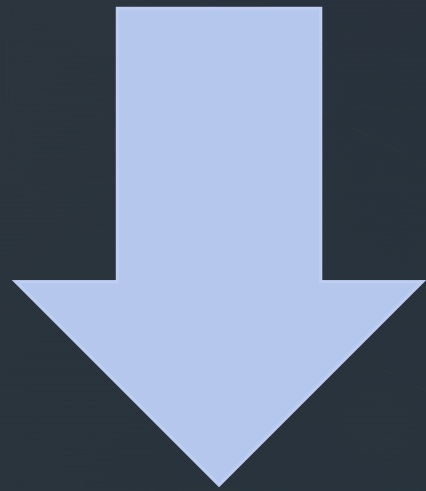


IBP/S&OP Tips

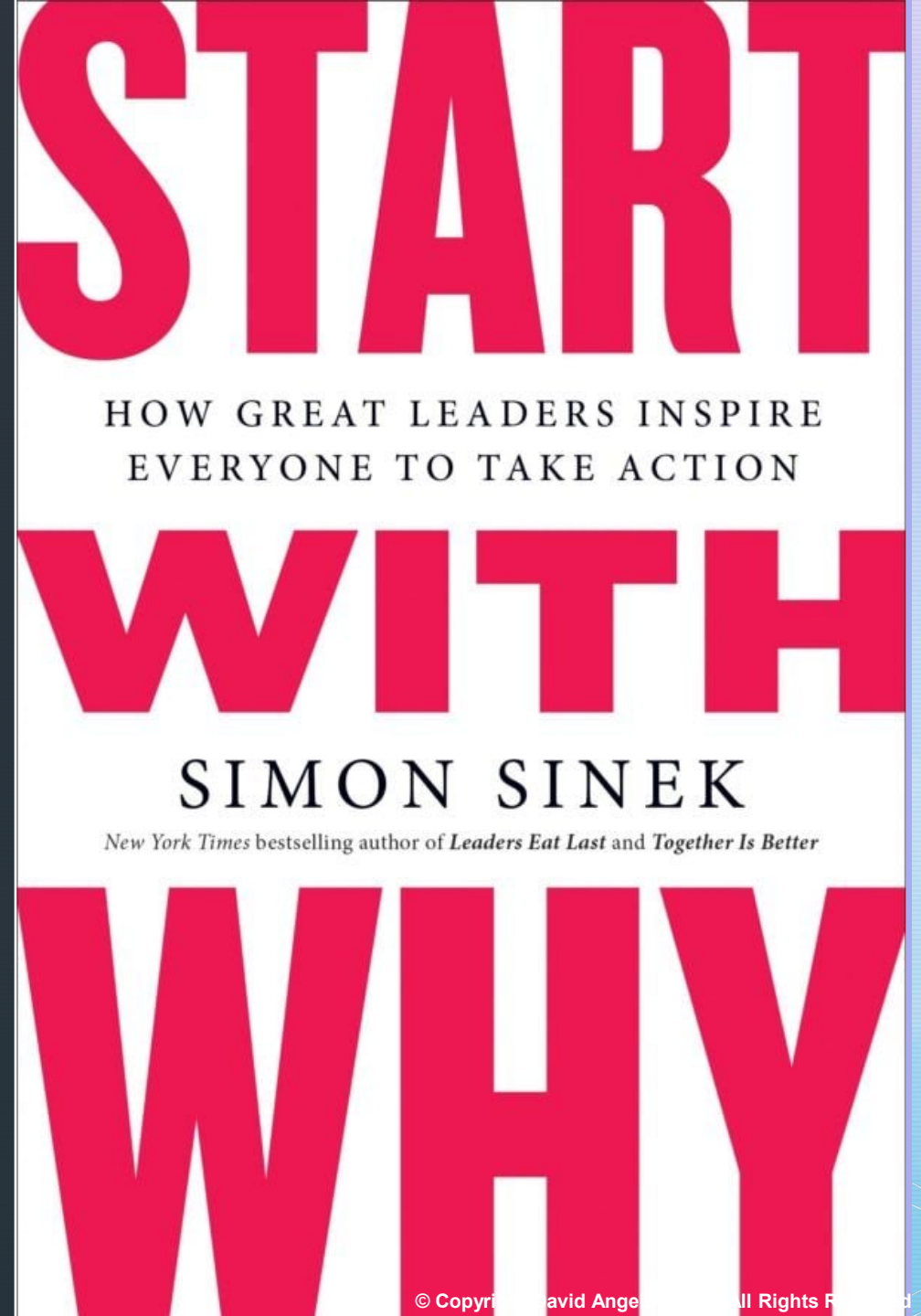
10 Keys Needed for Successful Integrated Planning

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Planning,
Why do we care?



Nothing happens
without a plan!



