

KUNZITE SUPPLY CHAIN SOLUTIONS



S&OP PROCESS & CHALLENGES



Agenda

- Introduction
- SC planning before S&OP
- Business Impacts
- S&OP Process-
 - Need/Challenges/Reasons
- S&OP Meeting Agenda
- S&OP Benefits
- Benefits to SCM



**10 Recent survey indicate that companies are identifying S&OP
process
as a Top Priority**



Traditional S&OP



S&OP



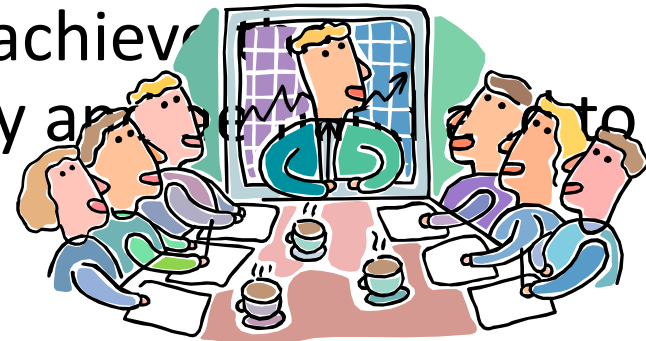
Its all about collaboration



Sales and Operations Planning(S&OP)

Definition:

- A formal process, consisting of series of meetings, where data from various areas of business is discussed and decisions are made.
- The goal is agreement between various departments on the best course of action to achieve optimal balance between supply and demand to meet profitability goals.



Why S&OP



Why S&OP- Competitive Business

Envir

Customers are demanding:

- Accurate and timely commitments
- Shorter lead times
- Flexibility
- Product differentiation
- Dedicated inventory
- Visibility into the supply chain
- High quality
- Automation
- Lowest costs

Increasing business risks of :

- Too much inventory
- Inventory in the wrong place
- Ordering the wrong inventory
- Missing delivery dates
- Losing orders
- Shipping the wrong products
- Increased expediting costs
- Losing customers
- Increased obsolescence

Forcing businesses to better manage:

