

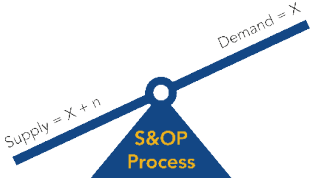
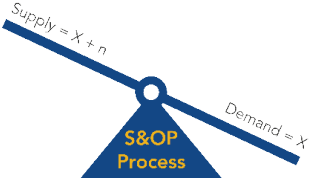

Implementing Sales & Operations Planning (S&OP)



Today's consumer expects a wide assortment of high-quality products delivered quickly and inexpensively. This market-driven requirement puts pressure on global supply chains to be highly effective and efficient. In order to do this, demand and supply must be aligned and balanced to drive towards an integrated business plan (IBP).

Leverage S&OP to Balance Supply with Customer Demand

The S&OP process aims to balance supply with customer demand. When supply and demand are not in balance, a company can face very significant challenges, such as low service levels, capacity constraints or high inventory levels. So how can you get to that ideal future state where supply and demand are balanced? The answer is S&OP. S&OP is a medium to long-range planning process which works on a monthly cadence, focusing on products at a family and sub-family level to allow sales and operations teams to better address forecast anomalies as well as overall inventory plans, production levels and capacity limitations. A well-planned S&OP implementation will include training, change management and a piloted implementation approach by a team of internal and external resources.

		
When supply exceeds demand	When demand exceeds supply	When supply & demand are balanced
<ul style="list-style-type: none">• Inventory increases• Carrying cost increases• Storage capacity is stressed• Production notes are cut• Temporary or permanent layoffs exist• Margins erode - discounts, deals, promotions	<ul style="list-style-type: none">• Customer service suffers• Lead times stretch out• Orders are cut• Business is lost• Costs rise - overtime, materials, freight• Quality decreases• Specifications are compromised	<ul style="list-style-type: none">• Inventory is balanced• Safety stock buffer prevents lost sales• Shipments are on time and in full• Product quality is high• Customers are happy• Employees are happy• Business is stable• Focus on continuous improvement

With an S&OP approach, enVista can enable:

- Top line revenue growth
- Improved demand planning process and accuracy
- Highly collaborative cooperation planning
- Synchronized communication between departments
- Decreased functional boundaries
- Formalized inventory strategy by SKU and DC
- Alleviated capacity constraints
- Increased customer satisfaction by syncing your supply with demand

Crawl, Walk, Run Approach

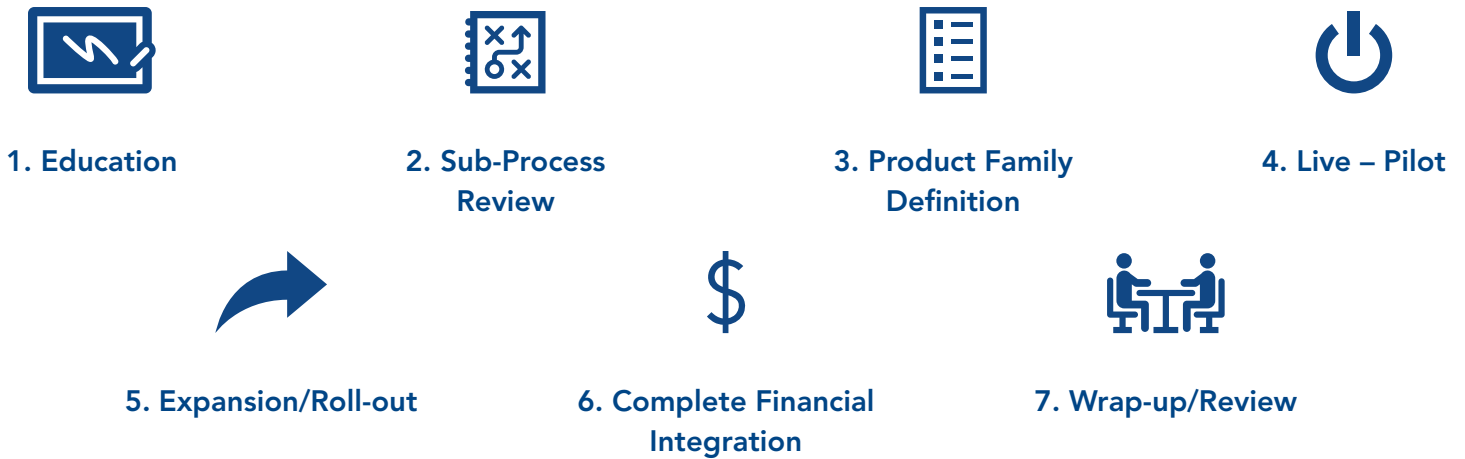
We'll work through a three-cycle pilot program (supported by change management tools) in the form of a crawl, walk, run methodology. S&OP is a medium to long-range planning process which works on a monthly basis, focusing on products at the program level.

