

CHALMERS
UNIVERSITY OF TECHNOLOGY

TO REACH HIGHER MATURITY IN S&OP

A SURVEY OF NORDIC COUNTRIES

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 plan

Sälj- och verksamhetsplanering
i nordiska företag 2019:
en studie avmognadsgrader
och upplevda effekter



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S&OP – A BEST PRACTICE?

“85% has an S&OP...” (AMR Research, 2009)



“...but few look the same” (AMR Research, 2009)

“Best-in-class are best in S&OP” (Aberdeen Group, 2010)

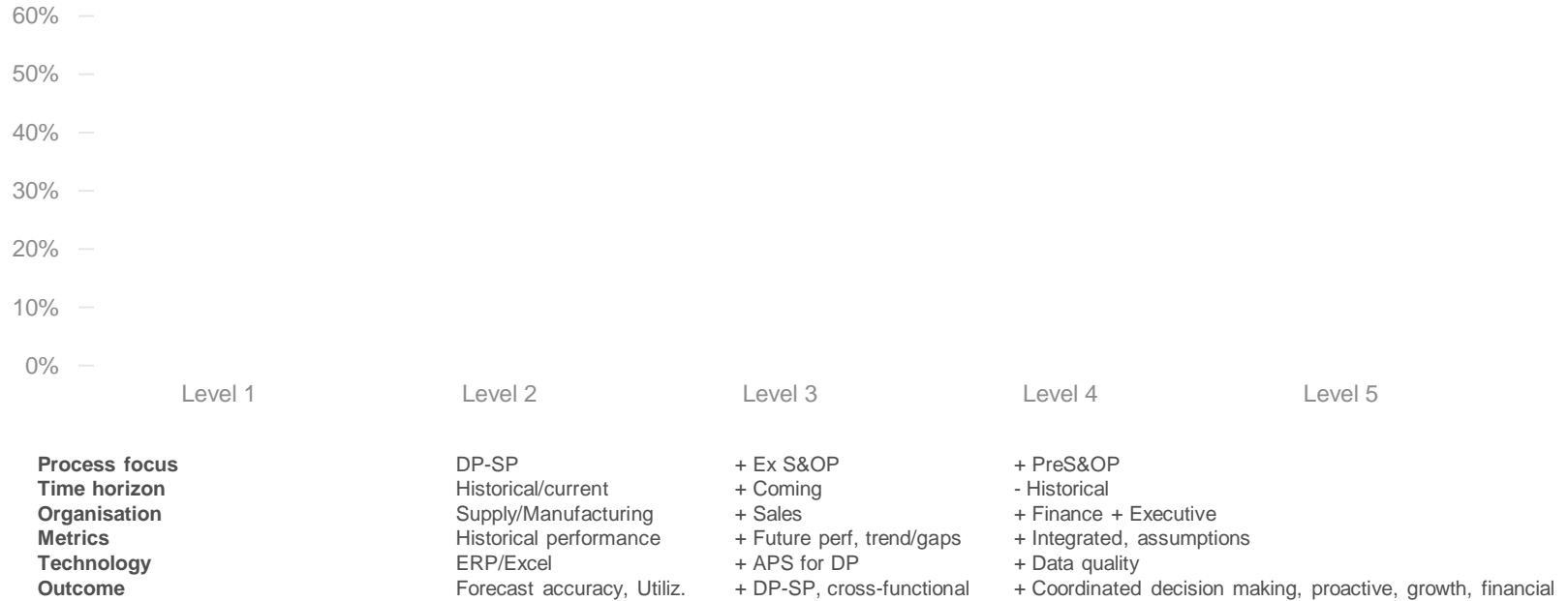
“Few have reached higher stages where S&OP drives business value” (Gartner Group, 2010)

How are Nordic countries working with S&OP?