Inventories

Ability to promise

Global suppliers

Supply/Demand

Forecasts

Cycle time

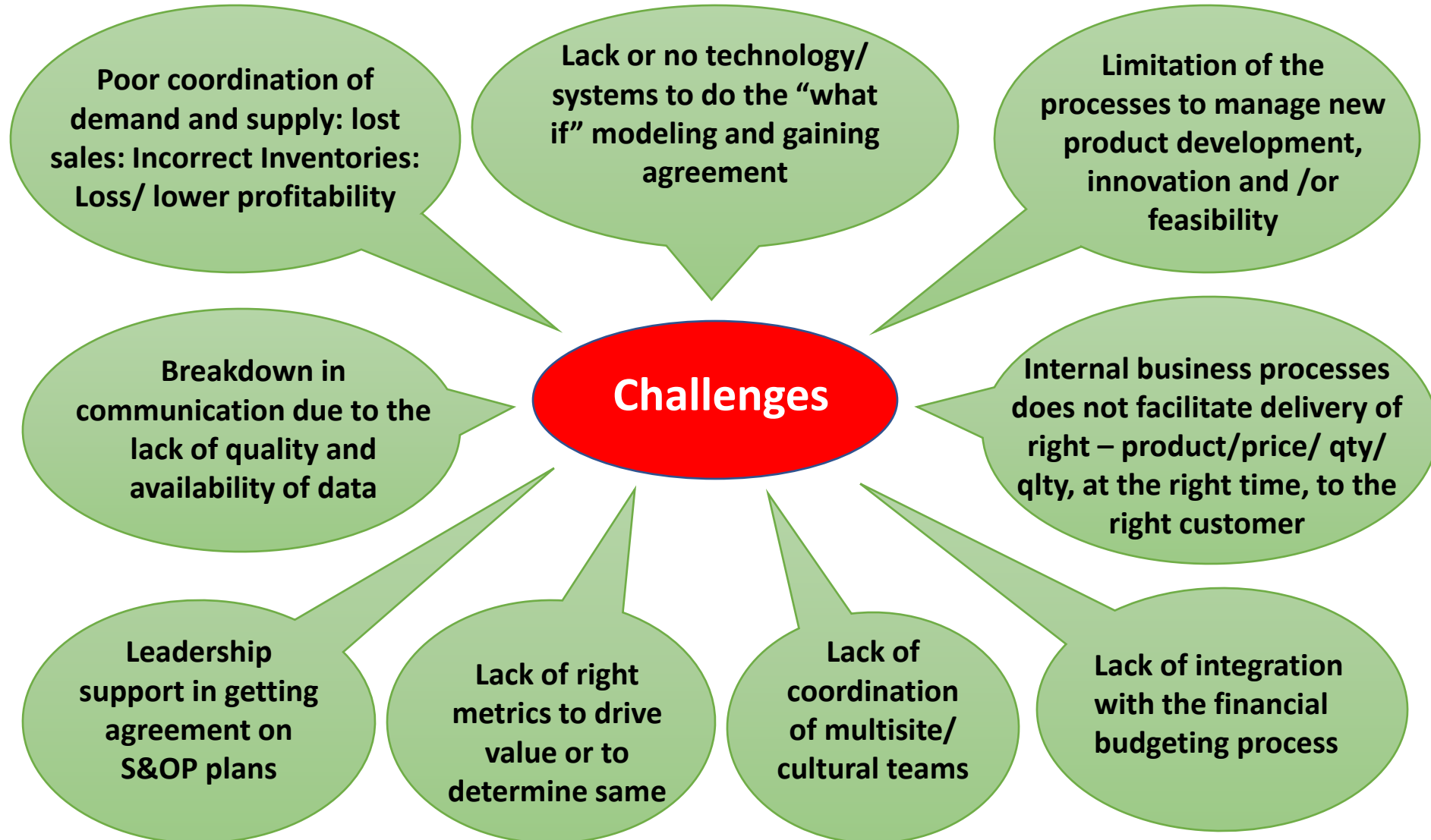
Stocking policies

VMI/SMI processes

Replenishment



Demand & Supply Challenges Before S&OP

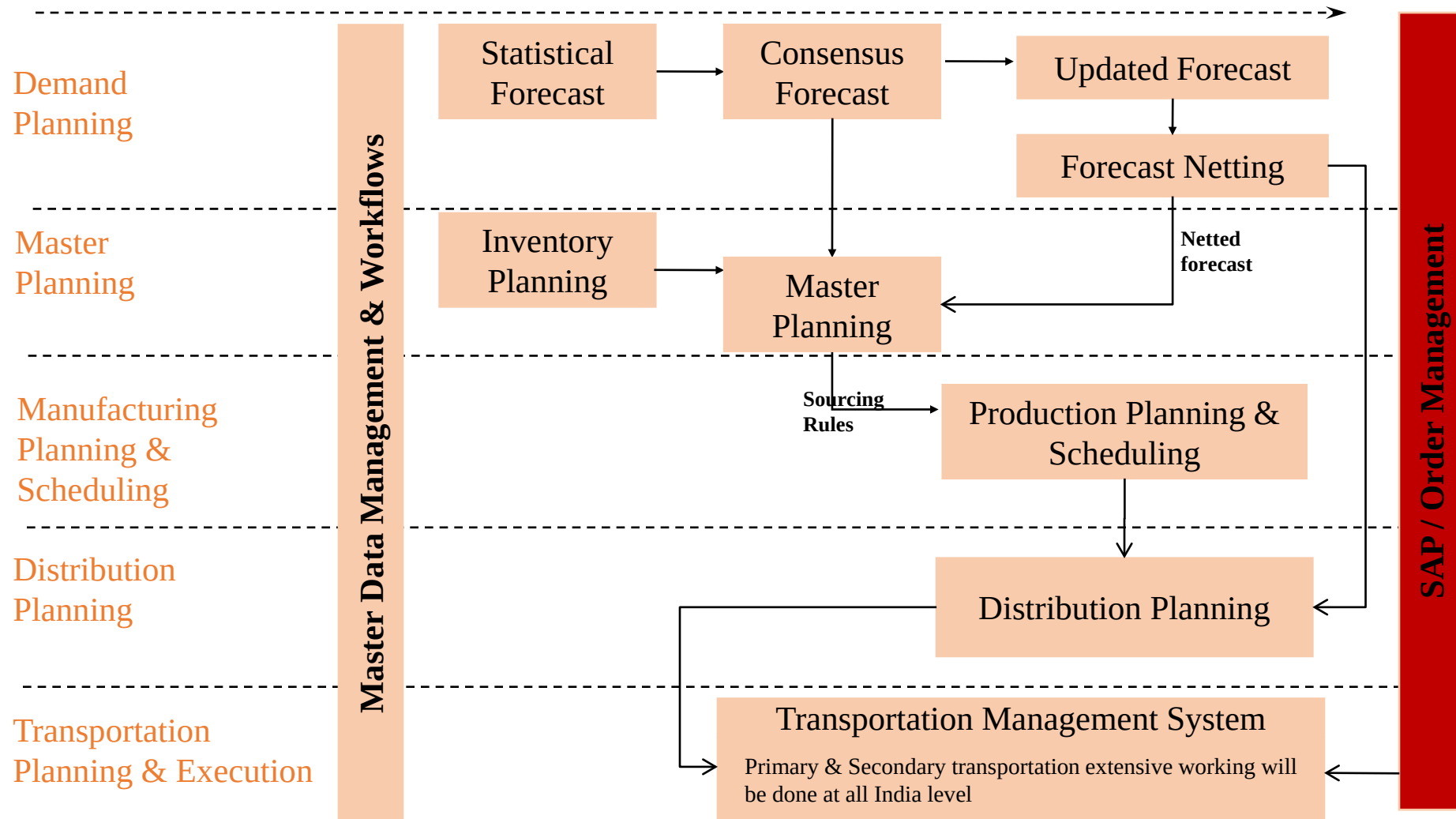


The purpose of the S&OP process

- To develop a cross-departmental consensus business plan that is achievable, given the business aspirations and constraints, and ensures that every function and sub-function within the business is working to achieve the same goal.
- Leading companies do this most effectively by involving as many areas of the business as is practical.



