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Role of the S&OP Coordinator in the Integrated Reconciliation Step of the S&OP Process

by Colleen Crum and Robert Tearnan



**Colleen Crum and
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Colleen Crum and Rob Tearnan are principals with the Oliver Wight Companies. Both work with senior management of client companies to achieve results that provide a competitive advantage. Colleen is a co-author of two books: Enterprise Sales and Operations Planning and Demand Management Best Practices. Rob Tearnan has extensive experience in designing and implementing business systems to increase effectiveness, reduce costs, and streamline processes.

Role of the Sales and Operations Planning Coordinator

The coordinator of the Sales and Operations Planning process plays the role of facilitator and coordinator. The coordinator facilitates the integrated reconciliation step of the S&OP process. The coordinator also is responsible for ensuring that the information in support of the Management Business Review is prepared and available for MBR participants to review prior to the meeting.

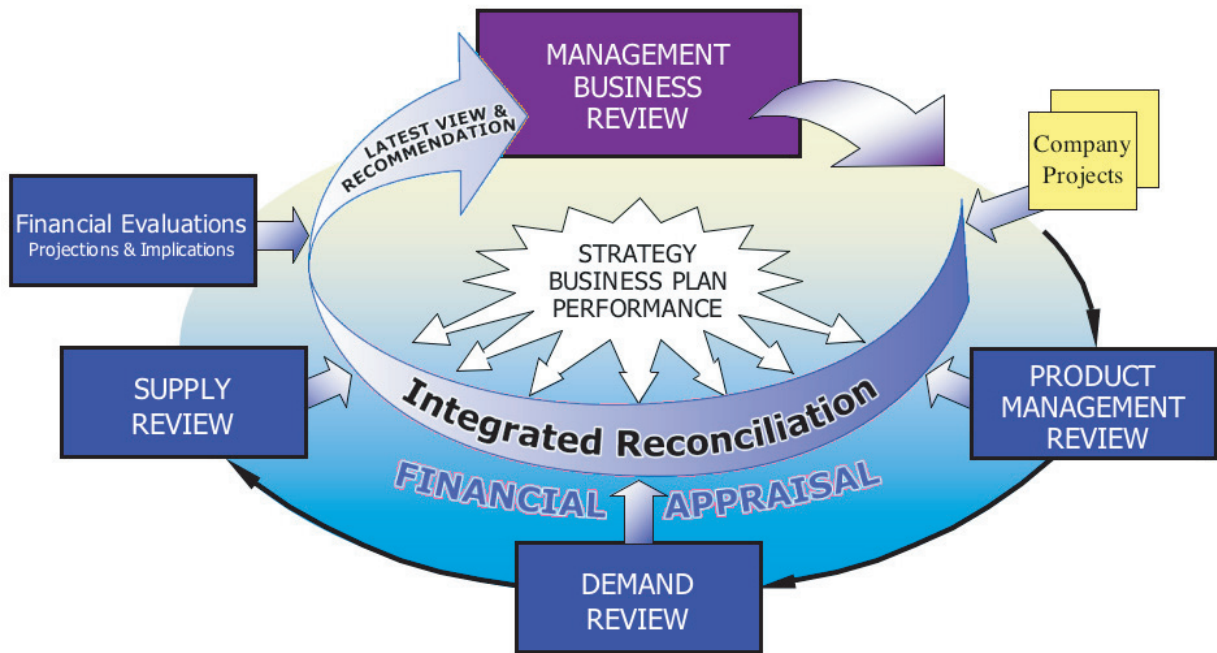
What Is Sales and Operations Planning?

S&OP is a monthly process culminating in the Management Business Review, where the general manager or president and his or her direct staff review demand, supply, new product, financial, and resource projections and make decisions required to ensure the execution of the business strategy.

The Sales and Operations Planning process consists of a series of steps where the various functional organizations review their past performance and their future plans to develop an integrated view of Demand, Supply, New Product Development, and the resulting financials projected over a two-year planning horizon. Because sales and operations planning has evolved to more than managing supply and demand, many companies are now starting to call this process "Integrated Business Management."

How the Integrated Reconciliation Process Works

Throughout the monthly process, representatives from the various organizations meet whenever necessary to reconcile any cross-functional issues that surface. The S&OP coordinator may orchestrate these discussions or be informed that the discussions are taking place to resolve the issues.



Key Objectives of the Integrated Reconciliation Process

There are four key objectives of the reconciliation process:

- 1 Management understands the financial implications of any changes to the demand, supply, product, and project plans.
- 2 Management knows what decisions are expected from them during the Management Business Review.
- 3 Management is alerted when plans are not driving toward accomplishing the business plan and strategic objectives. (This situation is frequently referred to as "gaps" between the current plans and the business objectives or annual plan.)
- 4 Decisions are being made at the lowest practical level in the organization so that the participants of the Management Business Review are making key tactical, strategic, and financial decisions.

The S&OP coordinator ensures that issues and imbalances, which surface during the monthly cycle, are reviewed, resolved, or escalated. Discussions to review, resolve, or escalate issues may occur one on one, in small groups, or in a group meeting prior to the Management Business Review. Meetings or small group discussions should involve representatives from the affected business functions. If there are no issues needing resolution, there is no need to meet. The S&OP coordinator, however, has the obligation to communicate that there were no significant issues that required resolution. This information is communicated to the participants of the Management Business Review. Likewise, the S&OP coordinator is responsible for communicating to the participants of the MBR the issues that require resolution during the meeting.