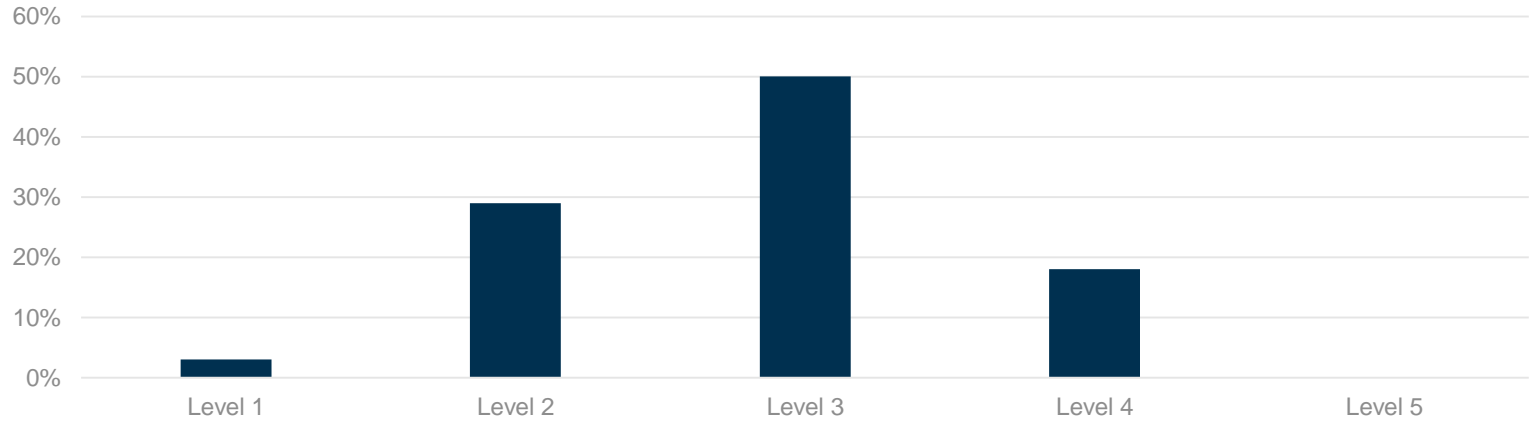
THE S&OP MATURITY SURVEY

- 145 Respondents in Sweden & Finland
- 84% Manufacturing companies
- 51% Large companies (>1000 employees)
- Data collection – end of 2018

S&OP MATURITY LEVELS



S&OP MATURITY LEVELS



Process focus
Time horizon
Organisation
Metrics
Technology
Outcome

DP-SP
Historical/current
Supply/Manufacturing
Historical performance
ERP/Excel
Forecast accuracy, Utiliz.

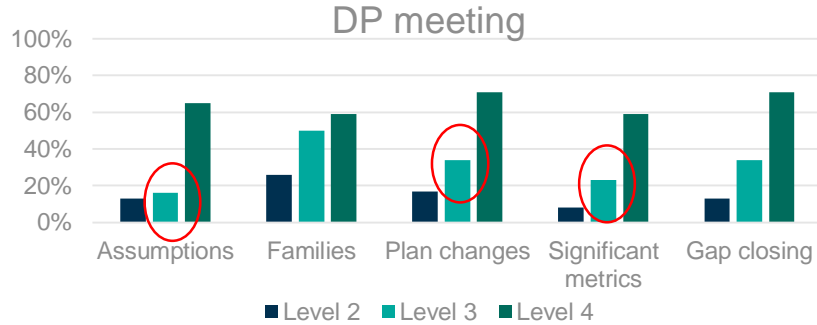
+ Ex S&OP
+ Coming
+ Sales
+ Future perf, trend/gaps
+ APS for DP
+ DP-SP, cross-functional

+ PreS&OP
- Historical
+ Finance + Executive
+ Integrated, assumptions
+ Data quality
+ Coordinated decision making, proactive, growth, financial

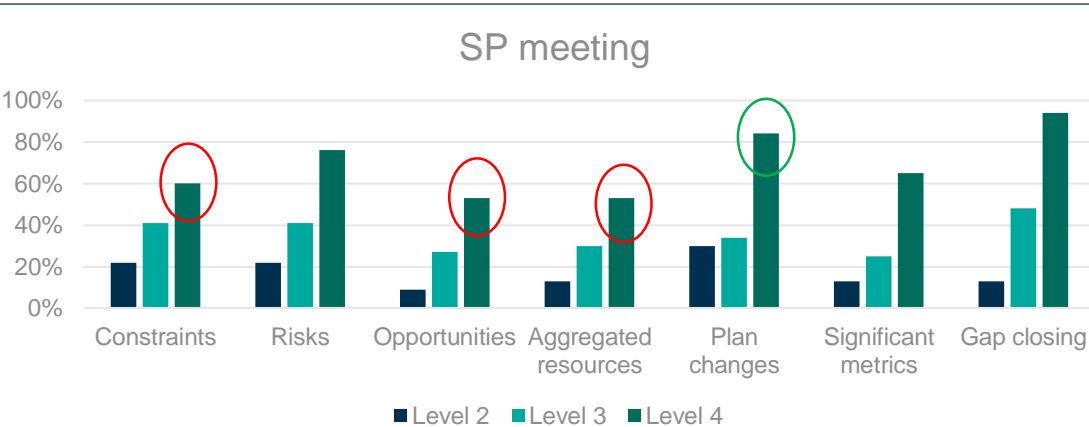
WHY FAILING WITH S&OP?

