

Sales & Operations Planning Supply chain profitability for superior business performance

The S&OP evolution

A Sales and Operations Planning (S&OP) process has as its foundation the cross functional integration of several business functions and is driven by the need to align these functions behind one company vision in the most cost effective way. In this way value can be created so that an organisation can become more competitive and more profitable.

S&OP is often defined as a continuous structured process that balances supply and demand through continuous interactions to create an integrated set of plans. It provides continuous monitoring of performance against plan and a disciplined way of responding to changes.

Based on that, the majority of organisations recognise the importance of S&OP and have some sort of process in place, although often it remains a tactical tool and / or is poorly executed.

Today's S&OP is about empowering people and functions to collaborate together to create visible decision making on current and future challenges whilst always keeping in sight the company objectives.

S&OP for the 21st century

The S&OP process has evolved dramatically over the years as organisations have realised the potential it holds and because pressures on margins, the need to increase shareholder value and to run a profitable and predictable supply chain are ever more present.

The complexity of supply chains as organisations continue to expand across continents is also growing and traditional push models are no longer meeting requirements.

The implementation of a demand driven pull model requires the input from many functions, across several organisations and possibly countries and has turned a simple 4 step process into a all encompassing and sophisticated 9 step process.

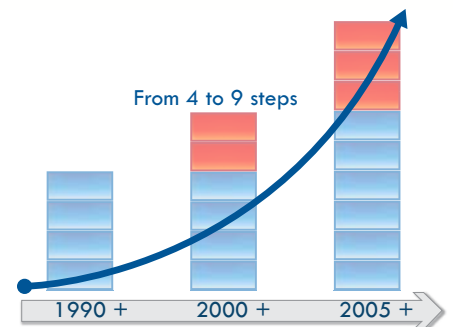
Today's market environment as well as organisations' drive for leadership in supply chain is bringing new requirements to the table.

- A well defined collaborative process to develop the demand plan
- The aptitude to translate the plan into

functional pictures to achieve consensus – including financials

- The ability to predict the future through modelling and scenarios and therefore trade-off analysis
- A common KPI measurement framework to assess performance against plan on an ongoing basis

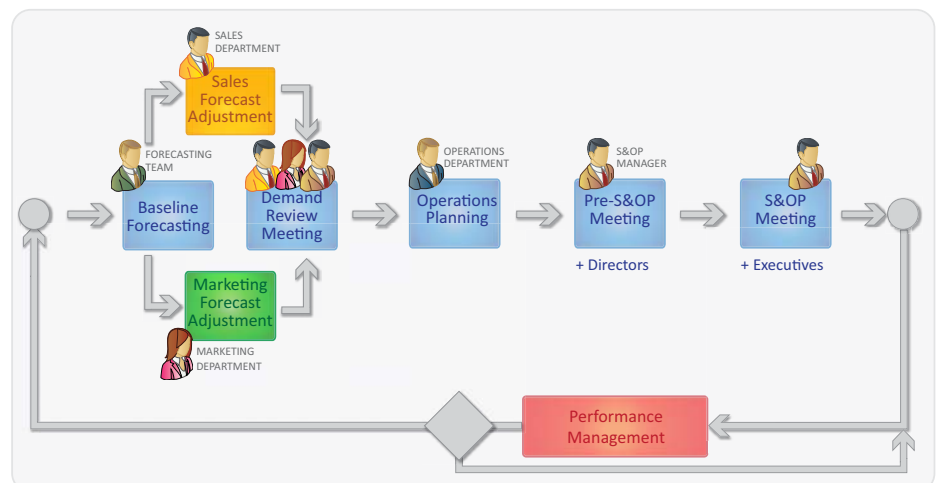
S&OP process changing over time...



What is driving this change?