Everyone Needs a Plan

Each function needs a plan



Marketing
Plans



Sales Plans



Financial
Plans



Product Plans



Logistics
Plans



Supply Chain
Plans

Yet, plans without coordination leads to problems

- Siloed plans optimize a specific function, yet not the enterprise overall



IBP/S&OP objective is to integrate functional plans



- When all you have is a hammer, everything looks like a nail.....
- Do your homework to be sure you're ready for IBP and it's the root cause problem ([IBF Tool](#))

If early in the IBP implementation journey, find a framework

CROSS INDUSTRY PROCESS CLASSIFICATION FRAMEWORK®
Version 7.2.1

OVERVIEW
Cross Industry Process Classification Framework® (PCF) is a taxonomy of cross-functional business processes intended to allow the objective comparison of organizational performance within and among organizations. The PCF was developed by APQC and its member companies as an open standard to facilitate improvement through process management and benchmarking, regardless of industry, size, or location. The PCF organizes operating and management processes into 13 enterprise-level categories, including process groups and more than 1,000 processes and associated activities. The PCF, its associated measures, and definitions are available for download at no charge at www.apqc.org/pcf.

THE FRAMEWORK FOR PROCESS IMPROVEMENT
Experience shows that the potential of benchmarking to drive dramatic improvement lies squarely in making out-of-the-box comparisons and searching for insights not typically found within intra-industry paradigms. To enable this beneficial benchmarking, the APQC Process Classification Framework (PCF)® serves as a high-level, industry-neutral enterprise process model that allows organizations to see their business processes from a cross-industry viewpoint. The cross-industry framework has experienced more than 20 years of creative use by thousands of organizations worldwide. The PCF provides the foundation for APQC's Open Standards Benchmarking® (OSB) database and the work of its advisory council of global industry leaders. Each version of the PCF will continue to be enhanced as the OSB database further develops definitions, processes, and measures. The PCF and associated measures and benchmarking surveys are available for download from the Open Standards Benchmarking web site at www.apqc.org/osb.

HISTORY
The cross-industry Process Classification Framework® was originally envisioned as a taxonomy of business processes and a common language through which APQC member organizations could benchmark their processes. The initial design involved APQC and more than 80 organizations with a strong interest in advancing the use of benchmarking in the United States and worldwide. Since its inception in 1992, the PCF has seen updates to most of its content. These updates keep the framework current with the ways that organizations do business around the world. In 2014, APQC worked to enhance the cross-industry PCF and updated a number of industry-specific process classification frameworks.

The PCF is written in United States English language format.

APQC

Version 7.2.1-09-21 • September 2018

SCOR Model

<https://seor.ascm.org/processes/introduction>

ESCM SUPPLY CHAIN MANAGEMENT **SCOR** DIGITAL STANDARD

Processes Performance People Practices Special Applications and Resources

Plan Source Make Deliver Return Enable

Introduction to Processes

A process is a unique activity performed to meet predefined outcomes. The SCOR processes are those that a supply chain must execute in order to meet its primary objective of fulfilling customer orders. For each unique process, SCOR only has one representation.

SCOR recognizes 6 major processes — Plan, Source, Make, Deliver, Return and Enable — which are referred to as level-1 processes.

Plan
The Plan processes describe the activities associated with developing plans to operate the supply chain. These include determining requirements, gathering information about available resources, balancing requirements and resources to determine planned capabilities and gaps in demand or resources, and identifying actions to correct these gaps.