- **Demand** and **supply planning** processes not in place.

DP PROCESS IN PLACE



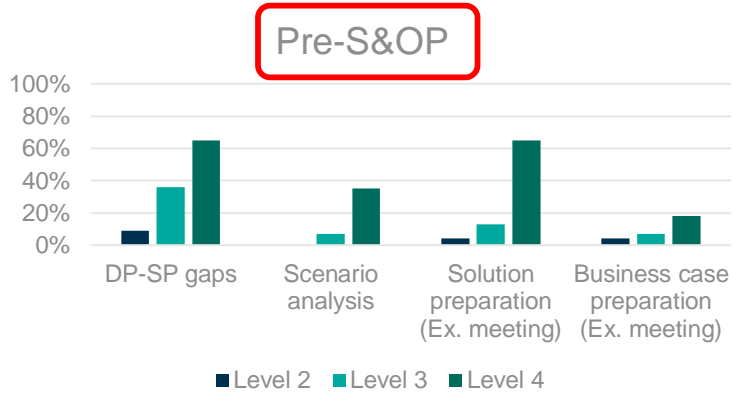
SP PROCESS IN PLACE



WHY FAILING WITH S&OP?

- Demand and supply planning processes not in place.
- **S&OP meetings** with wrong focus.

MEETINGS



WHY FAILING WITH S&OP?

- No **goal** or **policy** clarity
- **Demand** and **supply planning** processes not in place.
- **S&OP meetings** with wrong focus.
- **Short term** priorities get in the way.

”Focus is on the backorder slide”

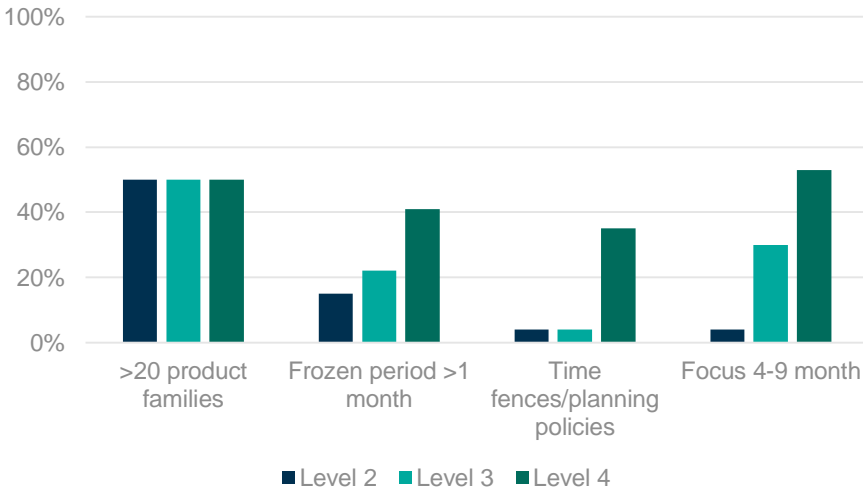
”We mainly listen to capacity graphs being presented”

SHORT TERM PROBLEMS

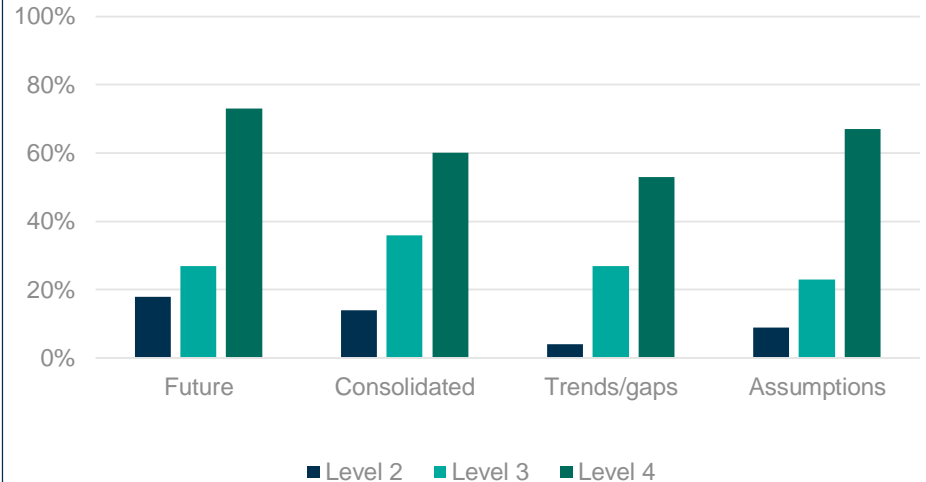
The #1 problem for Level 3 and #2 problem for level 4!

