

Sales & Operations Planning at:

Bramming Plast-Industry A/S

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This case is about Bramming Plast-Industry A/S. The case is a general description of the company's process as it participated in the project "Increased Competitiveness through Implementation of Sales and Operations Planning" (S&OP) carried out from 2017 to 2018 with funds from The Danish Industry Foundation (see www.salesandoperationsplanning.dk).

The case focuses on reasons for the company's participation in the S&OP project, including the project approach, performance results, and learning. It is important to note that the project was far more complex than is possible to reproduce in this case. The case therefore concentrates on participants' central stages, reflection, and learning points.²

¹For 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.

²A big thank you is directed toward the employees at BPI A/S who participated in the project and for the positive approach in the contributions in group processes, individual interviews, and reading and commenting on written material.



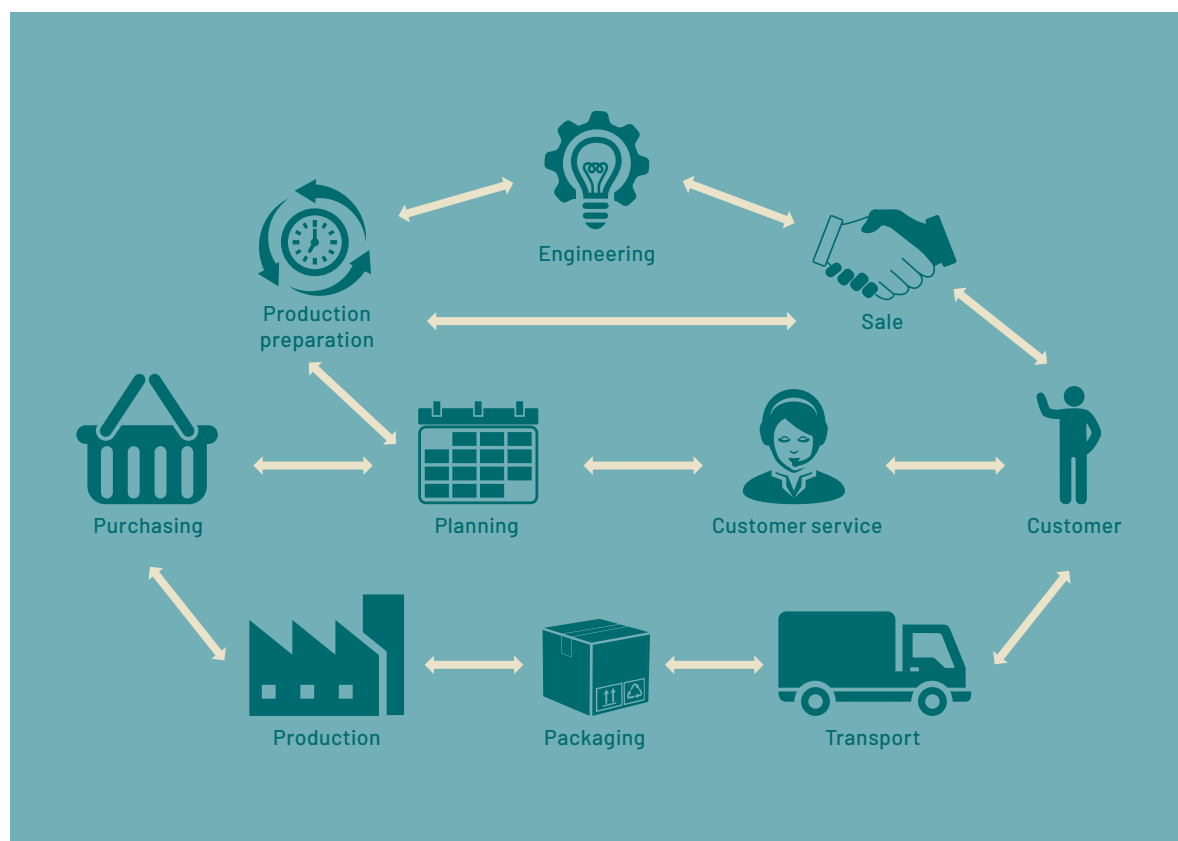
1. Introduction

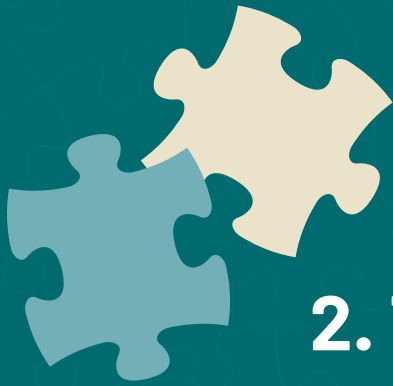


Bramming Plast-Industry A/S (BPI) is a contract manufacturing company based in Bramming, Denmark. The company develops, produces, and sells customized foam solutions to private and public companies. BPI was founded by John Feldt in 1971. In 2007, private equity fund Maj Invest Equity came in as co-owners. Most recently, private equity fund Blue Equity II acquired the majority share of the company. BPI has customers in a variety of industries in construction and industry as well as in furniture and design. In addition to production in Bramming, the company has production in Lipiany in Poland, and the two production sites serves customers in more than 20 countries. BPI employs 450 employees; 100 are in Denmark, and 350 are in Poland. The sales turnover for 2018 was approximately 40 million Euro one third came from turnover of shells and molded foam for design furniture and two thirds from technical products used for sound absorption, vibration damping, and isolation (see www.bpi.dk). The overall BPI order flow is illustrated in Figure 1. .