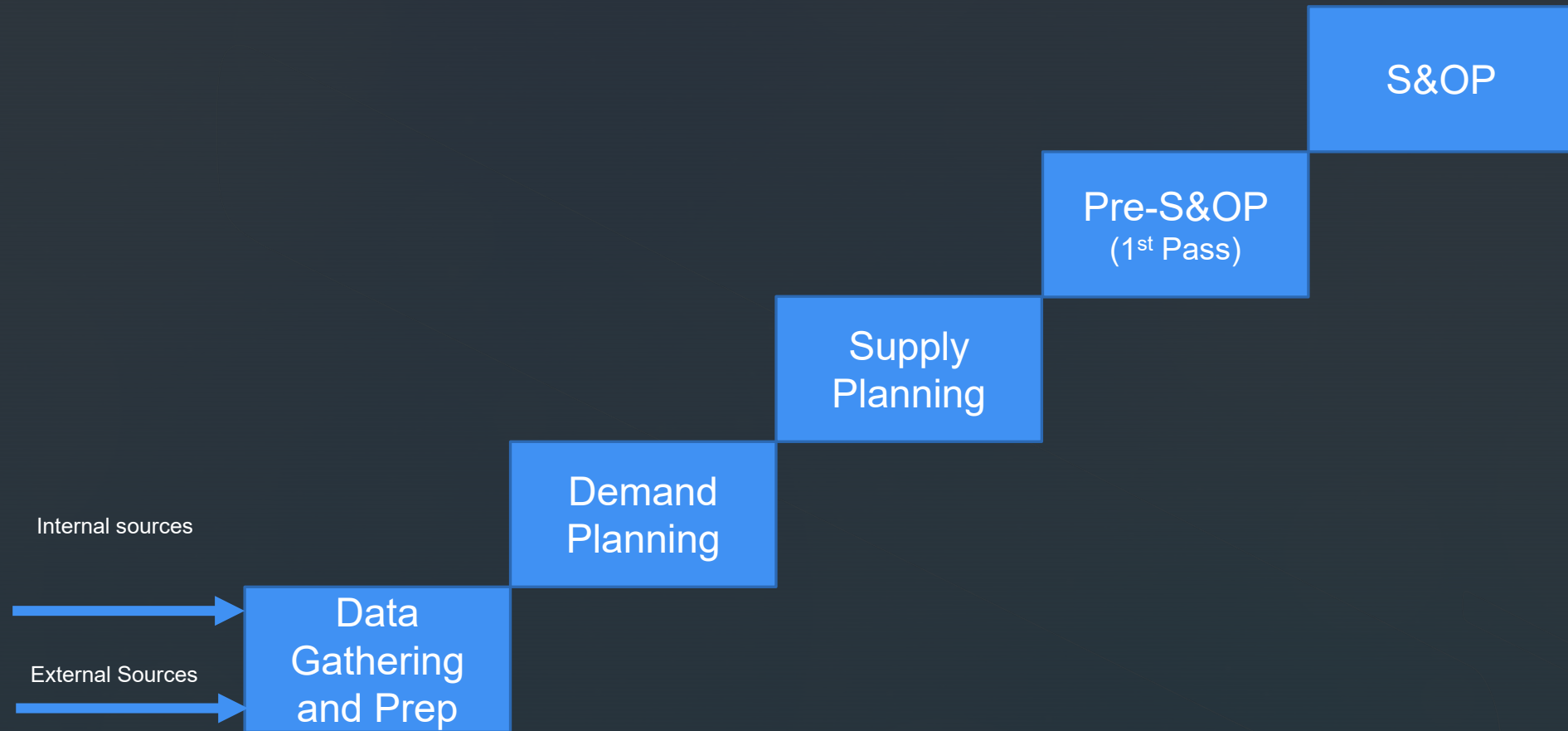
Source
The Source processes describe the activities associated with ordering, delivery, receipt and transfer of raw material items, subassemblies, products or services. These include issuing purchase orders, scheduling deliveries, receiving orders, validating orders, storing goods and accepting suppliers' invoices. With the exception of sourcing engineer-to-order goods or services, all supplier identification, qualification and contract negotiation processes are not included in the Source process elements. Instead, see ASCM DCOR.

Make
The Make processes describe the activities associated with the conversion of materials or the creation of content for services. These include assembly, chemical processing, maintenance, repair, overhaul, recycling, refurbishment, manufacturing and other common types of material-conversion processes.

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IBP/S&OP are well known processes, choose a known approach and adapt... Little value in creating your own

Classic 5 Step S&OP Process



For simplicity, Finance plans result from Demand and Supply plans (Revenue and Cost) and are generated for the Pre-S&OP meeting)

Executive leadership is essential

- IBP is a critical process
- Engagement and guidance are vital
 - Establish KPI's driving integration
 - Evaluate org structure and alignment
 - Lead by example
 - Attend and participate in meetings



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Leadership is demanding and a playbook with tips is useful

There are no silver bullets

Transformation is hard work

Tips from others can help ease the process



Tip 1

Engage the organization

If you want to go fast, go alone, if you want to go far...bring others with you.



“Culture eats strategy for breakfast”

