The S&OP Pulse Check 2015

Your yearly dose of S&OP insights
Background

I started the S&OP Pulse check in 2010 to find answers I couldn’t get from any conference, consultant, whitepaper or report and to increase my own knowledge. Now in its fifth year, it is still there to share insights and knowledge with S&OP practitioners.

The S&OP pulse check is unique because:

1. **It is yearly recurring so trends can be identified**
2. **The survey only takes 5 minutes of your time**
3. **It is open source. The raw data is openly available**
4. **No BS! It is from a practitioner for practitioners**

I hope you enjoy this years insights and my guiding comments. Feel free to create your own insights, the raw data is available on [www.supplychaintrend.com](http://www.supplychaintrend.com)
Summary

Key insights S&OP pulse check 2015:

1. There is a need for clear S&OP and IBP definitions and industry standards

2. There is a lack of S&OP process and system innovation

3. Behaviours are not addressed enough in S&OP implementations

4. Strategy Alignment is becoming part of the S&OP conversation

5. S&OP is first of all about communication
   - The main reason to implement S&OP is to improve cross functional communication
   - The main cultural change is improved understanding and communication between functions
The main reason to implement S&OP is to improve cross functional communication.

Question: What are the main reasons to implement S&OP? (n=123)
Source: Supply Chain Trend 2015
Main reasons to implement S&OP: trends

The top 3 main reasons to implement S&OP for the last 5 years

<table>
<thead>
<tr>
<th>Question: What are the main reasons to implement S&amp;OP?</th>
<th>2010 (n=50)</th>
<th>2011 (n=134)</th>
<th>2012 (n=52)</th>
<th>2014 (n=40)</th>
<th>2015 (n=123)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improve cross functional communication</td>
<td>68%</td>
<td>75%</td>
<td>67%</td>
<td>77%</td>
<td>80%</td>
</tr>
<tr>
<td>Reduce supply chain costs</td>
<td>58%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improve customer service</td>
<td>56%</td>
<td>64%</td>
<td>62%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manage demand volatility</td>
<td></td>
<td>63%</td>
<td>65%</td>
<td>64%</td>
<td></td>
</tr>
<tr>
<td>Create a consensus one number plan</td>
<td></td>
<td></td>
<td>69%</td>
<td>77%</td>
<td>68%</td>
</tr>
</tbody>
</table>

“S&OP is first of all about improving communication and consensus. Other improvements follow from that”

Niels van Hove
**Main actions in S&OP process**

**The managing demand forecast & supply constraints are the main actions in S&OP**

- Manage demand forecasts within S&OP: 68%
- Manage supply constraints within the S&OP plan: 59%
- Stay aligned with the company strategy on monthly basis: 59%
- Integrate financial planning & budgetting with the S&OP process: 56%
- Create a profit optimized supply-demand balanced plan: 56%
- Scenario planning to reduce supply chain risks: 46%
- Scenario planning to achieve optimal financial results: 39%
- Collaborative planning with customers/vendors: 39%
- Trying to reduce inventory to free up working capital: 35%
- Actively manage our product portfolio: 24%

**Question:** What are the most important actions in an S&OP process? (n=123)
**Source:** Supply Chain Trend 2015
Main actions in S&OP process: trends

**The top 3 main actions in S&OP process for the last 5 years.**  
*Strategy Alignment joins the top 3 for the first time*

<table>
<thead>
<tr>
<th>Question: What are the main actions in an S&amp;OP process?</th>
<th>2010 (n=50)</th>
<th>2011 (n=134)</th>
<th>2012 (n=52)</th>
<th>2014 (n=40)</th>
<th>2015 (n=123)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manage Demand Forecast in S&amp;OP</td>
<td>71%</td>
<td>77%</td>
<td>73%</td>
<td>85%</td>
<td>68%</td>
</tr>
<tr>
<td>Manage Supply constraints in the S&amp;OP plan</td>
<td>57%</td>
<td>62%</td>
<td>63%</td>
<td>56%</td>
<td>59%</td>
</tr>
<tr>
<td>Integrate financial planning &amp; Budgeting in the S&amp;OP plan</td>
<td>49%</td>
<td>52%</td>
<td>56%</td>
<td>67%</td>
<td>67%</td>
</tr>
<tr>
<td>Stay aligned with the company strategy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>59%</td>
</tr>
</tbody>
</table>

“Strategy alignment is becoming part of the S&OP conversation and collaborative planning is on the rise”

*Niels van Hove*
S&OP and IBP definitions

For practitioners it is simply unclear if there is a difference between S&OP and IBP. There is a clear need for industry standards.

Question: Do you think there is a difference between S&OP and IBP? (n=123)
Source: Supply Chain Trend 2015

Question: Do you think we need more industry standards around S&OP? (n=123)
Source: Supply Chain Trend 2015

“If after 30 years of developing S&OP and IBP even supply chain people struggle to agree what it is, how can we get other business functions on board?”