As seen in Figure 1, customer inquiries happen through both sales and customer service. Processes occur between the sales and service functions and construction, production preparation, planning, and procurement. Production takes place in either Denmark or Poland, encompassing activities such as cutting, laminating, CNC milling, gluing, and sewing. Additional operations ensue, depending on the type of product being made. After production, products are wrapped and shipped.

Figure 1: General order flow





2. The starting point

2.1 RECOGNITION

Senior consultant Einar Scholte from IMPLEMENT Consulting Group prompted the sales and operations planning (S&OP) process at BPI and assisted BPI with strategic development. Scholte's knowledge of the S&OP project at The Danish Industry Foundation led to a presentation to the executive committee of the company. BPI was facing business challenges in keeping up with the growth and resulting increase in service and supply needs from customers and partners. Further, many rush jobs and reprioritizations were challenging profitability. After being introduced to S&OP as a management concept and reviewing the plan for the entire process of implementation, the executive committee decided to join the project, thus committing to implementing S&OP.

2.2 ANALYSIS AND DIAGNOSIS OF THE CURRENT SITUATION

The overall order flow from the customer request to delivery, depicted in Figure 1, was transferred to a brown paper, which was used as the basic tool for the participants in a brown-paper workshop (Figure 2). Participants in the brown-paper workshop included the CEO; the COO; the CFO; the head of customer service; the head of planning, inventory, and logistics; and the purchasing manager. The workshop led to a number of constructive dialogues on the challenges in the process flow. The challenges were written on red sticky notes and posted at the places where they belonged in the flow. In addition, a process was conducted to assess the strengths of BPI. The strengths were expressed by statements on green sticky notes and likewise posted on the brown paper (Figure 3). The material from the brown-paper session was subsequently processed by a researcher from SDU and written into a PowerPoint presentation, which was reviewed with the workshop participants. The aim was to ensure that the sticky notes

had been placed correctly; this review allowed the messages to be adjusted and new notes added. The participants summarized the challenges and strengths as shown in Table 1. The points are not meant to be perceived as conclusions but rather as an attempt to provide a variety of headlines that the subsequent S&OP development process could use as its starting point.