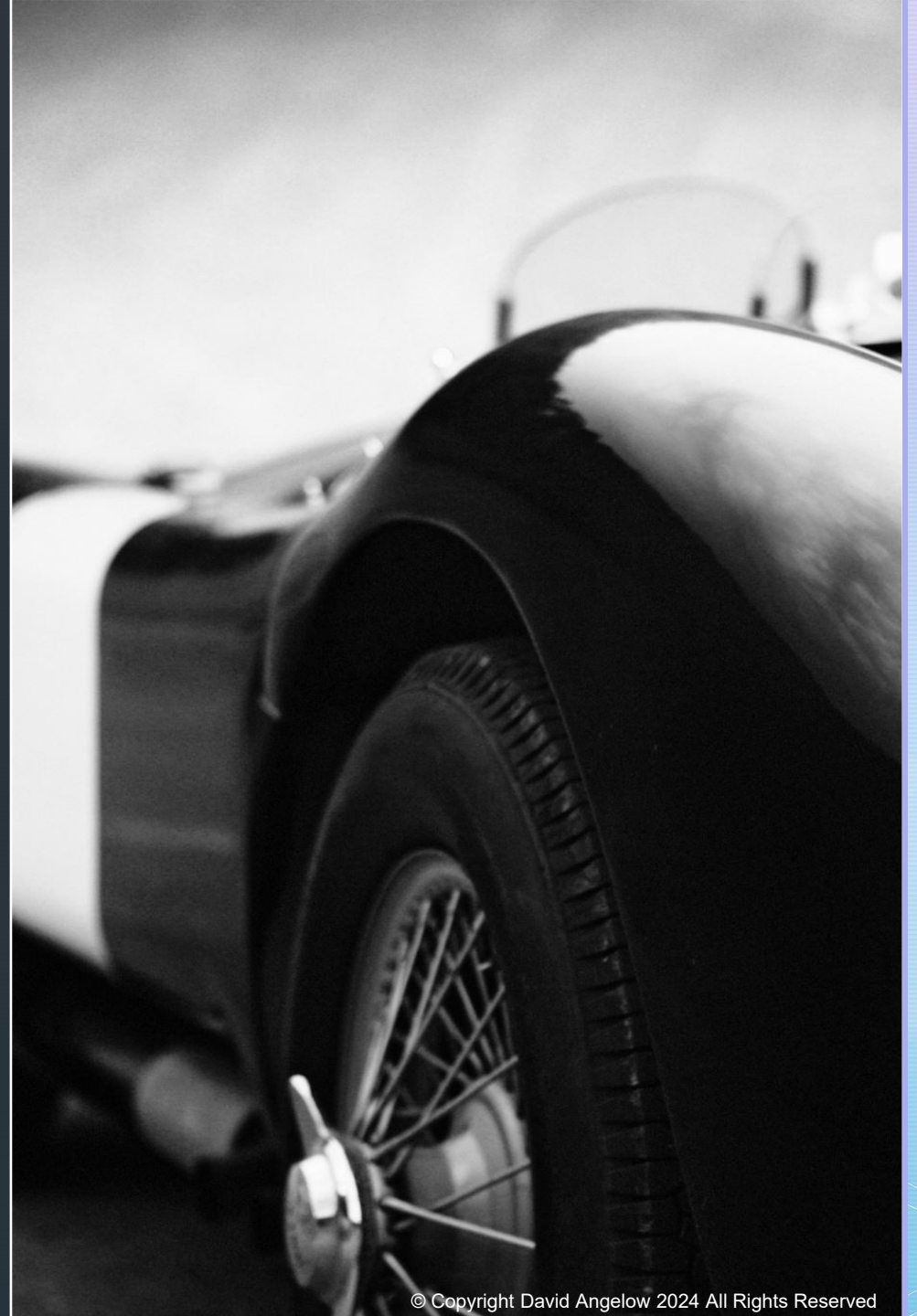
Tip 2

Start your engines

"It's easier to steer a moving car"

Design business processes and get moving

Reduce the risk of crashing with high-performance software few can handle (simplify then automate)