The S&OP coordinator is responsible for ensuring that the supporting information is prepared for the Management Business Review and communicated to the MBR participants one or two days prior to the meeting.

The S&OP coordinator is also responsible for briefing the general manager or president on the key issues that need to be addressed during the MBR and reviewing the meeting agenda.

In summary, an effective Integrated Reconciliation process ensures that Management Business Review participants are focused on the business issues that will drive the organization to execute the business strategies. To facilitate decision making, the S&OP coordinator may coordinate the development of different scenarios as a method of presenting alternatives to demand/supply balancing, financial, and resource issues. It is the responsibility of the S&OP coordinator to ensure that alternatives are created and presented at the Management Business Review. (The S&OP coordinator may not present the alternatives. This is typically the responsibility of the functional senior leaders that are impacted by the issue.)

How Do You Know When the Integrated Reconciliation Process Needs Improvement?

These are common symptoms that indicate the Integrated Reconciliation process is not working well and requires improvement:

- Demand and supply plans reviewed at the Management Business Review are not synchronized, and alternatives are not presented to balance the plans.
- Senior leaders who participate in the Management Business Review spend most of their time in the meeting reviewing and arguing about the past.
- Plans are not compared to business strategies to ensure that the plans are driving toward the business goals.
- The general manager or president makes all the decisions with little participation from his or her direct reports.
- The financial organization develops financial projections outside of the demand and supply planning processes.

Who Should be the S&OP Coordinator?

The S&OP coordinator should be someone who works well at the senior and middle management levels of the company. The S&OP coordinator should be respected across the functions of the business as being objective and fair – and without a personal bias or agenda.

The S&OP coordinator must be trusted by the company general manager or president to speak frankly and truthfully. The president or general manager also must know information spoken in confidence will remain in confidence.

Finally, the S&OP Coordinator must be able to facilitate the gathering of the information to support the S&OP process. When the Oliver Wight Enterprise Sales and Operations Planning Tool is used, the S&OP Coordinator must understand how the tool works and formats in which information is presented in the tool. The Oliver Wight Enterprise S&OP Tool is a unique decision support product that facilitates the transition to S&OP and optimizes the ongoing use of the S&OP process. This tool speeds implementation as much as four-fold with a corresponding reduction in cost and a higher success rate.

Enterprise Sales & Operations Planning Tool

The *Oliver Wight Enterprise Sales & Operations*



Planning Tool enables an effective S&OP process and provides a critical link between

the traditional ERP system and the senior level planning process. Enterprise S&OP combines information from ERP systems to provide a consolidated view of demand, supply and financial plans. Management gains visibility into all the “moving parts” of its operations - demand forecasting, capacity planning, supplier relationship management, cash flow analysis, and product lifecycle management - at a level high enough to know what actions had a positive or negative impact on business performance and early enough to take appropriate action.

Getting Started with Sales and Operations Planning

Oliver Wight has developed a structured, fast track approach for implementing S&OP. After an assessment by Oliver Wight Principals to determine how your company operates and what needs to be done to begin using or improving S&OP in your organization, we'll help you to design and implement your S&OP process by providing four key components: education, process design assistance, tools and support. Using this approach, most companies have an S&OP process implemented in three to four months. For more information, call 800-258-3862 or visit www.oliverwight.com.

Who We Are

Oliver Wight is a global firm of consultants and educators who specialize in planning and control and change management for businesses and professionals in the fields of manufacturing, procurement, logistics, and distribution. Since 1969, Oliver Wight has been a thought leader and pioneer in Sales & Operations Planning, Demand Management, Supply Chain Management, Enterprise Resource Planning, and Material Requirements Planning. Our Class A checklists are recognized worldwide as the standards for business excellence. One of the unique aspects of our approach is that it is based on knowledge transfer and client ownership. This ensures that the significant benefits achieved through an Oliver Wight Business Improvement Program are sustainable and that each business improvement initiative builds on the previous.

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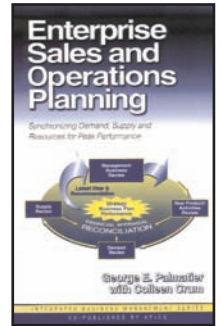
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OLIVER WIGHT CLASS A
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Enterprise Sales & Operations Planning Synchronizing Demand, Supply and Resources for Peak Performance by George Palmatier with Colleen Crum

About this book:

Operational excellence cannot be achieved by technology alone. An effective S&OP process is essential to gaining organizational alignment of plans, strategies, and tactics. It prevents companies from operating in functional silos that are at cross-purposes and counterproductive. This book illustrates the effective, real-world implementation of this powerful process. It is written as a case narrative with an instructional style that managers can relate to.



A Review by The CEO Refresher:

"This is a great work with many important insights into fundamental operating principles to successful manufacturing management. Told as a "story" about a fictional company facing significant dysfunction and challenges, George Palmatier weaves a very engaging and important message - what ensures success is people using the appropriate operating principles and processes with the diligence and discipline. It's an excellent book and one of the best of the year."

Highlights of the book:

- Demonstrates how to implement the mechanics of S&OP to improve a company's top-line revenue and bottom-line performance by linking strategy to execution
- Describes how S&OP can be used successfully to anticipate downturns and upturns in business, so that companies can consistently achieve their financial goals
- Shows how companies using this method have improved execution of business strategies, which leads to increased market share and shareholder value

This synopsis has been developed to assist in executive communications.

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