

7. S&OP maturity

Analysis and diagnosis phase

For a full overview of the tools see:

Stentoft, J., Freytag, P. V. & Mikkelsen, O. S. (2019), *Improved Competitiveness through Implementation of Sales & Operations Planning*, Department of Entrepreneurship and Relationship Management, University of Southern Denmark.

Purpose, participants and application

- **Purpose**

- To conduct an analysis and judgement of how mature the company is within four central Sales & Operations Planning (S&OP) areas:
 - 1) Process effectiveness
 - 2) Process efficiency
 - 3) People and organization
 - 4) Information technology
- To determine targets for maturity.
- To start activities to close gaps if needed.

- **Participants**

- Project manager and central stakeholders.

- **Application**

- Before, during and after S&OP implementation.



Approach

- Project manager and selected stakeholders evaluate and judge the current process by assessing the stage that best fit the current stage.
- If a S&OP process does not exist today, the model can be used to judge where one perceives the company is.
- When the judgment is carried out the results are discussed in the plenum.
- The agreed maturity stage is compared with the objectives for maturity and eventually, gaps can be identified.
- It is important to notice that the maturity stage can vary between the four areas.



Process effectiveness

Stage 0	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5
<p>No formal planning process</p> <p>None planned evaluations of meetings</p> <p>None considerations of capacity</p> <p>No planned campaigns or price changes</p> <p>No risk management</p> <p>No product lifecycle management or plans about new products</p> <p>No efforts to balance supply and demand</p>	<p>Loosely formalized planning process</p> <p>Meetings are not planned regularly</p> <p>Not all stock keeping units and product families are considered in the planning process</p> <p>Campaigns and price adjustments, capacities, risk management, new products and life cycles are planned but part of the S&OP process</p> <p>Attempts to create a common consensus based supply and demand plan</p>	<p>Moderate formalized planning processes and meetings are typically regularly planned</p> <p>Most stock keeping units and product families are considers in the planning process</p> <p>Campaigns and price adjustments, capacities, risk management, new products and life cycles are considered and planned but not sufficiently</p> <p>Consensus between demand plan and supply plan</p>	<p>Level 2 plus:</p> <p>Very formalized planning process</p> <p>Meetings are planned regularly</p> <p>All stock keeping units and product families are considers in the planning process</p> <p>Campaigns and price adjustments, capacities, risk management, new products and life cycles are sufficiently considered and planned</p> <p>Demand and supply (without finance) make a common and aligned set of plan</p>	<p>Level 3 plus:</p> <p>Internally, there is a complete and formalized planning process</p> <p>Meetings are held regularly and are event driven</p> <p>Campaigns and price adjustments, capacities, risk management, new products and life cycles are sufficiently considered and planned internally but not externally</p> <p>Demand and supply generate together with finance an aligned S&OP plan</p>	<p>Level 4 plus:</p> <p>The planning process is formalized in the whole supply chain</p> <p>Meetings are event driven</p> <p>Campaigns and price adjustments, capacities, risk management, new products and life cycles are sufficiently considered and planned both internally and externally</p> <p>All information is shared both internally and externally to improve traceability in the supply chain</p>

Source: Wagner, S.M., Ullrich, K.K.R. & Transchel, S. (2014), "The game plan for aligning the organization", *Business Horizons*, Vol. 57, pp. 189–201.

Process efficiency

Stage 0	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5
<p>All planning is carried out manually</p> <p>Information is only partly available</p> <p>Re-planning is often necessary</p> <p>None planning meetings</p> <p>None alignment meetings</p> <p>No measures of planning effectiveness and efficiency</p> <p>None defined KPI's to measure planning performance</p> <p>No attempt to track performance</p>	<p>Much redundant preparation of information due to decentral storage of data</p> <p>Meeting attendances have not authority to make decisions</p> <p>Poor alignment of plans make regularity re-planning unavoidable</p> <p>Basic KPIs are defined but are only sporadic applied</p> <p>KPIs are not aligned between the departments, the business strategies and the bonus structure</p>	<p>Partly centralized data storage that improve the preparation of information</p> <p>Regularly re-planning is necessary</p> <p>Meeting attendances are typically authorized to make decisions</p> <p>Basic KPIs are defined and are applied regularly</p> <p>Most KPIs are harmonized across departments and partly with the bonus structure</p> <p>Some attempts to track performance</p>	<p>Level 2 plus:</p> <p>Relevant information is shared and made ready automatically</p> <p>Meetings are formalized and held (e.g. compulsory attendance)</p> <p>Re-planning appears rarely</p> <p>The planning efforts fits partly the organizational requirement</p> <p>Structured mechanisms for evaluation of S&OP performance</p> <p>Regularly reporting and tracking of performance</p>	<p>Level 3 plus:</p> <p>People only receive the information that they need</p> <p>Meetings are event driven and focused on exceptions</p> <p>Re-planning takes place very seldom</p> <p>Planning fits perfectly to the requirements of the organization</p> <p>Total alignment of KPIs across departments, business strategies and the bonus structure</p> <p>Internal benchmark of S&OP takes place regularly</p>	<p>Level 4 plus:</p> <p>External partners are integrated through systems (e.g. EDI) to avoid redundant data entrance</p> <p>S&OP meetings are event driven and virtual to avoid unnecessary travel activity</p> <p>Supply chain partners attend in alignment processes to avoid changes e.g. due to suppliers capacity constraints</p> <p>KPI's are aligned with net working capital</p> <p>Internally and externally S&OP benchmark is carried out regularly</p>

