

Advanced Sales & Operations Planning

Capabilities Checklist

WHITE PAPER

Advanced Sales & Operations Planning Capabilities Checklist

Welcome to the future of business planning

Executive Summary

Sales & Operations Planning (S&OP): An integrated business management process through which an executive team continually achieves focus, alignment and synchronization among all functions of the organization.

Supply chain practitioners have used Sales & Operations Planning (S&OP) to accelerate, direct and optimize business decisions for the better part of 30 years. Advanced S&OP, also called Integrated Business Planning, goes a step further and unites volumetric and financial information into one flexible planning and decision support process for strategic and tactical planning horizons. It combines data from sales, marketing, production, procurement, transportation and finance to create a powerful decision center for all stakeholders.

By removing organizational and technology barriers, and synchronizing plans, an S&OP platform ensures your business plans are rooted in feasible supply chain network capabilities, with resources and investments deployed where they are most effective in achieving business goals.

Because advanced S&OP involves multiple collaborative, cross-functional processes, it requires a technology solution specifically designed to accomplish these tasks within one holistic shared platform. This platform must provide collaborative workflow, configurable alerts, active messaging capabilities and powerful algorithms to streamline and facilitate plan development. Also crucial is the flexibility to view data in varying time horizons from weekly to yearly, and from five years of history to ten years of projections. The ability to aggregate and disaggregate data allows users to analyze data and develop plans at the level appropriate to their positions, while staying synchronized with users planning at other levels of aggregation. Finally, an advanced S&OP solution must work in various volumetric measures and in multiple currencies.

This capabilities checklist covers some of the key features to look for in an advanced S&OP platform.

Table of Contents

Capabilities Checklist.....	4
Conclusion.....	9

Table of Figures

Figure 1. Advanced S&OP covers multiple areas	5
Figure 2. Executive management reviews data on company performance	8

Advanced S&OP
allows supply
chain stakeholders
to interact with
one global model,
execute the
mission, mitigate
risks, spot
opportunities, set
measurable
objectives, and
prioritize
strategies.

Capabilities Checklist



Smoothly integrate tactical and strategic planning under one comprehensive planning platform

Importance: Align and synchronize strategic and tactical planning processes, annual operations planning, financial planning and strategic business planning.

What to look for: An advanced S&OP platform that encompasses strategic plans, initiatives and activities, as well as global, regional, and multi-divisional operational plans.

According to Analysts: Best-in-class companies are 94% more likely to enable feedback between their financial/budgeting planning and their S&OP process.*



Perform fast simulations, comparisons and “what-if” scenarios

Importance: Provide unprecedented global visibility and “what-if” scenario analysis power in order to drive a higher level of proactive decision-making.

What to look for: An advanced S&OP system must be able to model the entire supply chain, including customer locations, plants, suppliers, storage facilities, partner capabilities and lanes of transportation to identify disconnects between supply and demand months or years in advance.

According to Analysts: Planners who use advanced S&OP systems are three times more likely to have the ability to evaluate and optimize inventory and service policy to maximize cash flow and profitability over planners who don’t.*

Advanced S&OP synchronizes strategic and tactical planning processes, combining volumetric and financial information with powerful analysis capabilities and collaborative workflow. Tools designed for detailed short-term planning can’t handle the demands of advanced strategic planning.

For more information, download the Aberdeen Group report, “Industry Comparison for Best-in-Class S&OP/IBP Capabilities”.



* "Industry Comparison for Best-in-Class S&OP/IBP Capabilities," Aberdeen Group, August 2016



Compare actual performance to plan

Importance: Quickly detect differences between plans and actuals and optimally respond in an efficient manner.

What to look for: The system must be able to sense changes in the extended supply chain; highlight these changes as they relate to the agreed upon plan; and suggest an optimal path to address the changes while adhering to predetermined company goals and objectives.

According to Analysts: Planners who use an advanced S&OP system are over two times more likely to have the ability to monitor daily performance against S&OP metrics and receive alerts when objectives are missed over those who don't.*



Develop plans that evaluate both financial and volumetric performance

Importance: Boost confidence by having one comprehensive plan that has financial and volumetric data and spans strategic and tactical horizons.

What to look for: The system must combine information from sales, marketing, production, procurement, transportation, finance and external partners to keep teams aligned, while streamlining planning processes and responding effectively to supply chain disruptions or harnessing new opportunities. A good question to ask is, "In addition to balancing financial criteria against constraints, demand prioritization and customer service objectives, can the system analyze alternative scenarios based on revenue, profit, capacities, customer service and other critical business metrics?"

