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Collaboration is probably one of the most overused words in business language. Often, where people coordinate or cooperate together to get a job done, the word collaboration is used. A lot of meetings, emails, project planning and execution to get a job done between many people from different functional areas, doesn't necessarily mean we are collaborating. And if we are collaborating in a particular instance, it doesn't mean we have a collaborative culture.

A collaborative culture is not easily created; it requires company vision, leadership resilience, clear and common goals and follow through to change a company culture to a collaborative one. Collaborating across the company boundaries in the extended value chain throws in even more challenges. S&OP as a horizontal process can enable collaboration. Collaboration in turn can drive effective S&OP. Both S&OP and collaboration require trust as a foundation.

### **Collaboration within a company**

According to Paul Adler and others in the July 2011 Harvard Business Review, there are four key organizational efforts that drive successful collaborating:

1. ***Define and build a shared purpose***: make sure people work to an overarching goal
2. ***Ethic of contribution***: look beyond your current role to contribute to the business
3. ***Horizontal processes***: develop processes that enable people to work together in flexible but disciplined projects.
4. ***Value and reward collaborative behaviour***: visibly reward the right behaviour





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Pre requisites for collaboration are reasonable trust levels within a company, so employees dare to interact and pro actively challenge and coach each other to achieve the common goals. Trust is the foundation on which collaboration can be build, S&OP as a horizontal process is merely a platform where cross functional communication can be practiced. In this way, S&OP can help to amplify trust and the creation of a collaborative culture.

If you want to create a collaborative culture, you also might consider to - '*get collaborative people in*' - as studies show that only 50% of people naturally cooperate and 30% are selfish. If your recruiting policy doesn't take in to account some basic checks on collaborative behaviour, changes are likely that 30% of your workforce is selfish. Selfish people don't tend to look across their own functional silo to understand what impact their own actions and behaviours have on other functions and the total business. Collaboration will stall without the right people to drive it.

From S&OP perspective, we seem not yet to get the first key to collaboration; the '*shared purpose or common goal*'. Participants in my S&OP pulse check 2012, suggest that 63% of companies have not clearly defined what S&OP maturity level they want to achieve. Only 42% of participants agree that all company functions have a common goal in improving S&OP. Without this common S&OP goal across the company, a collaborative environment to mature S&OP is less likely to occur.



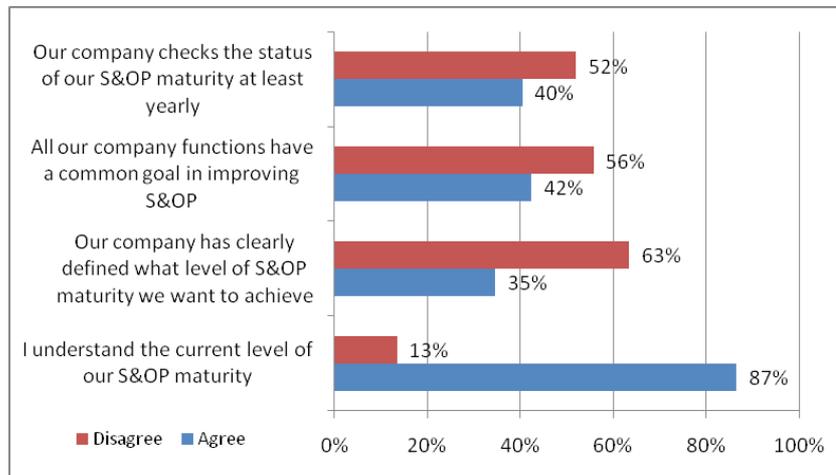


Figure 1: S&OP agreement on S&OP maturity statements according to survey participants

### Collaboration in the extended value chain

Once collaboration is established within a company, one might look to the extended value chain to achieve more value through partner collaboration. According to Humphries and Gibbs in their book 'Collaborative Change', there are three 'super' partnership success factors:

1. **Collaborative innovation:** the conditions that enable partnership to be innovative and to respond to opportunities.
2. **Partnership quality:** the quality of the relationship exchange including commitment and trust.
3. **Value creation:** the efficiency to create and capture value that the partnership offers.

In the extended value chain, trust in the partner is as important as within the company. Once trust is established, horizontal processes like S&OP can be extended to partners. Similar as within a company, S&OP is merely an enabler for collaboration in the extended value chain. There are many other variables that impact effective supply chain partner collaboration.



From S&OP perspective, we don't have the extended value chain in mind yet. According to my S&OP pulse check 2012, only 17% of survey participants indicate that partner integration is a main reason to implement S&OP. Furthermore 21% of participants indicate that partner collaboration activities happen in the current S&OP cycle.

