The S&OP Pulse Check 2017

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 or whitepaper. Now in its 6th year, it is still there to share insights and knowledge with S&OP practitioners.

As a coach, I’m very interested in culture, mindset and behaviours. The S&OP pulse check 2017 shows that:

1. Effective S&OP is related to positive cultural change
2. Mental Toughness supports effective S&OP
3. Behaviours are not addressed enough in S&OP

I hope you enjoy this years insights
Summary

Key insights S&OP pulse check 2017

People & Culture

• Effective S&OP processes see more positive cultural change
• Mental Toughness supports effective S&OP
• Behaviours are not addressed enough in S&OP implementations

Process & Systems

• Integrating financial planning is now the main action in S&OP
• Managing the product portfolio remains underused
• 51% believes there is a lack of S&OP process & system innovation
• 64% believes there is a need for more S&OP standards
• People skills & resources is the main roadblock to implement S&OP
The main cultural changes driven by S&OP:

- Improved understanding and communication between functions (75%)
- Improved collaboration between functions (68%)
- More data driven and factual decision making (54%)
- Improved trust between functions and peers (54%)
- Improved team work and holistic business views (53%)
- More empowered decision making (49%)
- Improved understanding of company goals (36%)
- Less animosity and finger pointing (34%)
- A more positive business and atmosphere (29%)
- Improved constructive behaviours in general (27%)
- Better conflict resolution (25%)
- More willingness for people to change (22%)

Source: Supply Chain Trend 2017
The main cultural changes driven by S&OP

However, effective S&OP processes see much more positive cultural change impact versus non-effective S&OP processes.

- Improved understanding of company goals: 21% Other, 54% Effective S&OP
- Improved constructive behaviours in general: 18% Other, 38% Effective S&OP
- Improved trust between functions and peers: 27% Other, 54% Effective S&OP
- Improved team work and holistic business views: 39% Other, 69% Effective S&OP
- Better conflict resolution: 21% Other, 31% Effective S&OP

“Participants in effective S&OP processes, see significant more proof of trust, teamwork, constructive behaviours and understanding of company goals.”

Niels van Hove

Question: What are the main cultural changes driven by S&OP? (n=59)
Source: Supply Chain Trend 2017
Mental Toughness supports effective S&OP

Mentally Tough individuals are pro-active, perform under pressure, are open to change and confident. Mental Toughness has four components

The 4 C’s of Mental Toughness

1. **Control**: ‘I really believe I *can do it*’. ‘I can keep my *emotions in check* when doing it’. Self worth, Efficacy.

2. **Commitment**: ‘I *promise* to do it – I’ll set a goal’. ‘I’ll plan it’. Tenacity, Stickability, Grit.

3. **Challenge**: ‘I am *driven* to do it’. ‘Setbacks make me stronger.’ Seeing opportunities not threats.

4. **Confidence**: ‘I *believe* I have the ability to do it.’ ‘I can *stand my ground* if I need to.’ Self Belief.

Mental Toughness can be measured and improved.
For more information go to [MentalToughness.online](https://MentalToughness.online)
Mental Toughness supports effective S&OP

Organizations with effective S&OP processes show more commitment, challenge, emotional control and willingness to change

- **Challenge**: In S&OP meetings we challenge each other and the status quo. 36% agree, 85% strongly agree.
- **Take Control**: In our business it is common to pro-actively engage across different functions to solve issues. 45% agree, 69% strongly agree.
- **Emotional Control**: In S&OP meetings we keep our emotions under control, even when we disagree. 42% agree, 69% strongly agree.
- **Confidence Change**: Our leadership team is willing to change directions when circumstances change. 33% agree, 88% strongly agree.
- **Commitment**: S&OP stakeholders show commitment to the S&OP process, meeting agenda and planning rules. 42% agree, 88% strongly agree.

Question: what is your level of agreement with the following statements? (n=59). Percentages in graph shows agree and strongly agree.