**S&OE deals in weekly time buckets at the SKU level, you will continue to do this throughout.*

Time Frame	Within the Planning Time Fence of Domestic Production	Domestic Production Lead Time Up to 18 Months	16 Months to 5 Years
Process	Sales and Operations Manufacturing Execution	Sales and Operations Planning	Annual Strategic Planning
Actions	<ul style="list-style-type: none"> • Scheduling • Adjust Orders • Replenishment • Refine Transportation 	<ul style="list-style-type: none"> • Financial Integration • Demand Planning • Product Strategies • Supplier Collaboration • Product Portfolio Analysis 	<ul style="list-style-type: none"> • New Service Introduction • New Market/Customer Segment Expansion • Network Re-Design • Joint Business Planning with Customer and Suppliers

The process will take anywhere from 5-12 months to fully implement depending upon the complexity of the business, the starting point and resource availability. The redesign will start as a series of pilots, centered around a group of products. Change management is also a key requirement for success along with a core team of internal and external resources to implement the program. However, you will own the decisions and the process with our team working alongside your team to provide coaching, guidance and feedback.

We will follow these steps throughout the approach:



Changing to a Collaborative, Continuous Learning Organization

Once a plan has been established and those involved in your demand planning strategy (sales, operations, marketing, plan managers, manufacturing manager, etc.) have been determined, we'll support your transition to a more collaborative and accurate process. The biggest challenge of this transition is getting different internal organizations to collaborate effectively while sharing timely and appropriate information to make better decisions. Change management accelerates benefits by showing the vision of success while also organizing the collaboration so all roles and responsibilities are clear. In addition change management could include coaching during the early phases of implementation.

enVista offers certified practitioners that execute change and provide knowledge transfer. We partner with Prosci and use its proven ADKAR (Awareness, Desire, Knowledge, Ability and Reinforcement) methodology to introduce a set of processes, tools and practices used to manage the people side of a change. We also provide guidance on internal meetings, templates, inventory and forecasting models, surveys and newsletters throughout and post implementation to encourage easy adoption.

S&OP Approach

Translate sales forecasts into scalable supply chain plans to meet demand

Be intentional and deliberate about plans and tactics

Be data driven and analytical, not emotional or “hunch-based”

Develop consensus plans of action (sales forecast, production forecast and inventory forecast)

- Determines the required capacity to meet short-term and long-term demand
- Identifies most economical approach to meet demand
- Identifies demand that cannot/will not be satisfied

Drive greater accountability of functional performance

- Forecast accuracy
- Sales attainment
- Production schedule adherence
- Supplier performance

Develop company-wide resource allocation and prioritization

What makes enVista unique?

enVista combines industry best practices with real life implementation experience. While the technology behind S&OP is well established, enVista brings a highly effective, proprietary process and people methodology that ensures broad organizational acceptance. Our team focuses on how to best synchronize supply with demand while improving service commitments to customers. We do this through a coaching methodology to customize and adapt a solution ideally designed for each client. enVista helps customers bridge the gap between the traditional approach of siloed manufacturing or sales forecasting to drive a more collaborative effort which examines the performance of each sub-process and the overall planning approach. This allows our clients to step out of their hectic routines to evaluate the supply/demand balance and collaborate on a bigger scale.

We are industry practitioners with over 30-years of experience in integration-proven supply and demand strategies, as well as change management methodology, to drive organizational acceptance and long-term goals. We provide end-to-end supply chain experience that drives strong cross-functional engagement.

Let's have a conversation.™

info@envistacorp.com