S&OE: 2/3 of Level 4 companies have weekly process to handle realignment.

Planning parameters



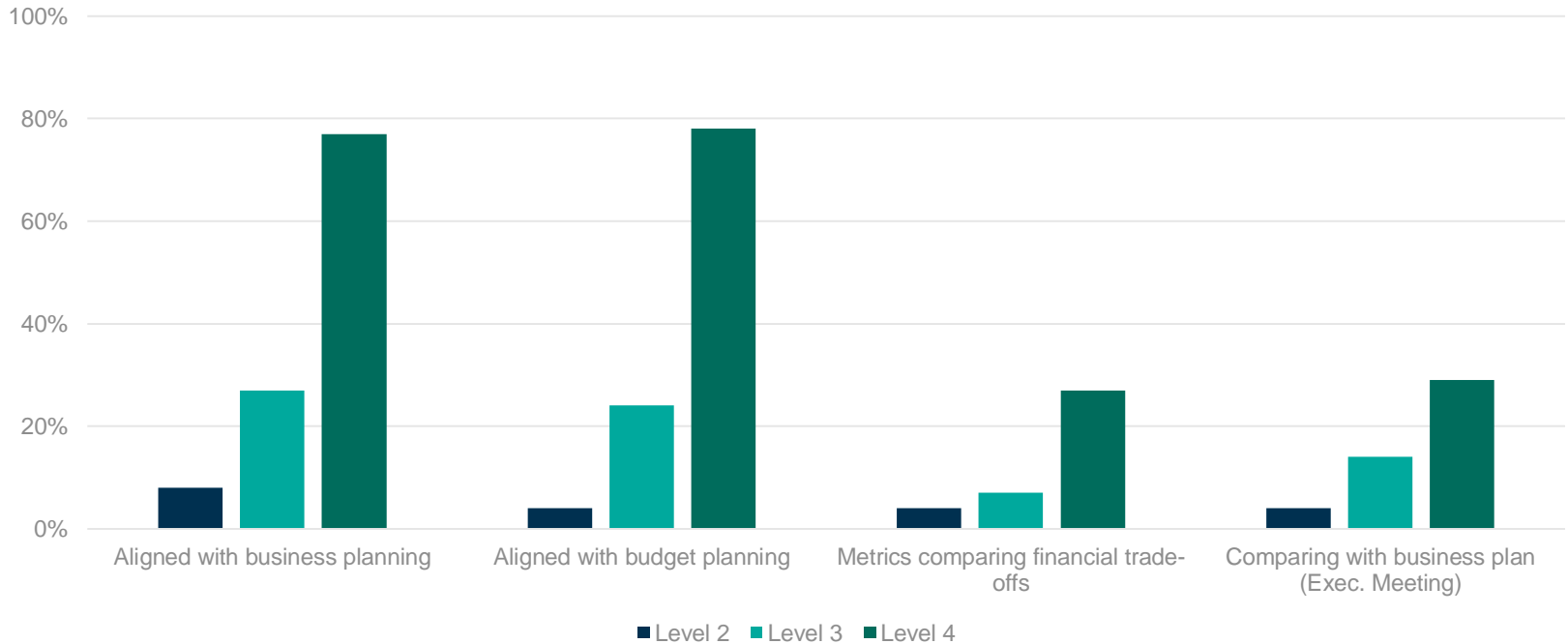
Metrics



WHY FAILING WITH S&OP?

- Demand and supply planning processes not in place.
- S&OP meetings with wrong focus.
- Short term priorities get in the way.
- Lack of **financial impact** to support decision making.