Figure 2: Brown-paper working base for the S&OP of BPI

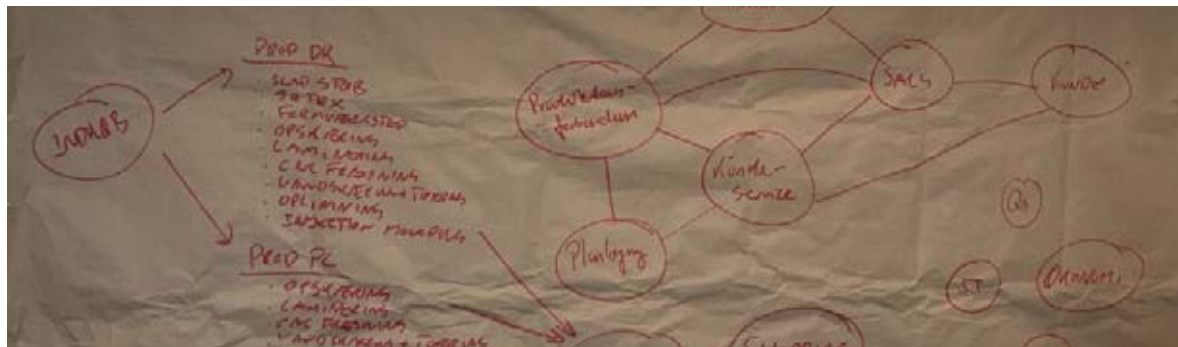


Figure 3: Results of brown-paper workshop at BPI



Table 1: Summary of challenges and perceived strengths

CHALLENGES (RED STICKY-NOTES)		PERCEIVED STRENGTHS (GREEN STICKY-NOTES)	
1.	Long response time	1.	Basic systems in place
2.	Many shifts in responsibility	2.	Willingness to look at challenges
3.	Agreements on routines and processes are not kept – also not easy to find/not developed	3.	Potential for changing things
4.	Organization (interphases) and responsibilities	4.	Short decision paths
5.	Facts, data, and structure	5.	Great employee engagement
6.	Lines of communications are broken	6.	Many orders go well and are delivered flawlessly
7.	Many firefights	7.	Growth
8.	We continuously follow up on each other, because we do not trust each other	8.	“We fix it” culture
9.	Capacity overview + management	9.	Willingness to remove complexity
10.	Many “chefs” and responsibility shifts	10.	Fine products

Source: BPI.



3. Implementation process

3.1 DEFINING THE NEW S&OP PROCESS

3.1.1 The technical part—“hard wiring”

Einar Scholte from IMPLEMENT Consulting Group facilitated the work on defining an S&OP process at BPI. A number of workshops were conducted, based on the results from the brown-paper session. BPI already had an S&OP process running; however, it soon became clear that this process was more in the nature of weekly coordination meetings with a short-term, operational focus. The benefit of these weekly meetings was that people were used to meeting with others from various functions to discuss challenges. Managers therefore chose to maintain the weekly coordination meeting as working S&OP meetings. In the beginning, the main challenge for the project team was to adopt a more fact-based approach with a longer planning horizon.

The process began with participants bringing the data, graphs, and other materials that they used in their daily work to make decisions. All the material was displayed on a wall, and participants were asked to articulate what they saw. Members from different functions saw different things, and often the many curves and graphs were subject to interpretations. The point of the exercise was to show that humans often interpret the same information differently. The exercise thus contributed to a focus on facts and an intention to rely only on facts, cleansed of interpretations.



The biggest challenge for us was to be fact-based and to obtain a long-term planning focus.

Hans Vejs-Petersen, COO, BPI.

The aim was very clear, and there was a strong support from the CEO, CFO, and COO. A process owner was quickly identified, which was of great strength in relation to ensuring a sharp focus on very concrete actions.

Einar Scholte, Senior Consultant, IMPLEMENT Consulting Group.

It was a very rewarding process for participants to look objectively at the facts within their own functional areas. Each functional area was examined over a number of days of meetings with the external consultant. The aim was that each participant would develop an overview of what to bring to a final S&OP meeting at month end to contribute optimally to the meeting. An action plan for each functional area was prepared, including the tasks to be solved among the various functions during the month, ranked by priority in terms of time and focus. The series of meeting ended in a rehearsal of an S&OP decision meeting, which gave rise to adjustments before beginning the pilot phase.

The implementation of the pilot phase prompted further adjustments in the data foundation. Further, a production planning system (ROB EX) was implemented, which emphasized areas in which data could be improved. As a side benefit, the new system revealed areas in which data were inadequate, showing that planning to a certain level had been based on tacit knowledge.



”That explains quite well why we must work hard to become better at planning with a longer horizon when the majority of the participants are action-oriented decision makers, running with a short-term perspective.

Hans Vejs-Petersen, COO, BPI.

BPI should be aware off that the person responsible for customer service has been assigned the role of S&OP process owner as a part of the customer service task portfolio. However, when responsibility for S&OP process occurred as a side task to the main task, the S&OP process could have low priority at peak times.