- Geographical expansion of supply chains
- Increasing complexity in sensing demand
- Multiplication of the supply process
- Increasing number of stakeholders

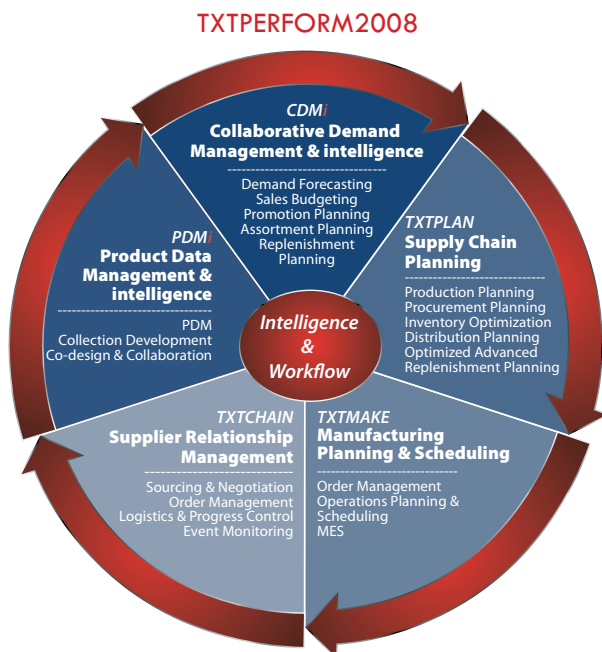
Process integration with business intelligence



TXTPERFORM2008: creating value through integrated functionality

TXTPERFORM2008 enables an unprecedented level of business process integration that supports the most sophisticated S&OP processes.

TXTPERFORM2008's supply chain intelligence capabilities drive fact based decision making, empowering users to assess the cause and effect of their decisions and as such to make trade-off analysis. Based on tangible best industry practices with a Microsoft Excel user interface, TXTPERFORM2008 is the ideal solution for taking any organisation's S&OP process to the next level and forward into their supply chain maturity journey.



Point to note

TXTPERFORM2008

Based on Microsoft technology all modules are unified on a single platform and combine demand and supply chain management and performance management.

The Excel user interface ensures fast adoption rates. In addition TXTPERFORM2008 is built on the Microsoft Stack and enables data to be collected in a single repository for analysis providing one version of the truth. An intuitive and flexible workflow management enables fast design and adherence, supporting users across every step and at any level.

S&OP: four pillars to success

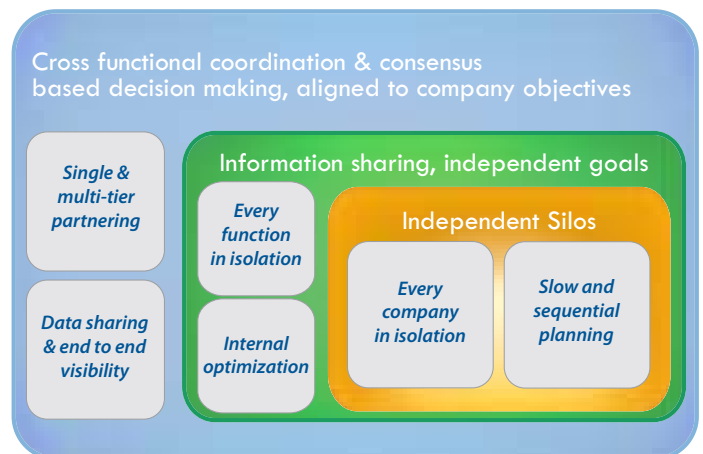
The ability to pinpoint the exact benefits organisations are seeing from their S&OP implementation remains a challenge but can be achieved:

- TXTPERFORM2008 helps organisations overcome some of the key reasons for S&OP failure and realise their goals. Executives are involved and can monitor progress through dashboard capabilities and strategy maps.
- TXTPERFORM2008's ability to integrate financial and performance data means that the S&OP process can now be used as a strategic rather than a tactical tool. This enables organisations to see how demand and supply planning decisions impact profitability, business and performance objectives.
- TXTPERFORM2008 is the perfect technology enabler; creating tangible cross-functional collaboration. Working with one set of data, users now have clear visibility and understanding to the constraints of profitably supplying the demand plan.
- TXTPERFORM2008 provides a set of pre-defined operational and strategic correlating supply chain metrics so that everyone understands the cause and effect of decision making and enables organisations to anticipate problems at any level, as well as understanding the trade-offs.