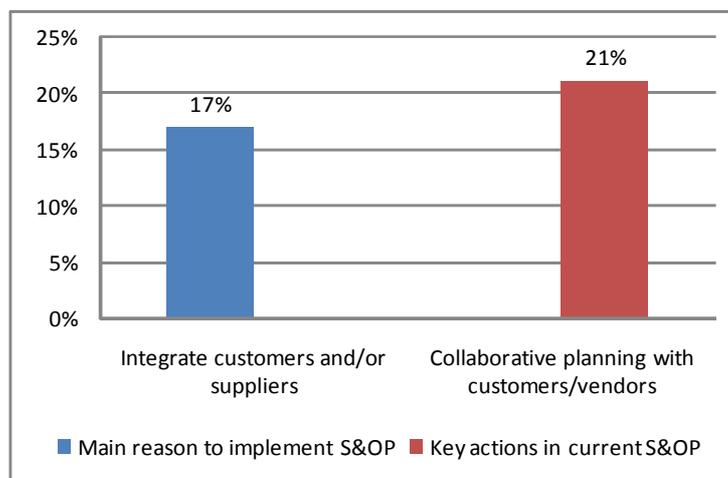


Figure 2: Main reasons to implement S&OP and current S&OP key actions according to survey participants

### Effective S&OP and collaboration

Both effective S&OP and collaboration have trust as core ingredient. Trust is required for open and honest communication, transparent data exchange, conflict resolution to name just some key effective S&OP behaviours. Believe in the common goal or purpose is built on trust in the leadership that has set these goals. Without the core trust ingredient, S&OP will only mature to certain effectiveness, S&OP will not be able to grow in to the extended value chain and S&OP effectiveness is more likely to slowly decline over time

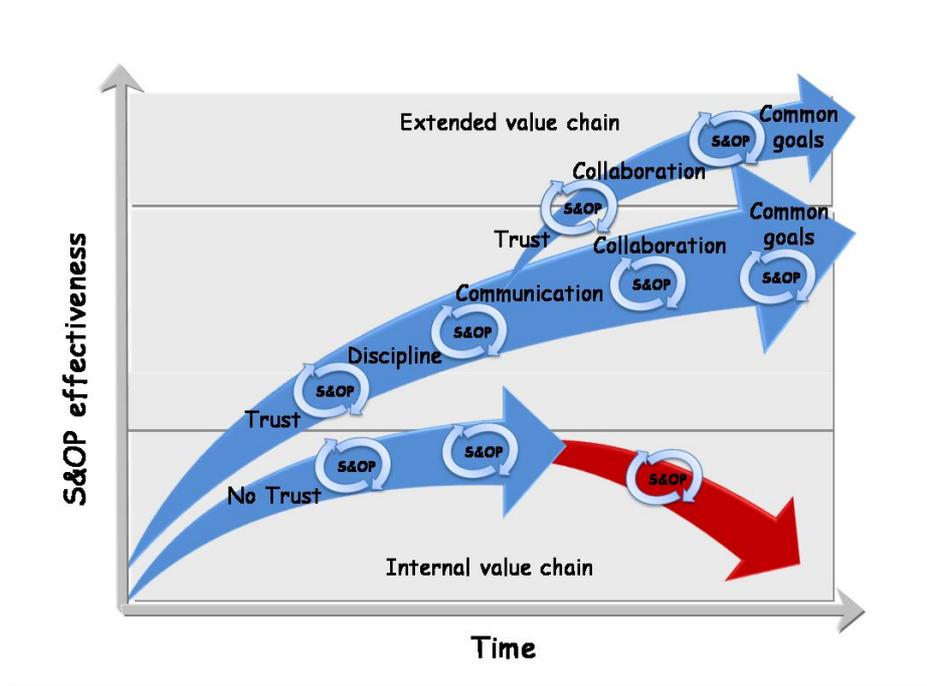


Figure 3: S&OP effectiveness over time in a trusted and non trusted environment

## Concluding

Before collaborating in the extended value chain, make sure you have a collaborative environment within the company. To create a collaborative environment, leaders have to get the right people on board and make sure the common purpose or goal is clearly communicated and top of mind of the workforce. People need to feel energized to cross the functional silo's to achieve these common goals. Personally, leaders will have to lead in creating a trusted environment where horizontal processes like S&OP can flourish. Leaders can do this by staying constructive, even in conflict. They can practice transparency and share and discuss 360 degrees feedback with employees.

Once leaders continuously follow through with rewarding collaborative behaviour, the foundation for a collaborative environment is made. Only time and perseverance can then create a collaborative culture. S&OP will be most effective in a collaborative environment and, through its cross functional nature, S&OP will in return enable and amplify the collaborative culture itself.