Supply Chain Functional Workflow

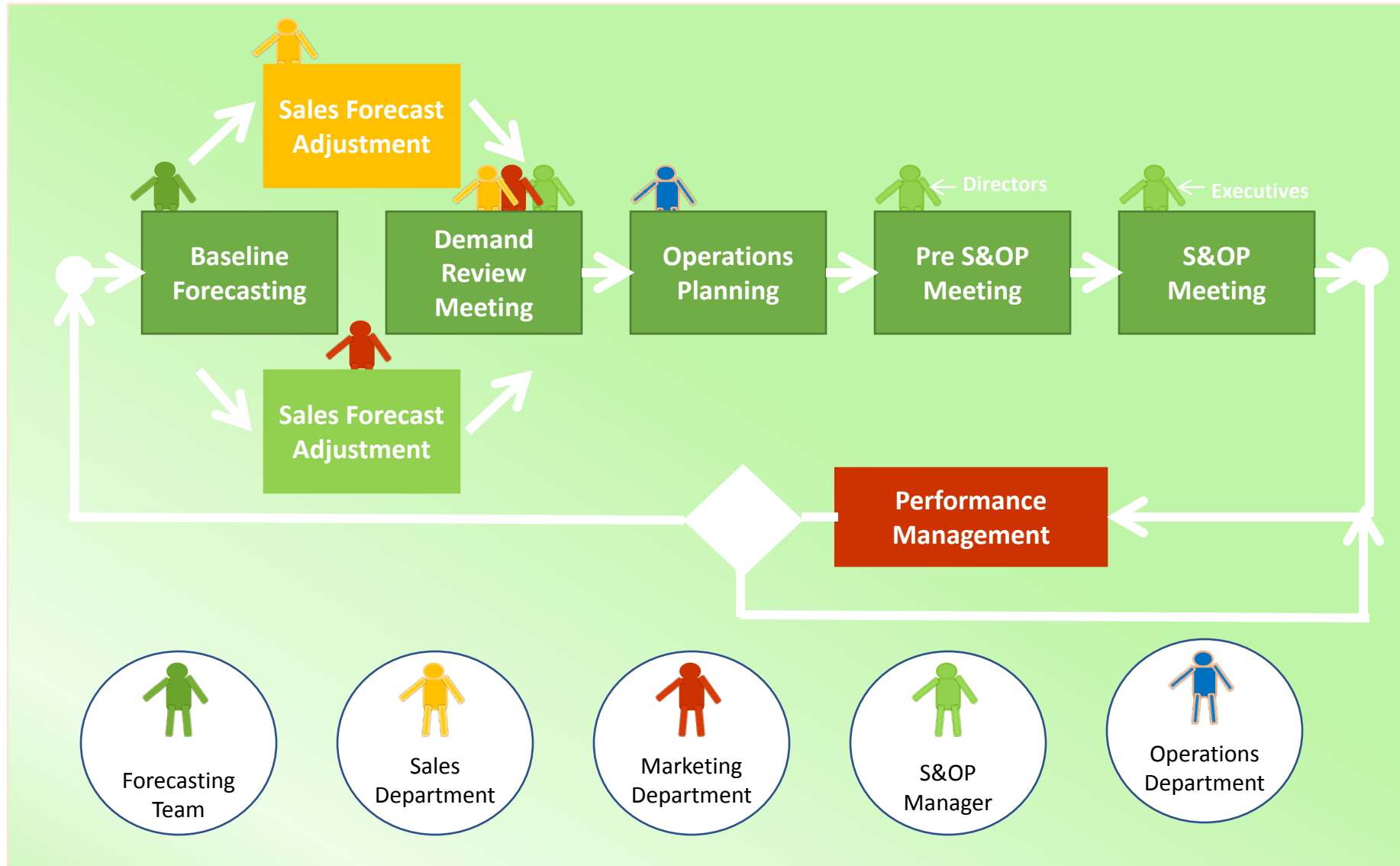


Business Impacts

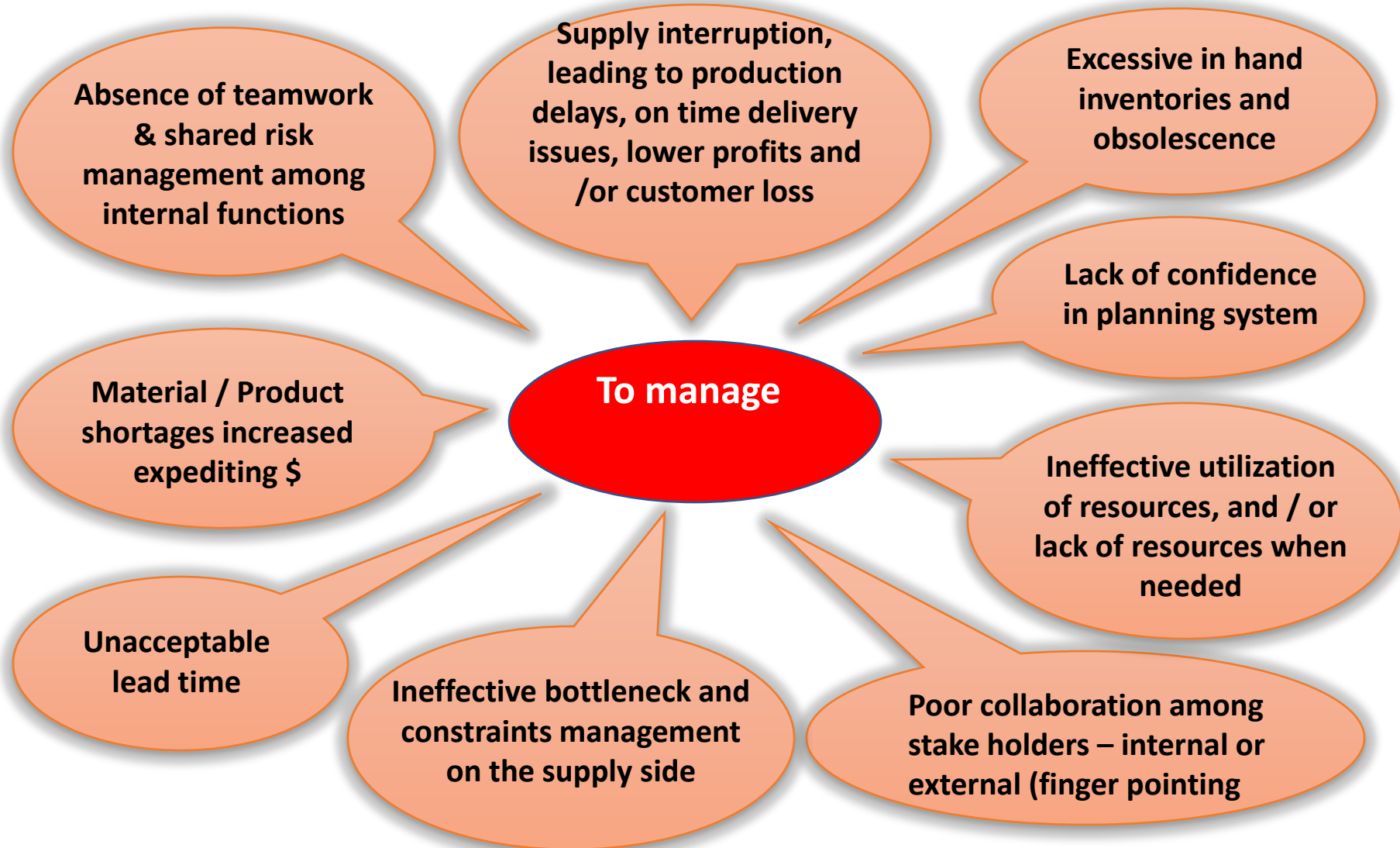
- Absence of Scientific Demand Management Practices
 - Under/over estimations
 - Target v/s Actual Sales
 - Tracking Customer Service levels
 - Difficult growth and revenue performance measurement
- Non-Synchronized Supply and Logistics Planning
 - Fill Rate Management Challenge especially during Seasons
 - Costly Product-Mix Decisions
 - Capacity Under/Over Utilization
 - Inter-Warehouse Movements
 - Premium Freight rates at times
 - FG Inventory mismatches with Norms