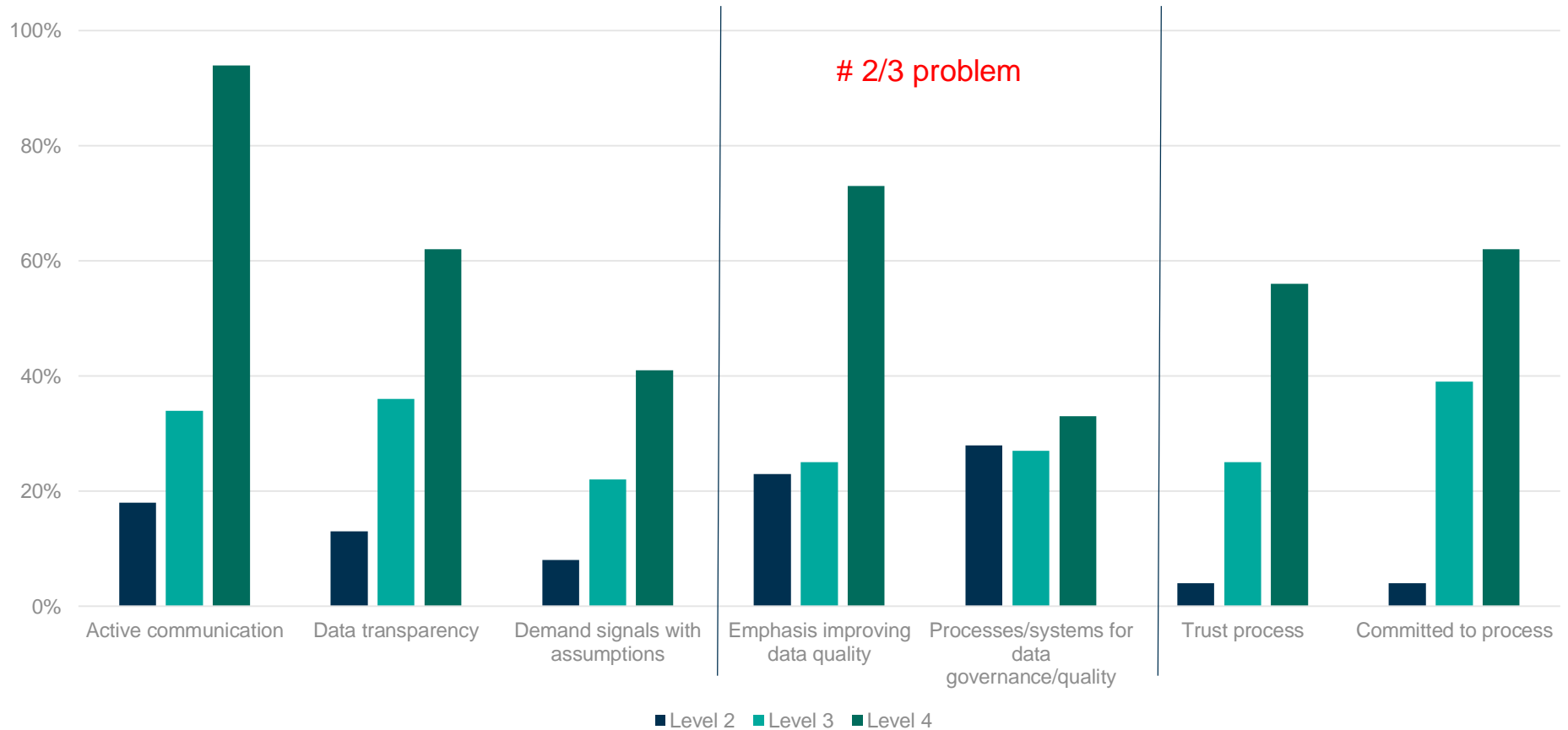
FINANCIAL ALIGNMENT/IMPACT



WHY FAILING WITH S&OP?

- Demand and supply planning processes not in place.
- S&OP meetings with wrong focus.
- Short term priorities get in the way.
- Lack of financial impact to support decision making.
- Visibility, accuracy and transparency of **information** is missing.