According to Analysts: Planners that use an advanced S&OP solution are almost two times more likely to optimize inventory and service policies to maximize cash flow and profitability over those who don't.*

The biggest opportunities for cost reductions and customer service improvements lie in the ability to manage the entire supply chain as a system.

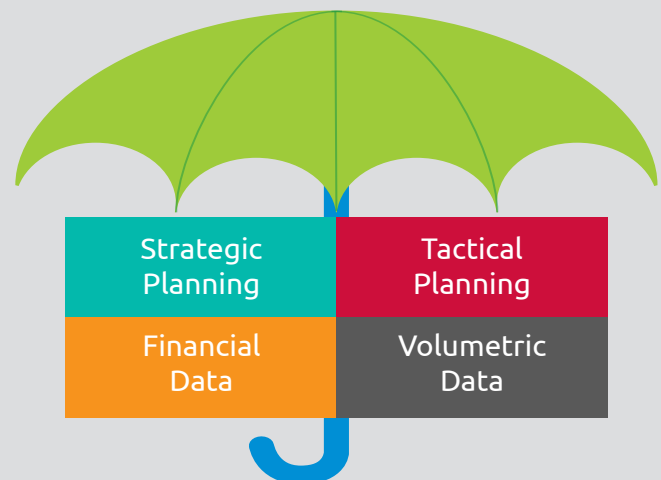


Figure 1. Advanced S&OP covers multiple areas

* "Industry Comparison for Best-in-Class S&OP/IBP Capabilities," Aberdeen Group, August 2016



Plan across global, regional and multi-divisional organizations

Importance: Manage the entire supply chain as a system to capitalize on the biggest opportunities for cost reduction and customer service improvements.

What to look for: The system must have the ability to adapt to regional differences in business processes, currencies, objectives, metrics and supply chain structures. In addition, it should pull together regional plans into a consolidated plan to identify cross regional and global opportunities.

According to Analysts: Planners who use an advanced S&OP system are more than four times as likely to accurately forecast customer demand across multiple channels and tiers than planners who don't.*



Assess timing, impact and risk of new product introductions

Importance: Introduce new products more successfully. With the number and frequency of new product introductions on the rise, the need to address this area has become critical.

What to look for: New product planning often takes place across multiple functions or even organizations (marketing, sales, product development, suppliers, etc.) and an advanced S&OP platform should be able to facilitate this multi-functional/organizational process. It should have robust collaborative workflow and active messaging capabilities to ensure participants are integrated into the process. The S&OP platform should provide robust tools to compare the performance of a new product to the agreed upon plan, quickly identify deviations, and provide rich "what-if" analysis capabilities to determine appropriate actions.

According to Analysts: Planners who use an advanced S&OP solution are three times more likely to optimize their product portfolio from multiple perspectives than planners who don't.*

BENEFITS OF ADVANCED S&OP

Better alignment of strategic goals with tactical plans

Faster, more informed decision-making based on an end-to-end view of the business

Better alignment of supply to demand

Improved inventory turns

Better handling of supply chain disruptions

Clear ownership of plans

Increased accountability for execution

Reduced planning time

* "Industry Comparison for Best-in-Class S&OP/IBP Capabilities," Aberdeen Group, August 2016



Visualize operational risk and develop risk mitigation plans

Importance: Understand how disruptions impact customer service and company profitability and be prepared to take proactive actions. The ability to visualize operational risks with enough detail, accuracy and lead time to mitigate them is becoming a key business capability.

What to look for: An advanced S&OP system must be able to sense disruptions and highlight the information to enable management by exception. Powerful, user-friendly “what-if” analyses, network scenarios and graphical comparisons identify an optimal response.

According to Analysts: Planners who use an advanced S&OP solution are 1.5 times better able to create upside and downside opportunities plus risk assessment scenarios than those who don’t.*



Model your business over multiple time horizons

Importance: Synchronize and align all business planning efforts across all time horizons. Most companies have some form of short-term tactical planning and long-term planning processes. In many cases these processes produce conflicting plans because they are disconnected, run by different sets of people using different data, assumptions and supporting systems.

What to look for: An advanced S&OP system must support the needs of all business planning efforts and make it easy for changes made in one plan to be reflected in other plans at the appropriate levels of aggregation, units and time horizons.