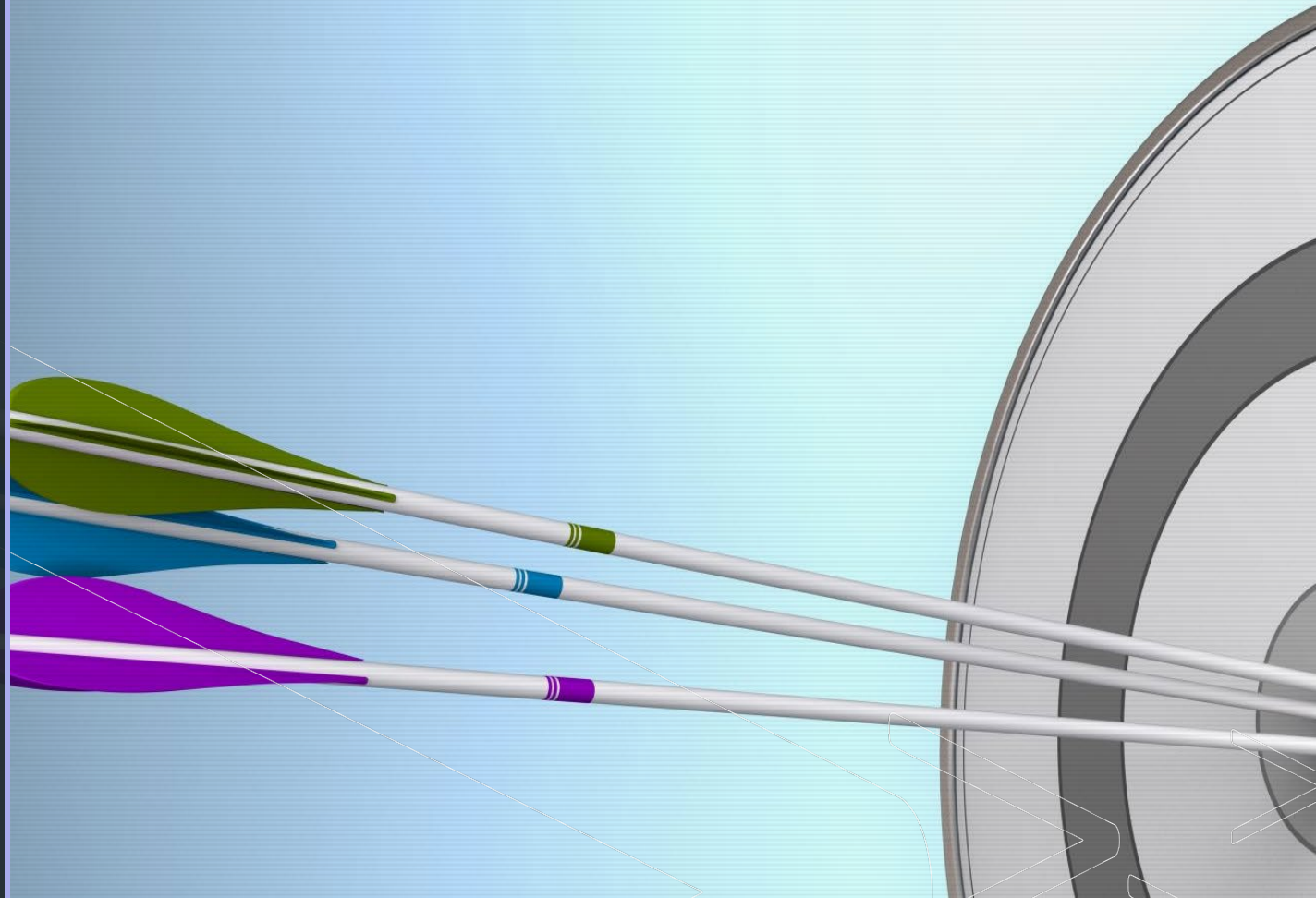




Tip 3

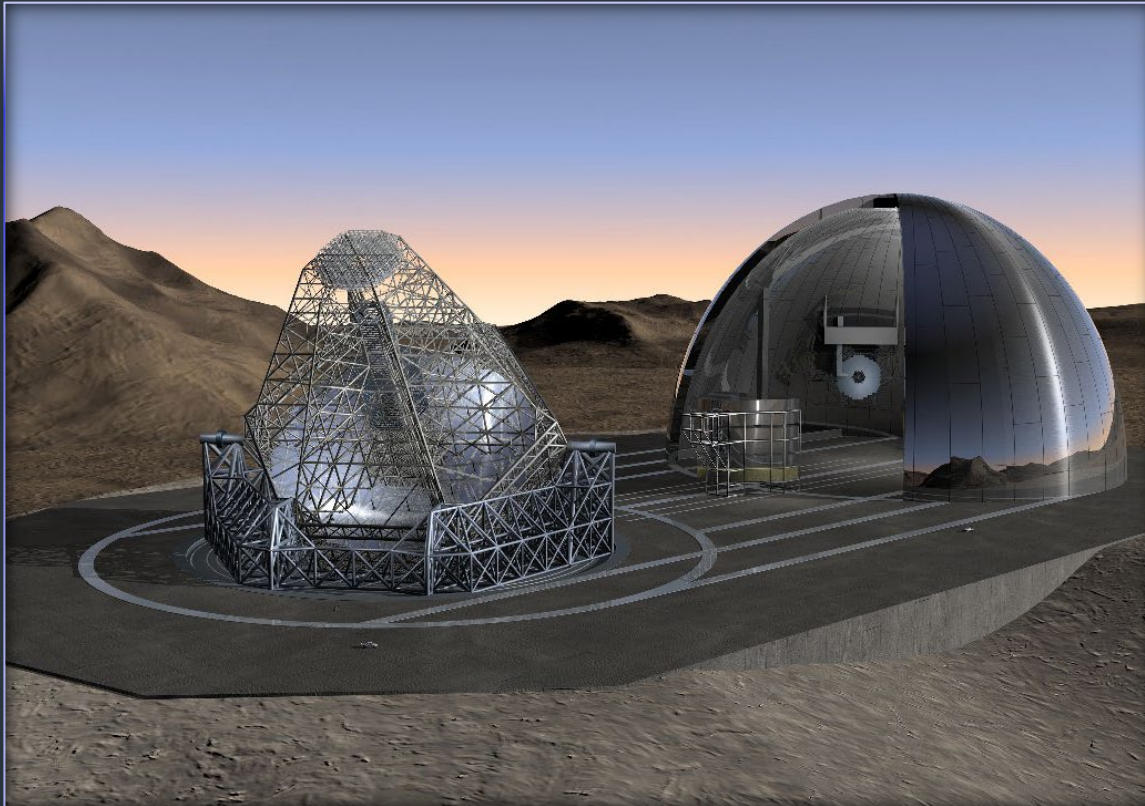
Be Customer Driven!