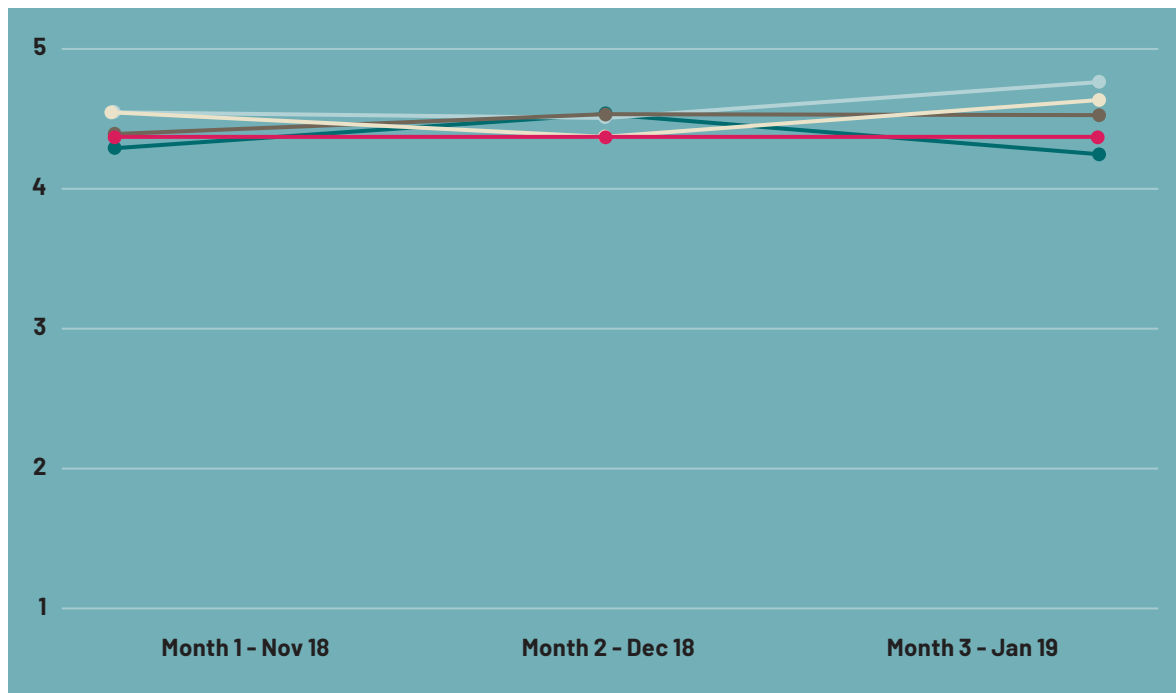
3.1.2 The behavioral part–“soft wiring”

All participants in the project completed a Myers Briggs type indicator (MBTI) analysis (Broegger & Bohnsen, 2011), which management consultants from Mercuri Urval used as a point of departure in two full-day workshops focused on behaviors in the new S&OP process. The first workshop focused on the conceptual framework of the MBTI and the participants’ results as well as on the group’s overall profile from the TeamDiamond® (Broegger & Bohnsen, 2015). This exercise showed that *implementors* and *maintainers* dominated the group’s overall profile. The COO said, “It explains quite well why we must work hard to become better at planning with a longer horizon when the majority of the participants are action-oriented decision makers, running with a short-term perspective.” Additionally, exercises were conducted on giving positive feedback to motivate the S&OP team members to improve.

The second workshop primarily focused on identifying the Key Behavioral Indicators (KBIs) that needed special attention. Working with KBIs is new



Figure 4: Perceived relevance of Key Behavioral Indicators



within the S&OP discipline and thus for BPI. To have the best start for the new S&OP process, BPI managers therefore decided to focus on three areas in which members might see value in strengthening the current practice:

1. Communication.
2. Meeting preparation.
3. Meeting punctuality.

Participants in the S&OP process perceived that identifying KBIs worked. In addition, KBIs positively affected the rest of the organization beyond the S&OP process. Further improvement was possible. However, motivating new behavior takes time—in fact, because most of the participants were energetic people, special attention was placed on not falling back on automatic reactions.

Participants in the S&OP process answered a monthly change survey in which they considered a number of statements about the process. Figure 4 shows the changes in response to the statements involving participants' perceptions of the relevance of KBIs. As shown, there was generally a high degree of perceived relevance of KBIs, with average scores over 4.0 on a 5-point Likert scale ranging from 1 (very low relevance) to 5 (very high relevance).

- Meetings are held as planned
- The necessary openness exists between the meetings participants
- Dialogue takes place at a constructive listened level 2
- Debates and discussions are primarily based on facts and not feelings
- There is a reflection about the process and whether the debated themes really grasp the core challenges (listened level 3)



4. Effect and learning

4.1 OBJECTIVES, PROCESS, AND CLARITY ABOUT ROLES AND RESPONSIBILITIES

Figure 5 shows changes in response to survey statements focused on S&OP process objectives, process, and clarity about roles and responsibilities. Respondents were asked to respond to statements on a 5-point Likert scale that ranged from 1 (to a much lesser extent) to 5 (to a much greater extent).