According to Analysts: Planners who use an advanced S&OP platform are more than twice as likely to have access to systems that enable feedback between S&OP processes and the financial planning and budgeting processes than planners who don’t.*

The ability to visualize operational risk with enough detail, accuracy and lead time to mitigate it is a key business capability.

* “Industry Comparison for Best-in-Class S&OP/IBP Capabilities,” Aberdeen Group, August 2016

Evaluate alternate product aggregations

Importance: Enable every functional business area to plan at different levels of aggregation to support the goals of that organization. Purchasing looks at data by supplier; manufacturing views data by what is produced; transportation is concerned with optimizing lanes and loads, sales plans by region, customer and account; and finance plans by business. Executive management reviews data on company performance. The plans of the different functions have unique purposes, but they all should be aligned, synchronized and based off of common data.

What to look for: A flexible advanced S&OP data hierarchy allows simple, real-time changes to data aggregation. Fixed or difficult-to-change data structures will not support the need to quickly analyze new disruptions or opportunities.

According to Analysts: Planners that use an advanced S&OP solution are two times more likely to be able to convert forecasts at product category/family level into forecasts at the stock keeping unit (SKU) level than planners that don't.*

A flexible advanced S&OP data hierarchy allows simple, real-time changes to data aggregation.

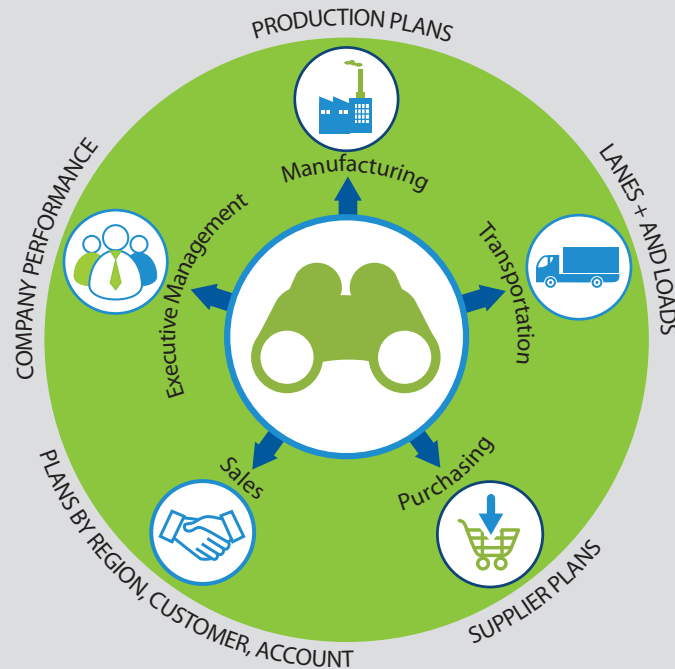


Figure 2. An advanced S&OP process provides the visibility needed by each functional area

* "Industry Comparison for Best-in-Class S&OP/IBP Capabilities," Aberdeen Group, August 2016

Conclusion

As its name implies, advanced S&OP can provide continuous alignment between demand, inventory, supply, manufacturing, and financial plans, as well as aligning tactical and strategic business plans in order to maximize operational performance.

Establishing a mature sales and operations planning process, especially for larger and more complex manufacturers, requires a comprehensive supporting technology platform. The absence of such platforms has been a barrier to the widespread implementation of advanced S&OP capabilities.

Logility Voyager Integrated Business Planning™ enables mature S&OP by uniting strategic planning, financial planning and S&OP in one solution, providing powerful capabilities not previously available in the planning software market. Logility's advanced S&OP solution overcomes long-standing challenges that financial and operational professionals have struggled with, opening up new opportunities for step-change improvements in how companies plan, manage and govern their businesses.

About Logility

With more than 1,250 customers worldwide, Logility is a leading provider of collaborative supply chain optimization and advanced retail planning solutions that help small, medium, large, and Fortune 500 companies realize substantial bottom-line results in record time.

Logility Voyager Solutions™ is a complete supply chain management and retail optimization solution that features an advanced analytics architecture and provides supply chain visibility; demand, inventory and replenishment planning; sales and operations planning (S&OP); integrated business planning (IBP); supply and inventory optimization; manufacturing planning and scheduling; retail merchandise planning, assortment and allocation; and transportation planning and management.

For more information, contact Logility:
Worldwide Headquarters **800.762.5207**
United Kingdom **+44 (0) 121 629 7866**

www.logility.com