VISIBILITY, ACCURACY, TRANSPARENCY

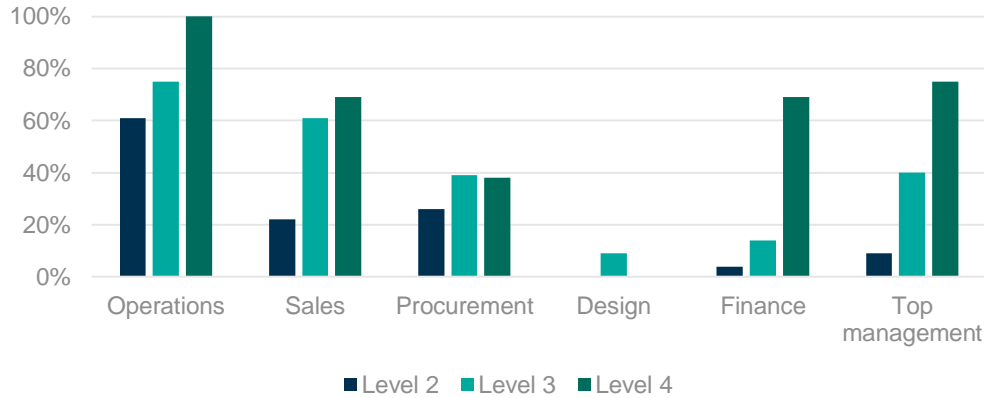


WHY FAILING WITH S&OP?

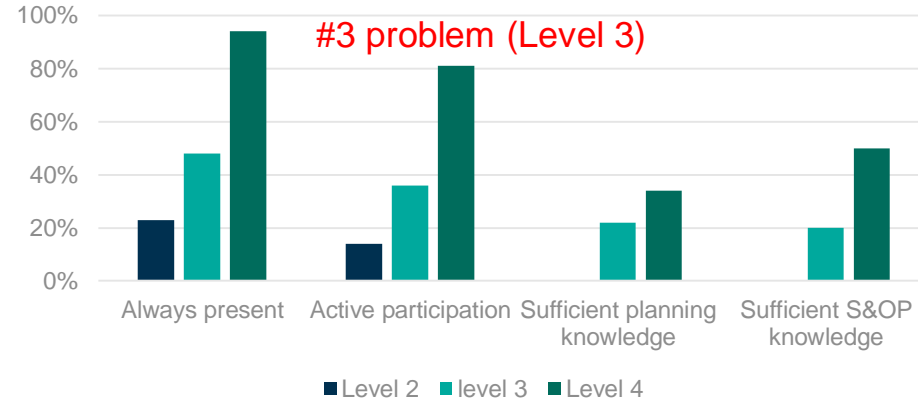
- Demand and supply planning processes not in place.
- S&OP meetings with wrong focus.
- Short term priorities get in the way.
- Lack of financial impact to support decision making.
- Visibility, accuracy and transparency of information is missing.
- Weak leadership, ownership and active participation.