Demand drives everything – customer satisfaction depends on delivering



Plan for the long-run, align across horizons

Tip 4



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- Long Range
 - New products, New facilities, Acquisitions/divestitures, Sustainability, Capital needs
- Mid Range
 - Assured supply/Risk mitigation
 - Pricing pressures, exchange rates
- Execution
 - Meet customer demands
 - Capacity utilization, scheduling, work sequencing, etc.

Tip 5

Integrate plans

- Demand
- Supply
- Logistics
- Sustainability
- Financial

“Single version of the truth”





Tip 6

Metrics and Measures

Establish KPI's and measures for key areas (Demand, Supply, Financial, etc)

- Forecast accuracy, Inventory turnover, Service levels, OTIF

Set and track improvement goals

- What would it take to do weekly IBP

“You get what you inspect, not what you expect”



Tip 7

Celebrate the Journey!

S&OP is not an overnight trip... you're traveling as a team

- Plan rest stops
- Celebrate successes (and set-backs)
- Recognize traveling companions
- Switch drivers from time to time





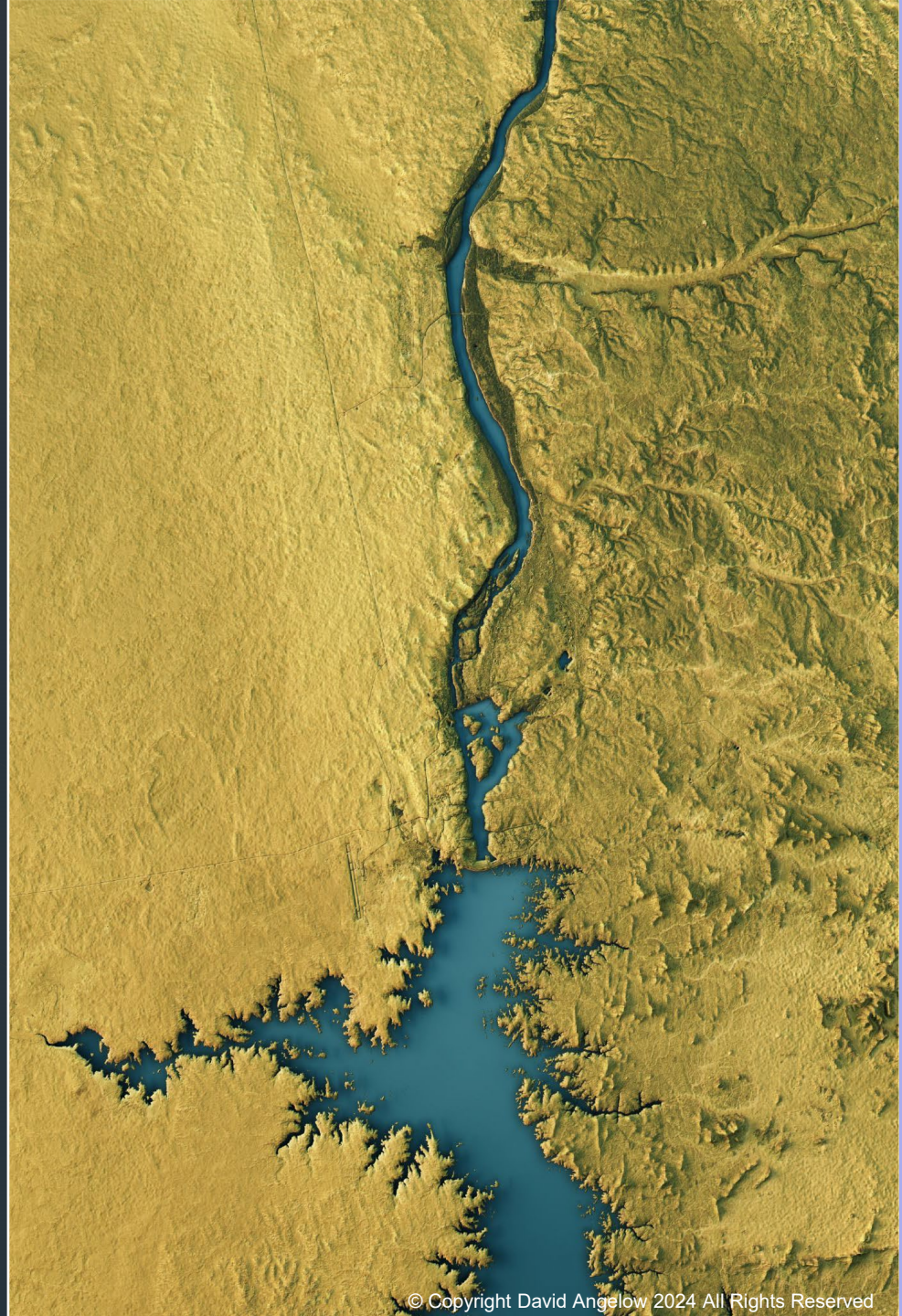
Tip 8

Land and Expand

Small wins build momentum

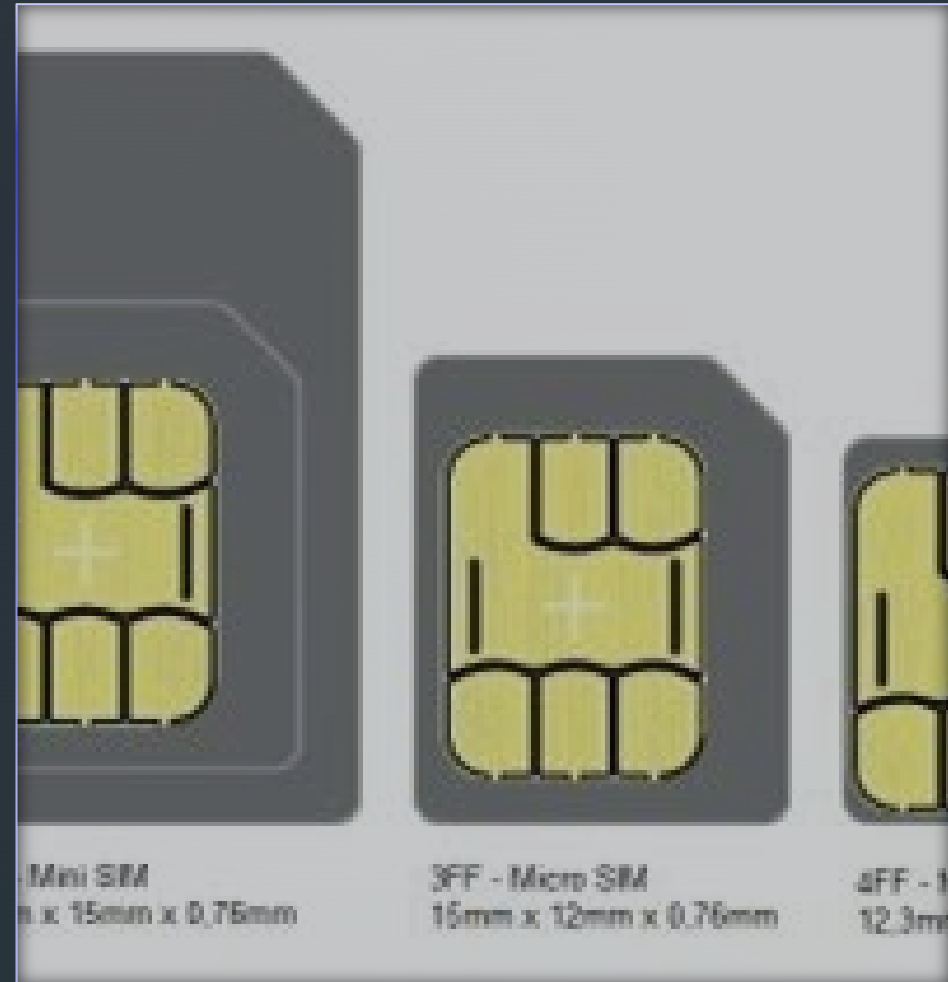
Success breeds success (envy is a motivator)

Start with one product line or family, prove the process.... Then add other groups



Poka-Yoke

- Evaluate processes and what could go wrong
- Mistake proof where possible
 - Assured supply/Supply Chain Risk Management
 - Scenario Planning/What-if



