



*In theory...the benefits of S&OP are appealing, in reality they can be **stunning**.*

Here's what Plan4Demand delivered for one multibillion dollar chemical client:

- ***Forecast accuracy up 50%***
- ***Product inventory down 50%***
- ***SLOB inventory down 10-15%***

So, is S&OP right for you?

SS056:
Chemical Manufacturer

S&OP: GOOD CHEMISTRY

When supply chain leaders with the U.S. arm of this global chemical/material sciences manufacturer recognized a disconnect in operational planning, they sought the expertise of an experienced partner who could help them not only pinpoint key problems but also develop an effective path forward that would yield **tangible results** and **actual value** for their investment.

They already knew the hard facts: their supply planning process was too execution-oriented, their demand planning process was in disarray, and their organization was underserved by expensive software that was underutilized. An effective S&OP process **could be** the missing element to improve organizational “chemistry,” but the last thing they needed was empty promises.

With hands-on experience building robust S&OP processes for similar organizations, *Plan4Demand's specialists proved to be the perfect fit.*

PERCEPTION VS. REALITY: ASSESSING THE AS-IS

In this case a dozen business units were organized around distinct product groupings, each with its own operational approach and level of S&OP process maturity. Demand planning processes ranged from impeccable to nonexistent, and the forward-planning horizon focused on “next month” instead of “next year.” **Based on this shaky foundation, business planning results were predictable:** negative forecast accuracy, exceptionally high levels of finished goods, extensive quantities of dead/slow-moving inventory, and on-time rates lagging around 70-80 percent. In addition, rising concerns about global competition and maintaining market share in a projected downturn heightened urgency to improve service and operational efficiency.

As a dedicated client advocate, Plan4Demand takes a pragmatic approach to helping business leaders achieve such goals by focusing on **people** and **process first** before even *considering technology*. In this case, we confirmed the potential of S&OP — along with enhanced demand planning — to drive improvement, based on a deep understanding of both core business constraints and the ability of this organization to manage change.

FIRST, WE FOCUSED ON PEOPLE...

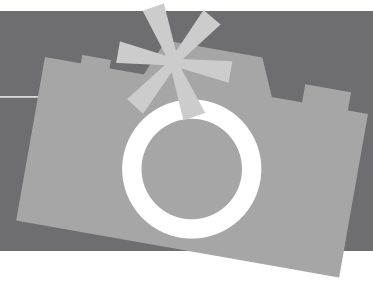
When this client's project sponsor said “**Ninety percent of S&OP implementation is change management,**” he echoed our sentiment that best-in-class S&OP implementations require training and change management to drive ongoing improvement. We first recommended extensive training in demand planning and S&OP best practices, followed by deep-dive training into rough cut capacity planning and demand statistics, to enhance user capabilities and improve utilization of the installed SAP APO application.

Plan4Demand is a client advocate and is in no way sponsored by any software vendor.

Solution Snapshot

Problem: Supply chain leaders with the chemical division of this Global 500 corporation were challenged to design, develop, and deliver an S&OP process that would yield tangible business results.

Solution: With years of expertise helping world-class clients reap real-world benefits, our S&OP specialists tackled this effort with a balanced approach to *people, process, and technology*.



Not content to deliver mere point-and-click training, we customized course content to address hot buttons flagged during our assessment, like ways to manage resistance to change, tips for facilitating productive meetings, and root-cause analysis. We also developed an extensive work force transition process, including detailed communication plans, skills competency matrices, process flow diagrams, and role/responsibility definitions — to lay a solid foundation for effecting change throughout the organization.

...NEXT, WE ADDRESSED THE PROCESS...

Unlike many consulting firms, Plan4Demand doesn't take a cookie-cutter approach to process improvement. Our S&OP experts leverage decades of experience in this discipline to design custom-fit process models. In this case, we targeted key improvement opportunities while maintaining essential process elements. We focused on developing a best-in-class process — incorporating demand consensus, supply/demand balancing, and executive review meetings — to ensure progress and minimize constraints.

In addition, we completely redesigned the demand planning process around the tenets of our holistic Demand Excellence™ model, incorporating exception processing and forecast data management to help demand planners pinpoint problem areas for attention rather than weed through the forecast.

...THEN — FINALLY — WE TARGETED TECHNOLOGY

After determining that our client's installed application base was hamstrung by poor implementation and rigid configuration requirements mandated by corporate headquarters in Europe, our SAP APO specialists worked closely with stakeholders to improve both utilization and usability.

To improve visibility into demand and supply data, we helped design reporting that leveraged Business Warehouse (BW) queries, which enabled better insight into forecasts and error, capacity constraints, inventory, and service issues. **By helping people better focus on such issues we enabled them drive rapid improvements across all key supply chain metrics.**

THE FINAL SCORECARD

Implementing an *effective* S&OP process is no simple task, but **the returns are well worth the effort**. Backed by client executive and support teams committed to success, Plan4Demand's S&OP professionals helped implement a process that delivered substantive results for 12 business units:

- Item-level forecast accuracy up 50% within six months
- Finished goods inventory down 50%
- 10-15% reduction in slow-moving/obsolete inventory

The Next Challenge: Roll out S&OP to achieve similar improvements at additional business units throughout the organization.

Plan4Demand is a consulting services firm that helps Global 500 corporations and mid-market companies increase profitability and reduce operating costs by maximizing efficiencies across their supply chains.



People—Process—Technology

By first collaborating with your *people*, we jointly determine the best ways to optimize your *process* requirements. Only then do we move forward with the right *technology* to help you achieve your bottom-line goals.

plan4demand
Global Supply Chain Specialists

Call Plan4Demand at **866.P4D.INFO**
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