LEADERSHIP & PARTICIPATION

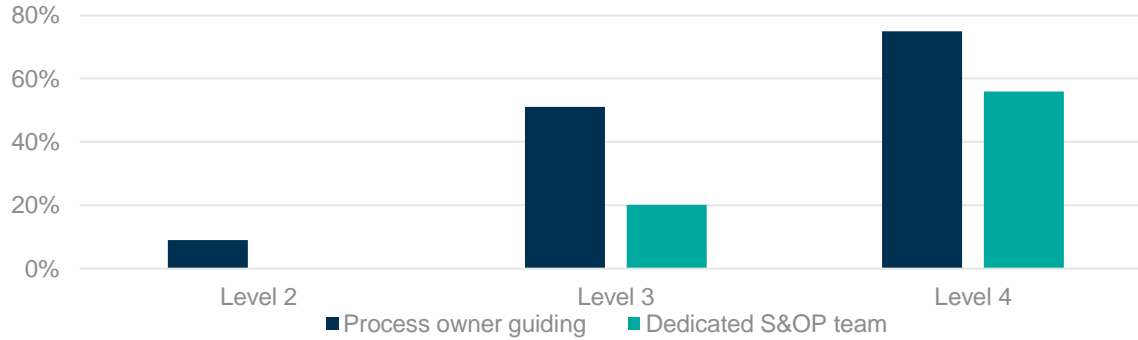
Cross-functional



Top management



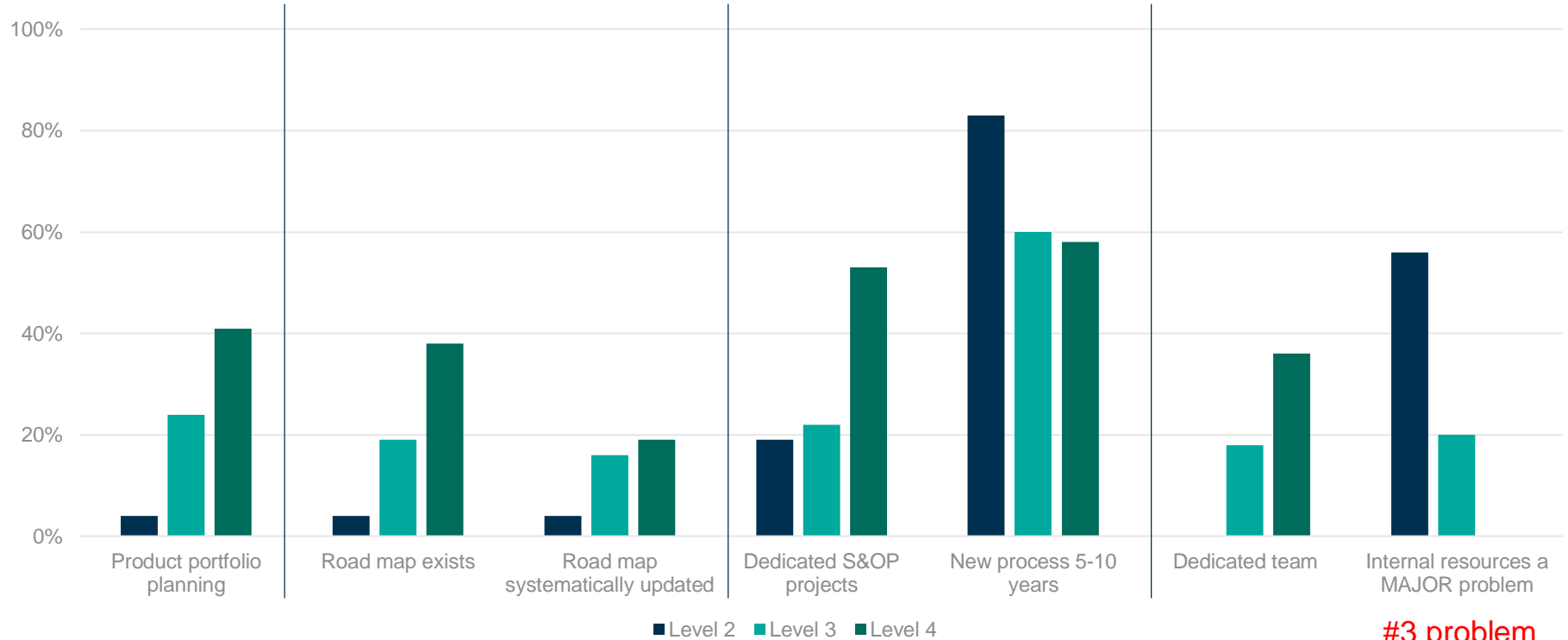
Process owner



TO ADVANCE TO HIGHER MATURITIES

- Integrate **product portfolio** planning
- Assess & develop: **Roadmap**
- **Establish governance:** Resources, change, team, top-down/bottom-up.

TO ADVANCE TO HIGHER MATURITIES

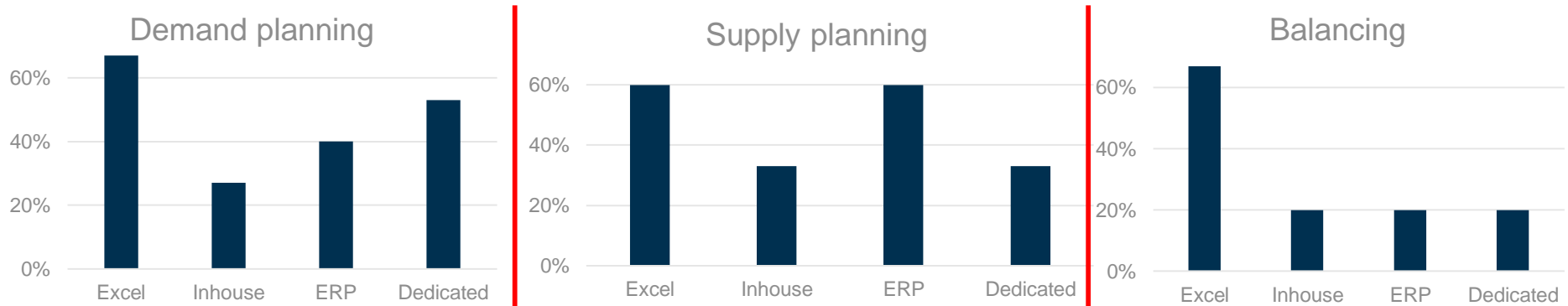


#3 problem
(Level 3)