Functionality overview

Pre-S&OP demand

- **Collecting sales & marketing data**
 - Collection of data from stakeholders through a flexible and configurable role based workflow
- **Developing a demand plan**
 - Manipulation of the forecast based on functions



S&OP maturity leads to better integrated business planning

- Attribute based forecasting including NPI based on similarities and attributes
- **Building a demand plan**
 - Reliability of contribution analysis with KPIs
- **Demand shaping and analysis**
 - Full detailed event management

Pre-S&OP supply

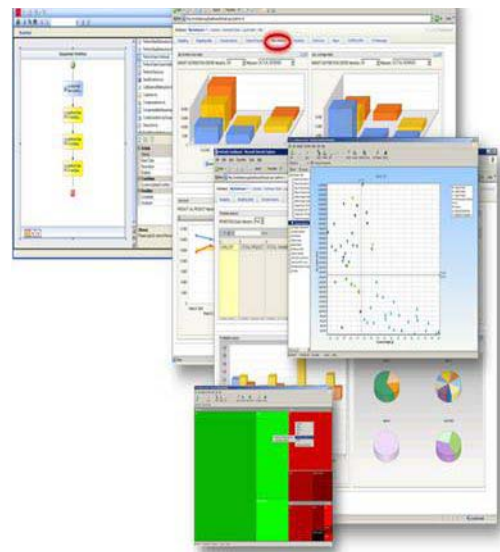
- **Developing operational plan based on supply constraints**
 - Identify constraints and capacity opportunities and best alternatives for matching supply and demand based on business drivers
- **Conduct what-if analysis**
 - Predefined supply chain metrics
 - Optimization and what-if scenarios via Excel front end
- **Rough cut capacity planning**
 - Optimise overlapping machine capabilities and capacities
 - Transportation modelling for a multi-plan supply chain

Pre-S&OP financials

- **Developing a plan based on financial goals**
 - Create a bottom up financial plan and reconcile with top down for alignment to business objectives
- **Conduct financial what-if analysis**
 - What-if scenarios that can be translated into a demand and supply plan, including recommendations to achieve maximum profit

S&OP

- **Develop a consensus cost effective demand and supply plan**

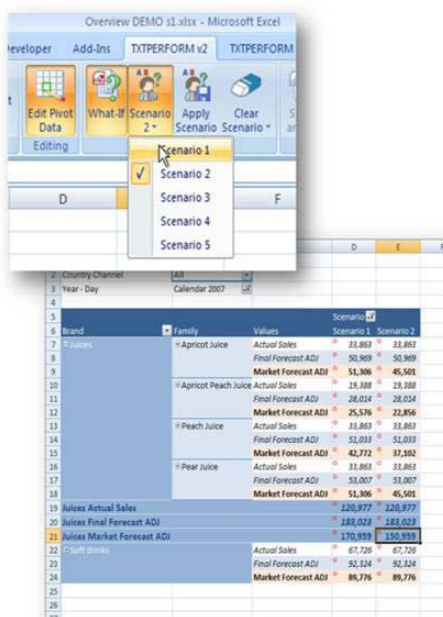


Fully integrated modules

- Collaborative functionality allows flexible customisation for trade-off analysis, in relation to KPIs and any number of attributes and dimensions for full reconciliation

Post S&OP

- **Communicating the S&OP plan through web portal for off-line/on-line updates by stakeholders**
- Monitor progress through a set of alerts associated with threshold and KPIs
- Drill down for root cause analysis and resolution can be done via web portal for global teams



"What-if" scenarios

Point to note

Translating demand – A common goal

The alignment of demand and supply needs to be linked to a common goal.

