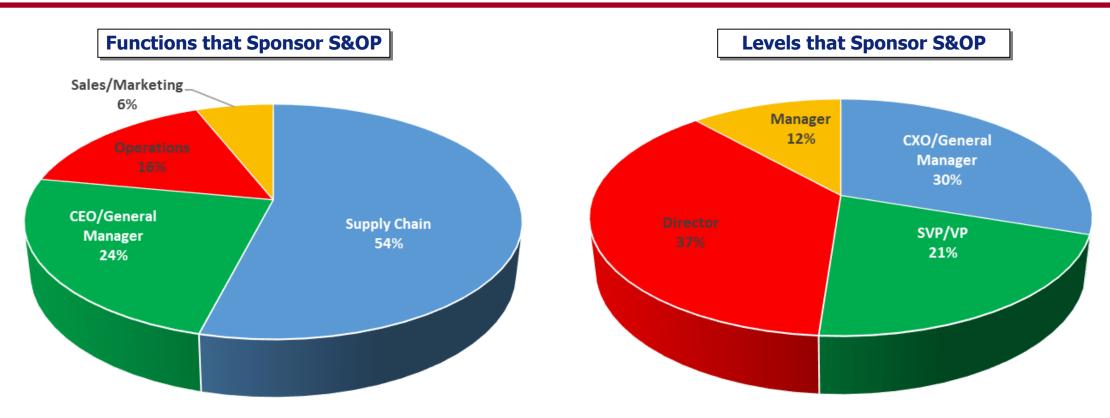


Respondents chose all that applied

While intangible results are good, if they aren't backed up with tangible results, you'll likely lose some leaders over time.



# It's good to see a few companies with Commercial Sponsors and good to see that 51% of Sponsors are above the Director level



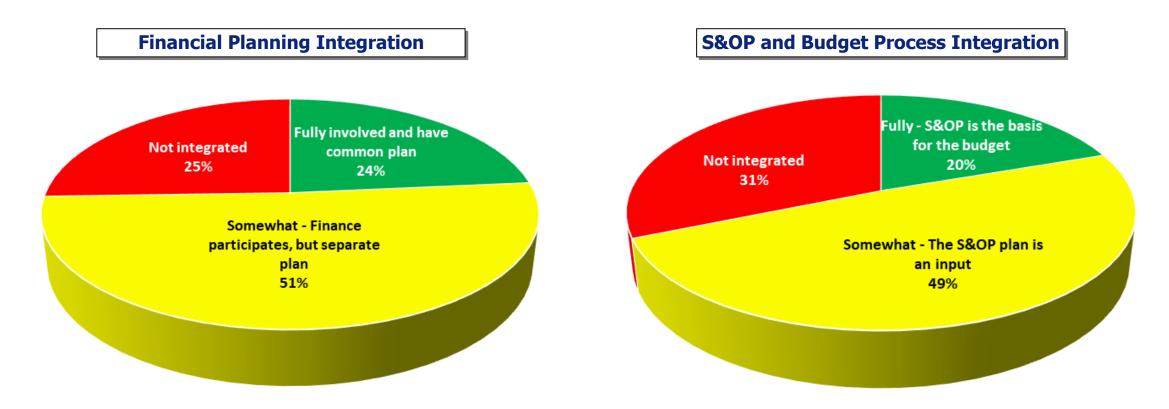
Executive sponsors are needed for S&OP to be the true decision making process for the company.



See the APICS Magazine article "Directing Success - 10 Tips for S&OP Sponsors".



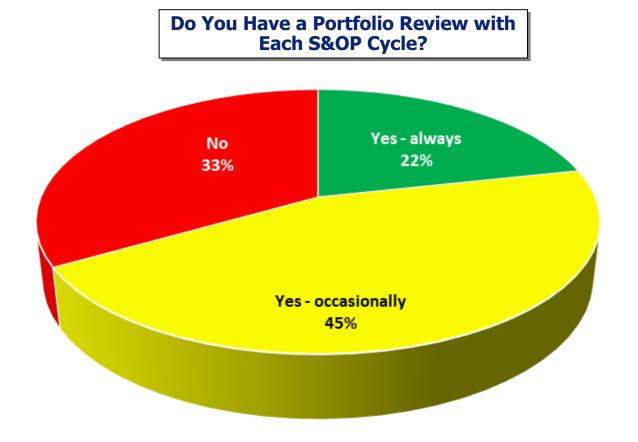
## Financial integration continues to improve, only 25% have no integration (last year this was 35%) and 20% are using S&OP as the basis of the budget (7% last year)



Finance has many skills other than accounting, reporting and budget coordination, they should be involved with scenario planning, budget focus, and monetization of volume plans.