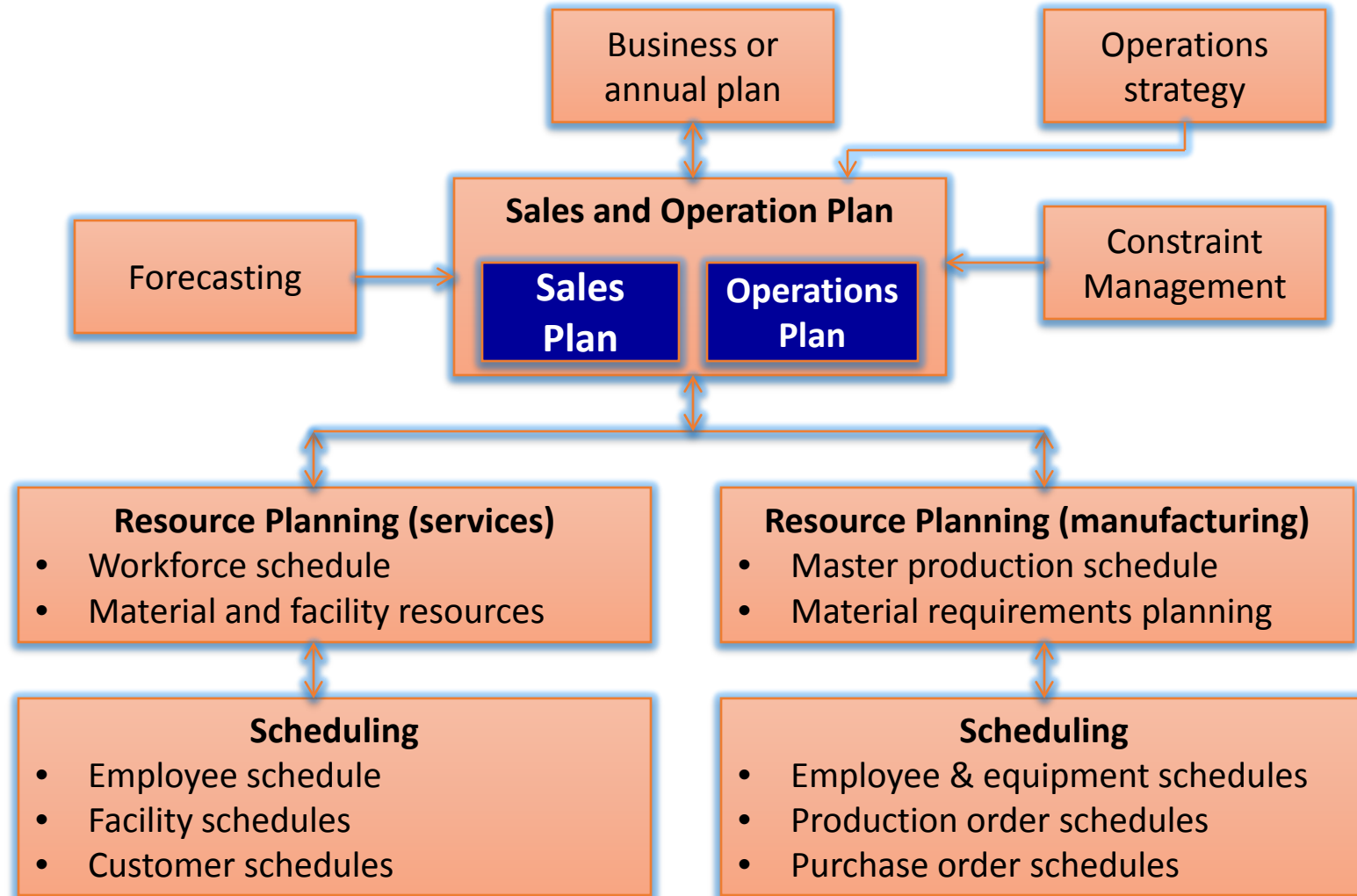
Sales and Operations Planning



Need for S&OP



S&OP – Relationship with other Plans



S&OP Meeting Agenda

- Review Revenue/
Profit Performance
- Review new product
development
- Review
manufacturing
performance
- Review Inventory
levels
- Review External
Factors
- Review Future plans

- What has changed since last month?
- Are we on plan financially?
- How are we performing to performance metrics?
- What new risk do we need to consider?
- What decision do we need to made now?
- What decision need to be made in the near future?
- How are product families performing?
- Are we on track with product development?
- Do we have any critical constraints?
- Is there any need to revise long term plans?

- Orders booked
- Sales & shipment
- Backlogs
- Finished goods Inventory
- Production
- Performance measures by product Group



S&OP Benefits

Benefits for	Solution	Benefits
Sales Team	Demand forecasting and management. Analysis of historical data, applies multiple models, and adds promotions and other causal factors to come out with proper demand forecast numbers.	- Increased forecast accuracy - Increased customer service - Right product mix planning in distribution centers. - Better Customer Predictability - Understanding the promotional, seasonality and other events impacts - Management of Targets across all geography, product structure and sales hierarchy level



S&OP Benefits

Benefits for	Solution	Benefits
Production Team	Production Planning and Optimization Arrive at the Demand driven Production Plan that is synchronized with Distribution Plan.	Quick generation of robust and optimized rough cut production plan considering all capacity constraints, changeovers, campaigns, seasonal pre builds etc. Increased capacity utilization Increased productivity by better resource planning and utilization Optimized product-location mix decisions to service effective distribution Quickly review and adjust master plans to resolve any exceptions



S&OP Benefits

Benefits for	Solution	Benefits
Supply Chain Team	Optimized Distribution Plan While balancing Demand-Supply dynamics arrive at distribution and dispatch plan that optimizes the logistics costs and various service level constraint.	- Most optimal distribution plan - Lower logistics service costs - Maintaining service levels and dispatch priorities - Increased OTIF(on time in full) and decreased Inventory - Improved overall fleet capacity and overall asset utilization - Optimized product-location mix dispatch decisions to service effective distribution - Decreased costs of premium freights, cross depot movements, obsolesces, handling etc



S&OP Benefits

Benefits for	Solution	Benefits
Management	Exception Management Provide end to end supply chain performance visibility and levers to control the plans by exceptions	Enablement of Enriched Planning System that provides the complete visibility on company performance against customer demands with graphical and enriched presentation Smart workflow that spots the intolerable exceptions within existing plans and provides easy and user-friendly resolution that balances the conflicts and lead to consensus plans Provides KPI Measurements and analysis views on various supply chain performance aspects like OTIF, Production Compliance, Service Costs, , Asset Utilization, etc.



Tangible Benefits for Supply Chain

- No longer Victim mentality, use visibility as strategic weapon.
- Integrated Supply Chain (ISC) cutting across traditional job description, Data sharing within company and breaking of silos.
- Centralized MIS, Collaborative S&OP process, one version of truth.
- Incorporate inputs from all aspects of supply chain including finance, sales, marketing, purchasing, forecasting and supplier management.
- Harmonize incentives and avoid independent incentives.
- Can result in reduction of inventory/ obsolete inventory, backlogs, expedited shipments and improved forecast accuracy.
- More control on product life cycle.
- Process instrumentation



KUNZITE SUPPLY CHAIN SOLUTIONS



S&OP training session