Source: Supply Chain Trend 2017
 Behaviours are not addressed enough

63% of 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=59)
Source: Supply Chain Trend 2017

“Over time, company behaviours define company culture. If behaviours are not addressed, company culture will not significantly change”

Niels van Hove
The main actions in the S&OP process are evolving

**Integrating financial planning & budgeting is chosen as the main action in S&OP for the first time since 2010**

- Integrate financial planning & budgetting with the S&OP process: 75%
- Create a profit optimized supply-demand balanced plan: 64%
- Manage demand forecasts within S&OP: 63%
- Manage supply constraints within the S&OP plan: 54%
- Scenario planning to achieve optimal financial results: 54%
- Stay aligned with the company strategy on monthly basis: 53%
- Trying to reduce inventory to free up working capital: 46%
- Scenario planning to reduce supply chain risks: 42%
- Actively manage our product portfolio: 36%
- Collaborative planning with customers/vendors: 27%

**Question:** What are the most important actions in an S&OP process? (n=59)
**Source:** Supply Chain Trend 2017
The main actions in the S&OP process: trends

**Including the integration of financial planning has been growing, whilst product portfolio management remains underused**

<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>
<th>2017 (n=59)</th>
</tr>
</thead>
<tbody>
<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>56%</td>
<td>75%</td>
</tr>
<tr>
<td>Actively manage our Product Portfolio</td>
<td>23%</td>
<td>23%</td>
<td>24%</td>
<td>36%</td>
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**Graph:**
- Integrate financial planning & budgeting in the S&OP plan
  - 2010: 49%
  - 2011: 52%
  - 2012: 56%
  - 2014: 67%
  - 2015: 56%
  - 2017: 75%
There is a perceived lack of S&OP innovation

Over 50% of participants think there is a lack of S&OP process and system innovation

Question: Do you think there is enough coordinated process innovation in S&OP? (n=59)
Source: Supply Chain Trend 2017

Question: Do you think there is enough innovation in S&OP systems? (n=59)
Source: Supply Chain Trend 2017

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

Niels van Hove
S&OP and IBP definitions and standards

For practitioners it is still 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=59)
Source: Supply Chain Trend 2017

Yes 53%  No 29%  Don't Know 19%

Question: Do you think we need more industry standards around S&OP? (n=59)
Source: Supply Chain Trend 2017

Yes 64%  No 25%  Don't Know 10%

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

Niels van Hove
The main reasons to implement S&OP

For the 6th year in a row, the top two reasons to implement S&OP are about communication and creating consensus.

Top 2 since 2010

- Improve cross functional communication: 81%
- Create a consensus standardized one number plan: 73%
- Reduce supply chain costs: 58%
- Implement company strategic plan: 56%
- Improve executive visibility: 54%
- Reduce risks in supply chain network: 54%
- Improve customer service: 53%
- Manage demand volatility: 46%
- Improve top line revenue: 39%
- Improve asset utilization: 37%
- Create competitive advantage: 25%
- Integrate customers and/or suppliers: 24%

Question: What are the main reasons to implement S&OP? (n=59)
Source: Supply Chain Trend 2017
The main roadblocks to implement S&OP

**People skills & resources is now the main roadblock in implementing S&OP, overtaking the usual number 1 senior leadership support**

- People skills/resources: 58%
- Senior leadership support: 51%
- Process discipline: 47%
- The organizational silo's: 44%
- Data accuracy and integrity: 44%
- Clear roles & accountability's: 41%
- Too many other business priorities: 41%
- Technical and system capability: 36%
- No clear S&OP implementation plan: 31%
- Obstructive behaviours: 22%
- Lack of a clear company strategy: 22%
- Lack of time to run the process: 15%

**Question**: What are the main roadblocks in implementing S&OP? (n=59)

Source: Supply Chain Trend 2017
The 2017 S&OP pulse check had a total of 59 participants

### Job level
- CEO/MD/Owner: 3%
- President/VP: 3%
- Director: 20%
- Senior Manager: 36%
- Manager: 25%
- Analyst: 10%
- Consultant: 2%

### Functional area
- Supply Chain: 69%
- Procurement: 2%
- Sales: 0%
- Logistics: 3%
- Operations: 10%
- Finance: 10%
- Marketing: 0%

### Industry
- Agriculture: 5%
- Automotive: 3%
- Biotechnology: 2%
- Chemical: 8%
- Consulting: 3%
- Consumer Products: 15%
- Food, Beverage & Tobacco: 29%
- Manufacturing: 19%
- Pharmaceuticals: 3%
- Retail & Wholesale: 5%
- Transportation & Warehousing: 2%
- Other: 5%
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Read an introduction to Mental Toughness and measure yourself

MENTAL TOUGHNESS ONLINE