One set of data is translated into a unique view of the plan for sales & marketing, operations, supply chain and finance and as such enables real collaboration between functions and consensus decision making to achieve a common goal.

This kind of visibility allows everyone to see the impact of their decisions and the role they have in achieving overall strategic and financial goals for the organisation.

S&OP - what's next?

More and more S&OP is being used as the route to ensure stakeholders deal more efficiently with a set of complex business trade-offs. It is fast becoming the nucleus that will drive revenues reliably forward.

As the scope for S&OP is becoming broader and deeper within and across organisations, the leaders in S&OP are choosing to re-brand it as "Integrated Business Planning" primarily due to necessary interaction of sales, finance, marketing, and operations with customers and suppliers.

In doing so the use of S&OP for cross-functional and multi enterprise value trade-offs is evermore explicit.

TXTPERFORM2008 tackles the 3 main obstacles to S&OP success

S&OP done correctly is a process that can deliver outstanding value. However today's senior management identify 3 areas as their greatest challenges.

- Lack of coordination between functions to align to the business objective
- Inability to reach consensus, between demand and supply and profitability
- Poor connection between strategic goals and day to day operations

A clearly defined and sponsored S&OP process linked to clear business performance goals will help address all three of these challenges; TXTPERFORM2008 is the ideal technology partner to help organisations close the gap between supply chain and business performance.

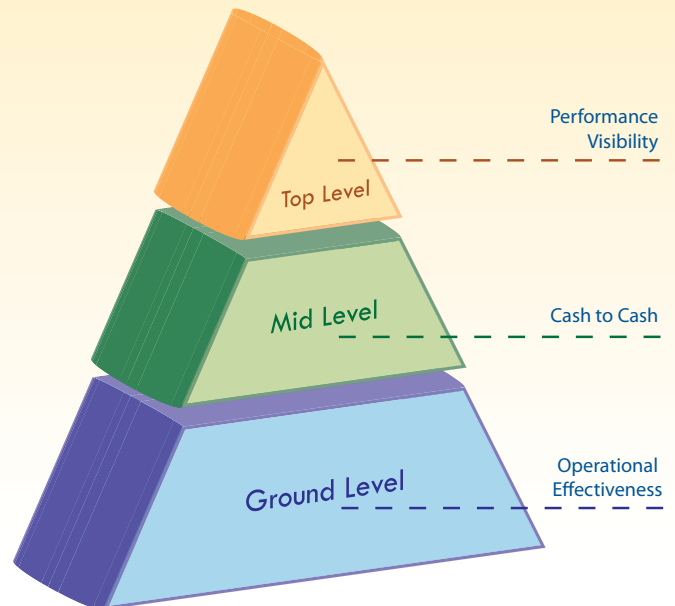
S&OP leaders see real benefits

- 10% improvement in forecast accuracy
- 20% improvement in perfect order
- 33% reduction in inventories
- 5% lower supply chain costs

source: AMR Research Inc.

In an environment where 92% of manufacturers have an S&OP process but 62% of them find it hard to pin point the benefits and are not satisfied with the process, TXT's S&OP initiatives have helped customers to:

- Achieve overall strategic goals faster
- Move towards supply chain maturity
- Balance supply and demand
- Create transparent decision making
- Enable cross-functional collaboration



Based on the AMR Research Inc. hierarchy of supply chain metrics

Point to note

Supply Chain Metrics – A key pillar to success

The wrong metrics will drive the wrong behaviour in people and functions, disabling the Sales and Operations Planning process from being truly successful.

TXTPERFORM2008 comes with built-in best practice metrics to deliver a unique visibility of the cause and effects of short term and long term decisions and therefore ensure a proactive management of trade-offs and performance.

Leaders choose TXT

TXT e-solutions accounts over 630+ customers worldwide. Among which:

Amway Europe, Auchan, Coca-Cola HBC, Findus Group, Pirelli, Vion (Grampian Country Pork), EMI, Typhoo Tea, Chiesi Farmaceutici, Siemens, DaimlerChrysler, Schweppes S.A, Weetabix