# 67% of companies have some level of integrated Product Portfolio Review, this is slightly up from last year (61%)



- Companies with a high number of SKU's and/or an active or developing portfolio should include Portfolio Review as part of the S&OP cycle
  - Active management of product introductions, discontinuances, margins, and related KPIs
  - Demand management of new products and smooth integration into the supply chain
  - Usually sponsored by marketing

#### You may also like



"Does Your S&OP Process Need Portfolio Review?"

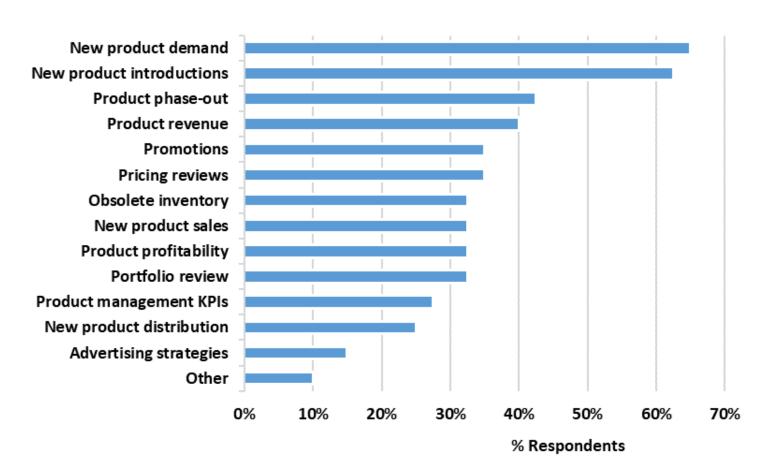
A company's Product Portfolio can often be an emotional subject to discuss. It's best to get some good data behind recommendations.



#### For those that do have Portfolio Review, here's what they are doing in it

#### **Discussion Topics in Portfolio Review**

Respondents chose all that applied



Some companies will modify the frequency of topics depending upon business needs. For example you could look at KPIs and new product demand monthly, but only critically examine the portfolio (including sales and margins) on a quarterly basis.

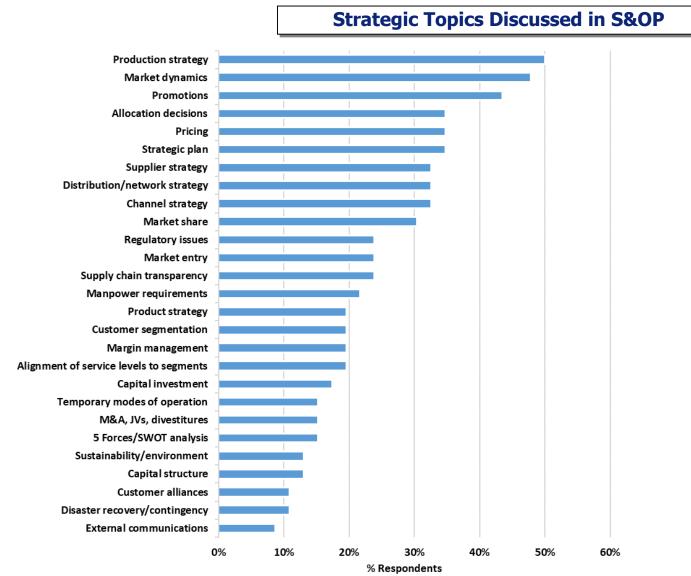


See the blog post

<u>"Considerations When Rationalizing Your Product Portfolio"</u>



#### Companies are now using S&OP for much more than just balancing demand and supply



Respondents chose all that applied

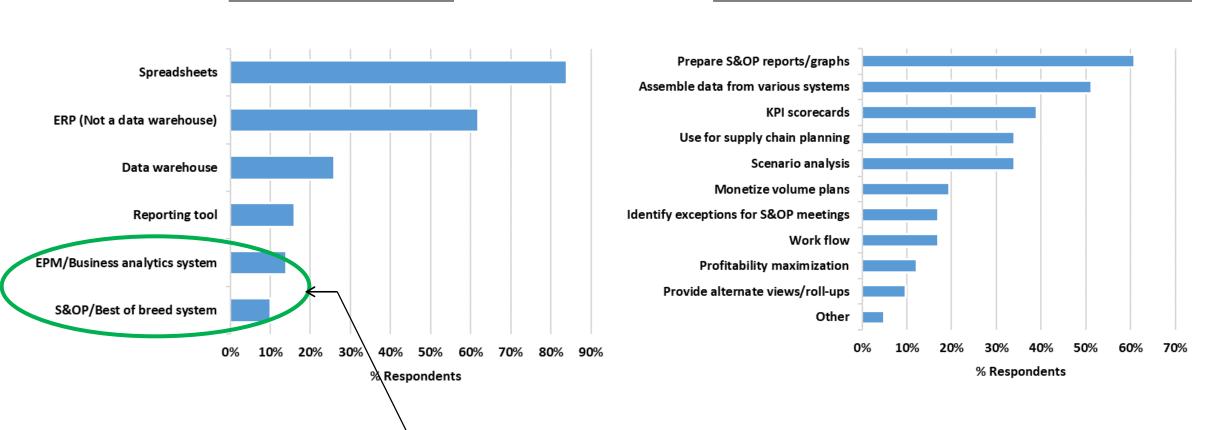
We recommend listing out the higher level topics your business deals with and then educating the team that S&OP is the place to discuss these items.