In addition, participants in the S&OP process were asked to evaluate their perceptions of change readiness in top management, sales, operations, and the S&OP process owner, again on a 5-point Likert scale that ranged from 1 (to a much lesser extent) to 5 (to a much greater extent).

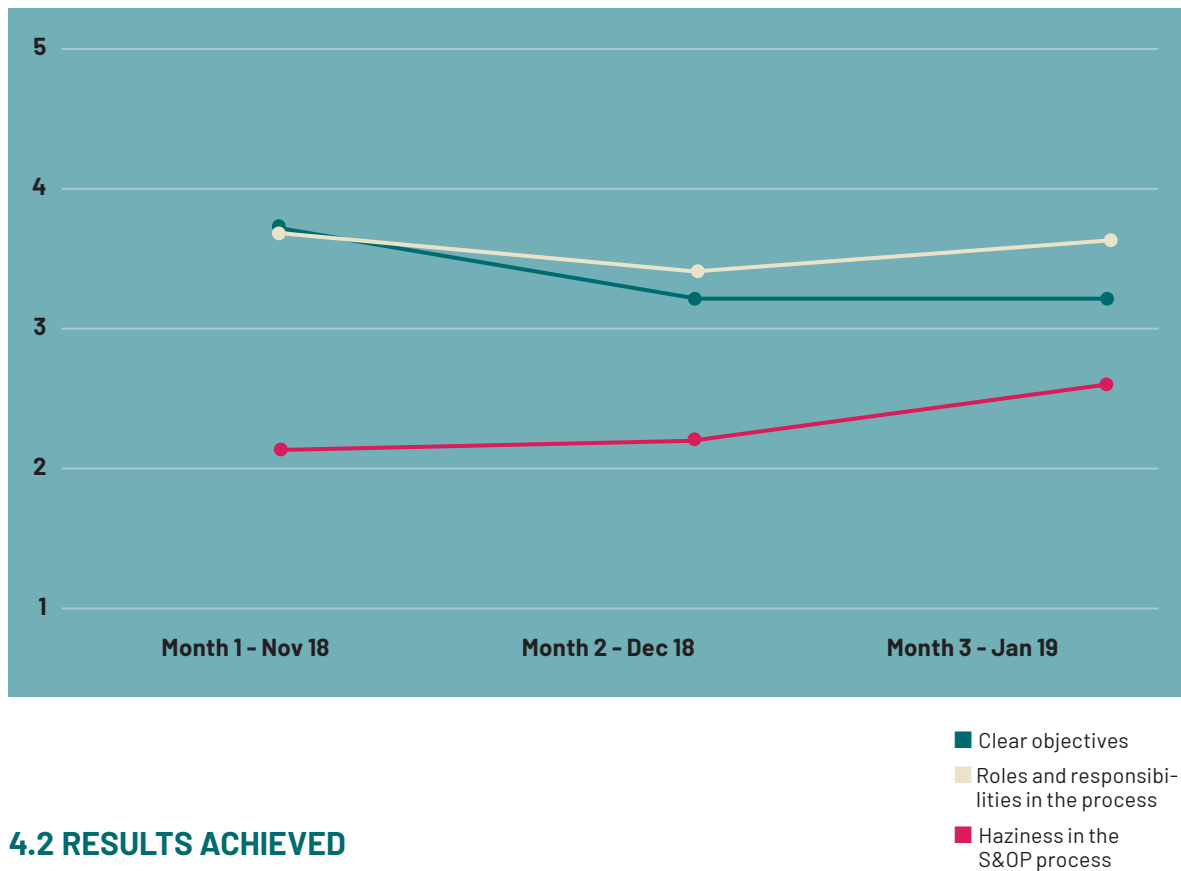
Figure 6 shows the development of these elements. Participants generally perceived that the four mentioned areas were ready for change, with average scores above 3.0. The general picture showed an increasing change readiness, except for ratings of the S&OP process owner element, which showed a declining readiness for change.

This finding may indicate the need for participants in the process to evaluate the process to strengthen certain areas and turn around the results. Having external help also help the awareness to fall back to normal operational practice.

”Having external help also help the awareness to fall back to normal operational practice.

Hans Vejs-Petersen, COO, BPI.

