

Connecting S&OP to Operational Execution

According to industry research, most S&OP users cannot create a consistently achievable S&OP plan. A Supply Chain Insights survey revealed that only 30 percent of manufacturers are “nearly always” or “most of the time” able to effectively tie S&OP planning to execution. Gartner confirms that “The No.1 challenge among manufacturing companies is connecting the sales and operations plan (S&OP) to the operational plan/execution.”

This critical gap often relegates S&OP to a passive planning exercise, rather than actively connecting to results to real business outcomes. In monthly S&OP meetings, managers make strategic decisions such as increasing revenue or adding new products that don’t always translate into operational plans that can be practically executed downstream. This shouldn’t be too surprising because companies usually have separate planning and operations models that do not map to each other. They plan with one and execute with the other.

Connecting S&OP to Operational Planning/Execution

ToolsGroup’s S&OP solves this challenge by employing the same data model at both levels – tactical and operational planning. It creates a single integrated data model with one version of the truth that’s continuously synchronized through perfect mapping. This allows you to push aggregate S&OP changes down—giving you the right level of detail for operational execution. It also ensures the latest operational updates are available for tactical decision making. With ToolsGroup you get what you plan.

Using Optimization to Tie S&OP to Real-World Constraints

ToolsGroup’s single model also allows different S&OP participants to view information in the way that serves their roles best. On the one hand companies have to verify feasibility and optimize S&OP in a detailed model that represents real-world constraints – such as plant level production or distribution center receiving capacities. While sales and finance can stay at a higher level, at the operational and execution level, the devil is in the details. ToolsGroup’s lets the different players work with data at the right level of detail or aggregation to perform most effectively.

Plan for Uncertainty with S&OP Scenarios

ToolsGroup's simulation environment lets S&OP teams easily make "on-the-fly" calculations to show the supply chain and P&L impacts for a variety of scenarios such as the impact of price increases, promotions, purchasing requirements, and production plans. Advanced algorithms factor in demand and supply chain uncertainty and simulate the impact of inventory on service levels. S&OP teams can continually create and compare multiple scenarios to reach consensus.

Other important ToolsGroup S&OP capabilities include:

- Machine learning technology – working seamlessly with an advanced probability forecast – creates a self-adaptive model. The probability forecast uses historical demand and applies machine learning technology to produce a robust, reliable baseline forecast that accurately models the factors, from internal and external data sources, shaping the demand.
- Multi-Echelon Inventory Optimization – a valuable tool for insuring that trade-offs and optimization is performed at the level where the constraints are applicable. Complex businesses with thousands or more item– location combinations or long-tail demand can only make the right trade-offs using optimization technology. ToolsGroup's optimization not only drives the process to superior outcomes, but cuts out a lot of the manual guesswork.
- Web-based demand and supply collaboration hubs make core optimization and "what-if" modeling technology accessible to a broad community of salespeople, dealers, partners and suppliers. On the demand side, multiple internal and external stakeholders fine tune the baseline forecast by applying their market knowledge. Supply side stakeholders create a single consensus supply plan that can then be fed back to operations for execution.
- ToolsGroup supports all levels of your planning processes: strategic, tactical, operational execution and daily planning. Our planning solution supports your Integrated Business Planning (IBP), Sales & Operations Planning (S&OP), Sales & Operations Execution (S&OE) and Supply Chain Planning (SCP) processes with a single integrated data model.