The Sponsor should ensure these topics are brought into S&OP.





#### **Capabilities of IT Systems Supporting S&OP**

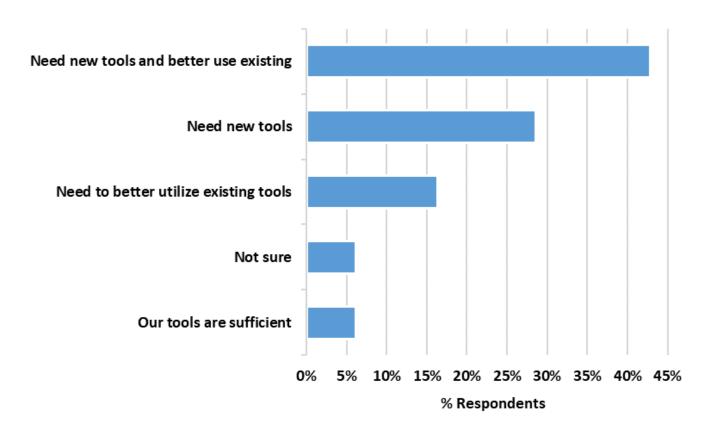


Advanced tools are in a period of step change. They will create a competitive advantage for companies that use them effectively.



#### Only 6% of respondents are happy with their current IT tools

### Are You Fully Utilizing Your Existing Tools or Do You Need New Tools?

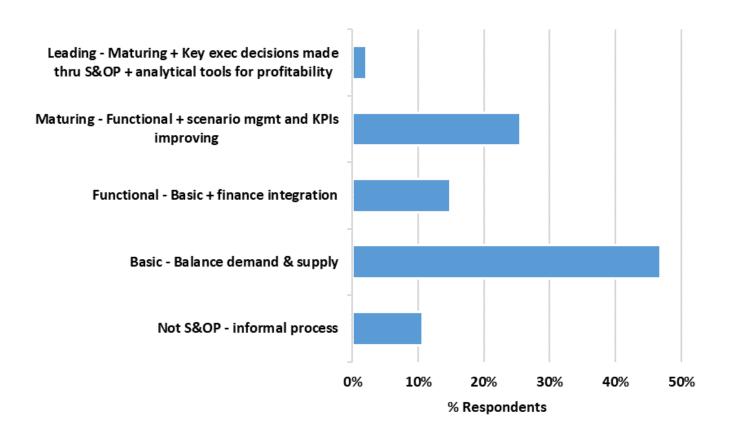


While the new IT tools are becoming easier and more cost effective to implement, we always challenge why existing tools aren't sufficient. IT tools need a maturity plan that is integrated with your overall S&OP maturity plan.



### Most only have basic S&OP in place

## How would you rate the maturity of your S&OP process?



Those who improve to the higher levels of S&OP maturity will have a competitive advantage.

#### See more on our thoughts on S&OP Maturity



<u>Kinaxis Interview – "The Use of a Maturity Model for S&OP is Critical"</u>



### Please see our latest survey/benchmark studies

- We occasionally run studies on a variety of topics
  - Anonymous
  - Participate to get real time feedback and the next full report!

http://nexviewconsulting.com/surveys2







# We invite you to see our growing content archive on the website and join our community on Nexview Online

















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**Videos** 

**Tools & Templates** 

#### Here are a some additional items that may help you



"Revitalize Your S&OP"

Journal of Business Forecasting



"Directing Success –
10 Tips for S&OP Sponsors"
APICS Magazine



"Why S&OP Matters to the CFO"

Journal of

Trading Partner Practices



"26 Ways to Get Sales On Board with Demand Planning" Supply Chain Quarterly



Sales & Operations Planning RESULTS
Full book on Amazon.com



S&OP Implementation Success
eBook pre-release of next book
Our implementation methodology
and tips



Choose the Right Supply
Chain Consultant
eBook, An insider's candid
perspective

### **About Nexview Consulting**

Nexview Consulting is a boutique management consulting firm that specializes in Sales & Operations Planning and Supply Chain improvement. We leverage S&OP to be the platform for continuous improvement and profitability in client organizations. We also work with clients to improve organizational performance, structure, and enabling supply chain technology.

Consulting methods promote sustainability of performance improving behaviors, tangible results, and development of client team members. Our consultants are highly-experienced business and consulting leaders with track records of delivering results for clients across the world, typically with larger more well-known consulting firms. We are based in the Boston area and Houston, but we travel worldwide to conduct training seminars, speak at conferences, and work with clients on high-impact, performance improving initiatives.

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