Figure 5: Changes in the objectives, process clarity, and understanding of roles and responsibilities



4.2 RESULTS ACHIEVED

In the brown-paper session, participants discussed how BPI should subsequently evaluate the effect of the work with S&OP. Participants agreed to focus on the following Key Performance Indicators (KPIs):

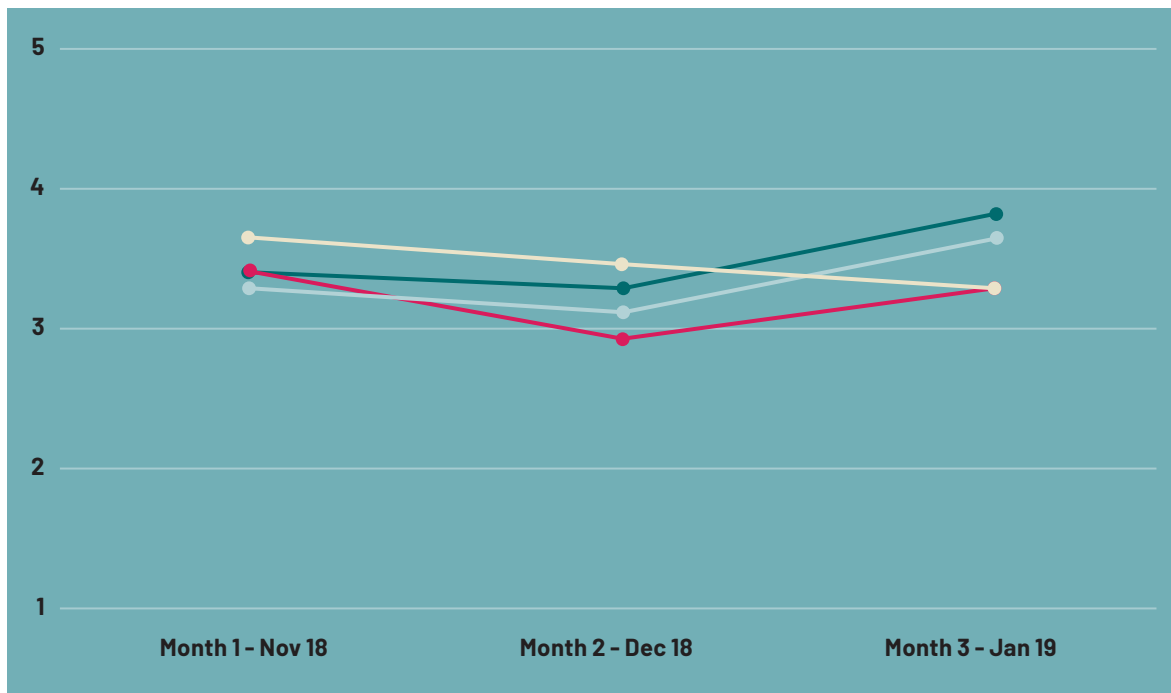
- Delivery performance.
- Quality.
- Sales growth.
- Earnings before interest, tax, depreciation, and amortization (EBIDA).
- Changes in net working capital.

BPI detected improvements in all five KPIs, particularly for delivery performance, which improved from 75% to 96%. Other positive results achieved on the behavior side can be summarized as:

- Less conflict-filled cooperation and communication.
- Increased quality in meetings.
- Increased focus on delegating decision competence and mandate.
- Increased focus on fact-driven decision making.
- Respect for colleagues' diversity.

In addition, these behaviors began to spread beyond the S&OP process to the rest of BPI.

Figure 6: Changes in the perceived change readiness



- Change readiness of top management
- Change readiness of operations/supply chain
- Change readiness of sale
- Change readiness of S&OP process manager hos S&OP

4.3 LEARNING

- Important with a long-term focus - i.e. on product pipeline management.
- Data quality gradually improved, allowing BPI to rely increasingly on them. In addition, managers could sort out data that did not contribute to information but created only noise.
- Clarity about the S&OP project (purpose and content) could have been better before startup.
- Stakeholder analysis and communications plans were critical.
- Understanding of and respect for individual profiles was essential to ensure effective implementation of the S&OP process.
- Soliciting external help may be helpful.

5. References

Broegger, B. & Bohnsen, L. (2011), *Which Type are You? Jung-Based Type Analysis®*, Broegger Organizational Psychologists, Aarhus.

Broegger, B. & Bohnsen, L. (2015), *TeamDiamond® - Team Building Using Jungian Typology*, Broegger Organizational Psychologists, Aarhus.