TO ADVANCE TO HIGHER MATURITIES

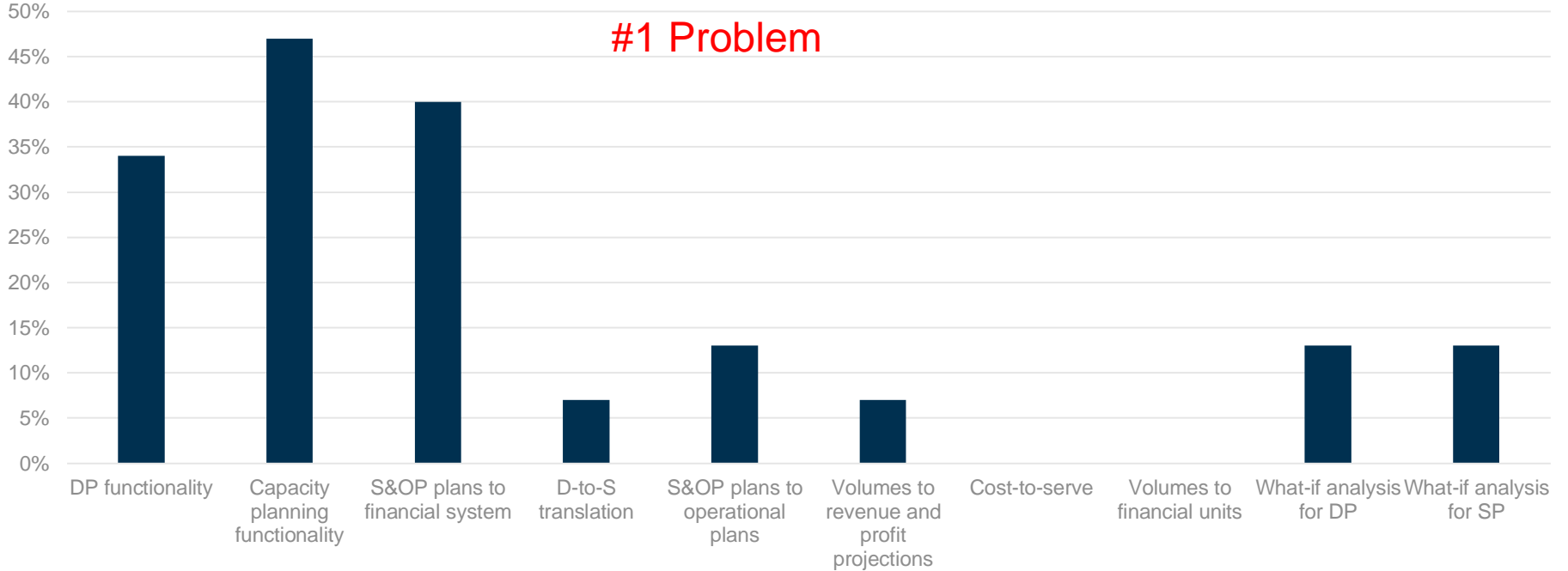
- Integrate **product portfolio** planning
- Assess & develop: **Roadmap**
- **Establish governance:** Resources, change, team, top-down/bottom-up.
- Utilise **advanced IT** functionality

EXCEL – THE #1 TOOL!



Level 4 companies

INSUFFICIENT IT FUNCTIONALITIES



Level 4 companies

REFLECTIONS

Maturity levels:

- Almost all have something that could be called S&OP. 2/3 have a full process.
- But few advanced. None at the highest maturity level. Vital components missing for 4/5.

Common gaps:

- Product portfolio planning.
- Meetings (esp. Pre-S&OP) not focused on assumptions, opportunities, scenarios, impact.
- Detailed parameters and short-term focus.
- Data quality system.
- Advanced IT support.
- Advanced supply planning.
- Scenario-based planning.

Further issues:

- Resources, metrics and top management not in place early enough to mature?
- Formal S&OP policy, strategic priorities, roadmap and improvement projects – but only among those already being advanced.
- Top management involvement – But do they understand?
- S&OP is integrated with financial planning - but is financial impact really assessed?
- Demand planning constrains on lower maturity levels, and Supply planning on higher levels.
- Vertical integration (Business planning and MPS/S&OE) for advanced – But how working?

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THANK YOU!
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