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People and organization

Stage 0	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5
<p>No division of roles and responsibilities regarding planning of tasks and activities</p> <p>No planning organization</p> <p>Employees do not understand the necessity and requirements for a sufficient S&OP process</p> <p>Insufficient planning know-how</p> <p>No top management commitment</p>	<p>Inadequate planning (no clear description of roles and the organization is not aligned with the business)</p> <p>Employees are not accountable for their plans and performance</p> <p>Few skills, little willingness to learn S&OP from employees</p> <p>Insufficient commitment and support from top management</p>	<p>Roles and responsibilities are clearly defined but not sufficient implemented</p> <p>No dedicated S&OP process owner</p> <p>Employees are partly accountable for their plans and performance</p> <p>Insufficient knowledge to conduct advanced S&OP activities</p> <p>Moderate commitment and support from top management</p>	<p>Level 2 plus:</p> <p>New planning organization with dedicated S&OP process ownership</p> <p>Responsibilities is clearly described in job descriptions; employees know them and are working according to them</p> <p>Sufficient knowledge to conduct advanced S&OP activities</p> <p>High commitment and support from top management</p>	<p>Level 3 plus:</p> <p>The planning organization is full aligned with business</p> <p>The planning is agile and makes it possible it react fast on unforeseen changes</p> <p>Sufficient knowledge to conduct further planning related activities e.g. risk management</p> <p>Very high commitment and support from top management</p>	<p>Level 4 plus:</p> <p>New organization structure with dedicated S&OP process owner that coordinate planning activities for the whole supply chain</p> <p>Employees and top management are very committed and strive towards continuous improvements</p> <p>Top management in all partner companies support and participate in S&OP</p>

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Information technology

Stage 0	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5
<p>No planning system</p> <p>Various spreadsheets exists and are applied</p> <p>Master data is not (accurately) defined</p> <p>No harmonization of master data throughout the organization</p>	<p>Isolated demand and supply planning systems with a very limited scope of functionalities Implemented</p> <p>No integration of demand and operations planning software</p> <p>Planning systems do not have access to all relevant planning data</p> <p>Inconsistent master data definitions</p> <p>Master data not harmonized throughout the organization</p>	<p>Demand planning software and multifacility production planning systems with advanced functionalities</p> <p>Information from other systems need to be manually entered or uploaded (no interfaces)</p> <p>Planning systems have access to most relevant planning data</p> <p>Most master data consistently defined but not entirely harmonized throughout the organization</p>	<p>Level 2 plus:</p> <p>Multi-facility APS system in place</p> <p>S&OP workbench and software that provides workflow support</p> <p>All planning modules and tools are linked via interfaces to the underlying ERP-system and have access to all planning data</p> <p>Plan adjustments are automatically incorporated in all modules</p> <p>Master data consistently defined and harmonized throughout the organization</p>	<p>Level 3 plus:</p> <p>Systems continuously keep track of plans and trigger automatically alerts in case of unexpected deviations</p> <p>Software suggests resolution alternatives if required</p> <p>Simultaneous/real-time feasibility analyses supported</p> <p>One 'single truly integrated system' in place</p> <p>Master data proactively managed internally but not externally</p>	<p>Level 4 plus:</p> <p>Software supports CPFR, TPM and other visibility tools to integrate supply chain partners in IT infrastructure</p> <p>IT systems are completely aligned throughout the supply chain</p> <p>All relevant data (including capacities of third-party manufacturers, etc.) is available</p> <p>Master data consistently defined and harmonized throughout the supply chain</p>

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Notes: APS = Advanced Planning Systems. CPFR = Collaborative, Planning, Forecasting & Replenishment.