Niels van Hove
There is a perceived lack of process and system innovation in S&OP

Question: Do you think there is enough coordinated process innovation in S&OP? (n=123)
Source: Supply Chain Trend 2015

Question: Do you think there is enough innovation in S&OP systems? (n=123)
Source: Supply Chain Trend 2015

“There seems to be a disconnect between what vendors think S&OP innovation is and what the practitioner thinks this is”

Niels van Hove
Practitioners think that behaviours are not addressed enough in S&OP implementations

Question: Do you think behaviours are addressed enough in S&OP implementations? (n=123)
Source: Supply Chain Trend 2015

“Many consultancies scream out loud that behaviours are most important. Few of them have behavioural solutions in their value proposition”

Niels van Hove
### Main roadblocks in S&OP

**The main roadblock in implementing S&OP is senior leadership support**

<table>
<thead>
<tr>
<th>Roadblock</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior leadership support</td>
<td>63%</td>
</tr>
<tr>
<td>The organizational silos</td>
<td>54%</td>
</tr>
<tr>
<td>Process discipline</td>
<td>51%</td>
</tr>
<tr>
<td>People skills/resources</td>
<td>50%</td>
</tr>
<tr>
<td>Clear roles &amp; accountability’s</td>
<td>41%</td>
</tr>
<tr>
<td>Technical and system capability</td>
<td>40%</td>
</tr>
<tr>
<td>Data accuracy and integrity</td>
<td>39%</td>
</tr>
<tr>
<td>Too many other business priorities</td>
<td>37%</td>
</tr>
<tr>
<td>No clear S&amp;OP implementation plan</td>
<td>35%</td>
</tr>
<tr>
<td>Obstructive behaviours</td>
<td>31%</td>
</tr>
<tr>
<td>Lack of a clear company strategy</td>
<td>24%</td>
</tr>
<tr>
<td>Lack of time to run the process</td>
<td>11%</td>
</tr>
</tbody>
</table>

**Question:** What are the main roadblocks in implementing S&OP? (n=123)

Source: Supply Chain Trend 2015
Main roadblocks in S&OP: trends

The top 3 main roadblocks in S&OP implementations for the last 5 years.

<table>
<thead>
<tr>
<th>Question: What are the roadblocks in an S&amp;OP implementation?</th>
<th>2010 (n=50)</th>
<th>2011 (n=134)</th>
<th>2012 (n=52)</th>
<th>2014 (n=40)</th>
<th>2015 (n=123)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Leadership support</td>
<td>68%</td>
<td>61%</td>
<td>60%</td>
<td>38%</td>
<td>63%</td>
</tr>
<tr>
<td>Process Discipline</td>
<td>48%</td>
<td>51%</td>
<td>40%</td>
<td>33%</td>
<td>51%</td>
</tr>
<tr>
<td>The organizational silo's</td>
<td>48%</td>
<td>54%</td>
<td>44%</td>
<td>33%</td>
<td>54%</td>
</tr>
<tr>
<td>People Skills / Resources</td>
<td>40%</td>
<td>51%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technical and System capability</td>
<td></td>
<td></td>
<td>40%</td>
<td>33%</td>
<td></td>
</tr>
</tbody>
</table>

“Main S&OP implementation roadblocks are very consistent over the years and only slightly technology, data or time driven ”

Niels van Hove
The main cultural change due to S&OP is improved understanding and communication between functions.

- Better understanding and communication between functions: 79%
- Improved collaboration between functions: 72%
- More data driven and factual decision making: 63%
- Improved team work and holistic business views: 52%
- More empowered decision making: 44%
- Improved trust between functions and peers: 43%
- Improved understanding of company goals: 41%
- Less animosity and finger pointing: 37%
- Better conflict resolution: 37%
- Improved constructive behaviours in general: 26%
- A more positive business and atmosphere: 22%
- More willingness for people to change: 15%

Question: What are the main cultural changes driven by S&OP? (n=123)
Source: Supply Chain Trend 2015
Survey Demographics

The 2015 S&OP pulse check had a total of 123 participants

Job level
- CEO/MD/Owner: 4%
- President/VP: 4%
- Director: 21%
- Senior Manager: 28%
- Manager: 28%
- Analyst: 11%
- Consultant: 3%

Functional area
- Procurement: 3%
- Supply Chain: 78%
- Sales: 2%
- Logistics: 2%
- Operations: 7%
- Finance: 1%
- Marketing: 1%

Industry
- Agriculture: 1%
- Automotive: 2%
- Biotechnology: 1%
- Chemical: 2%
- Consulting: 6%
- Consumer Products: 24%
- Food, Beverage & Tobacco: 11%
- Manufacturing: 30%
- Pharmaceuticals: 4%
- Retail & Wholesale: 3%
- Software: 1%
- Technology: 6%
- Transportation & Warehousing: 1%
- Utilities: 2%
- Other: 7%
Thank You

Feel free to connect with us