“Start with the end in mind” – Stephen Covey

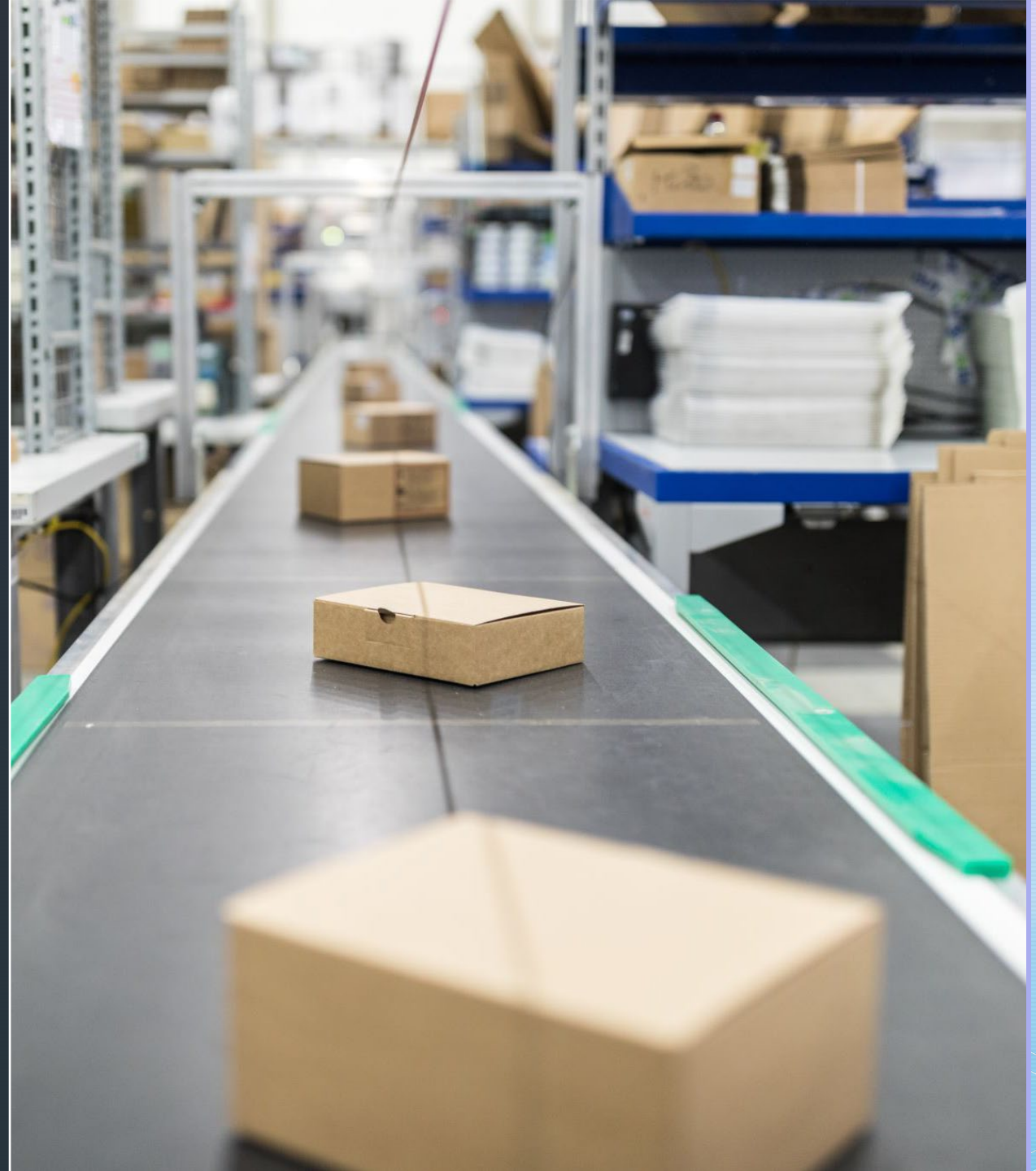
Tip 10

Automate for efficiency

S&OP relies on people making good business judgements.....

.....software help speed processes and reduce labor

Emerging (AI/ML) technologies can augment people yet human oversight is needed



Recap

- Silos are the enemy for the business overall, integrating brings the power of the team
- There are many flavors to S&OP and levels of sophistication
 - Don't overlook the best for the better – add scenario planning, and other tools when you're ready
- People and Process are key – Automaton helps and best when processes are established
 - Best of breed software is “best fit” for many organizations
- Complete the Open Book Quiz and follow-up with results/questions
(dangelow@txstate.edu)

Open Book Quiz

1. Leadership and Engagement

- Do you have executive engagement and goals set for your S&OP outcomes (IE, increase RONA)?
 - Yes No Needs Improvement
- Are executive leaders (from sales, operations, supply chain, marketing, and finance) consistently engaged and committed to S&OP meetings?
 - Yes No Needs Improvement

2. Cross-Functional Collaboration

- Are cross-functional teams (sales, finance, operations, and supply chain) collaborating effectively to build an integrated S&OP/IBP plan?
 - Yes No Needs Improvement
- Are all departments attending and engaged in the S&OP/IBP meetings?
 - Yes No Needs Improvement

3. Metrics and Performance Tracking

- Do you have clear Key Performance Indicators (KPIs) to measure the success of your S&OP/IBP process (e.g., forecast accuracy, inventory levels, service levels)?
 - Yes No Needs Improvement
- Are the KPIs regularly reviewed, and are they influencing decisions in your planning process?
 - Yes No Needs Improvement

4. Risk Management and Scenario Planning

- Does your S&OP/IBP process include scenario planning to assess risks and alternatives (e.g., disruptions in supply, sudden demand changes)?
 - Yes No Needs Improvement
- Are you identifying and addressing potential supply chain risks (raw material shortages, supplier disruptions)?
 - Yes No Needs Improvement

▾ Questions???