

Sales & Operations Execution

Template

S&OP / IBP Management Review

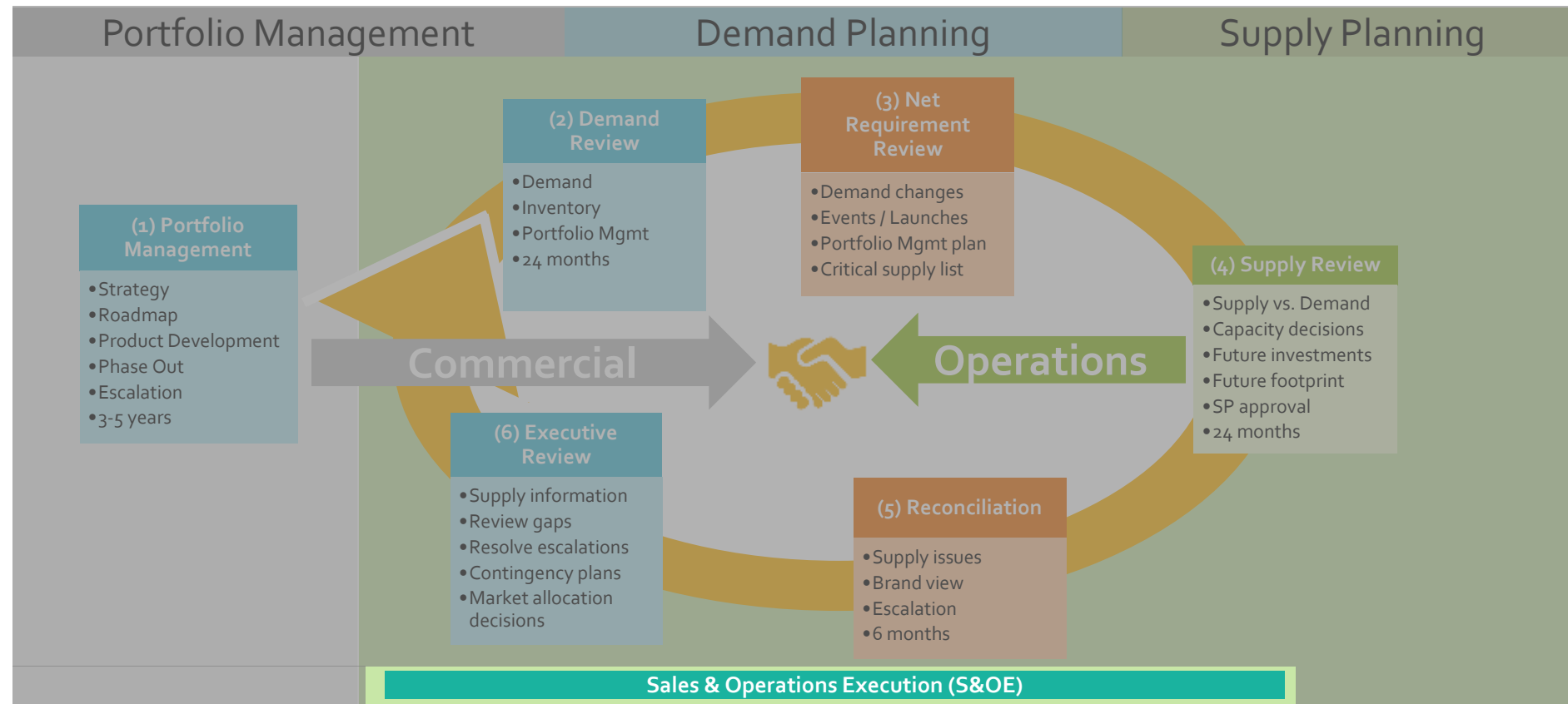
April 2021

Christian Jahn (MBA / CSCP)

Sales & Operations Execution (S&OE)

Context & Objectives

The ERR within the S&OP Planning Cycle



Reference: Sales & Operations Planning – T. F. Wallace / R. A. Stahl

The ERR within S&OP Planning Structure

Demand Planning	Supply Planning	Capacity Planning	Aggregation	Time Frame
Product Portfolio Strategy & Forecasting	Network Strategy	Footprint Strategy	Division/ Franchise/ Business Unit	3 – 5 Years
Demand, Sales & Logistic Planning	Operations Planning	Resource Planning	Brand/ Product Family/ Value Stream	18 – 24 Months
Delivery Schedule	Master Production Schedule (MPS)	Rough-Cut-Capacity (RCCP)	Product Groups/ Capacity Groups SKUs	6 – 12 Months
Distribution & Order Requirements (DRP)	Materials Requirements (MRP)	Capacity Requirements (CRP)	SKUs	3 – 6 Months



Objectives of Sales & Operations Execution (S&OE)

Stakeholders

Chair:

Leader S&OP Process

Owner:

Leader Order Management/
Customer Service

Manager Logistics

Demand Planner

Supply Planner

Buyer/ Scheduler Logistics

- **Scope:** The S&OE tracks the conversion of our integrated Sales & Operations Planning to real customer orders, buying and production requirements and acts as a weekly reconciliation platform to check if performance is on track.
- **Objective:** Review the latest forecast consumption based on actual orders & deliveries and assess any short-term demand changes or supply risks, mitigation actions and needed stakeholder communication.
- **Framework/ Process:**
 - Operation in the short-term execution horizon (0-3 months): review, reconcile and/ or escalate issues that impacts this horizon
 - Management and support of the day-to-day challenges
 - Interface between tactical planning and operational execution

Sales & Operations Execution (S&OE)

Review Structure (Template)

Review Structure - Agenda

Topic	Content/ Description	Page(s)
Attendance & Action items	Attendance & Meeting actions of the last S&OEs, Progress tracking, Exceptions and/or escalated to Sr. Management and/or Reconciliation Review	
KPI trending: Product Availability & Backorder	KPIs trending (Trend & Performance update): Product availability, high impact backorder items	
Demand Challenges & Topics: Short-term Demand requirements	Review short-term demand changes & issues vs. forecast, consensus on variances, confirm priority , decisions & action items, key assumptions & risks , request of supply adjustments	
Supply Challenges & Topics: Short-term Supply issues	Review short-term supply changes & issues vs. confirmed supply response, consensus on variances, share mitigation actions , key assumptions & risks	
Supply Details & Reconciliation	Details on supply challenges , needed inventory allocations and/or priorities , formulate and agreed on reconciliation strategy/ action items	

S&OE Participants & Stakeholders

Participants	Information sharing with
<ul style="list-style-type: none">✓ Name 1 (Role / Region)✓ Name 2 (Role / Region)✓ Name 3 (Role / Region)✓ Name 4 (Role / Region)✓ Name 5 (Role / Region)✓ Name 6 (Role / Region)✓ ... <p><u>Guest:</u></p> <ul style="list-style-type: none">➤ Name 7 (Role)	<ul style="list-style-type: none">– Name A (Role)– Name B (Role)– Name C (Role)

Attended

Action items & Follow up

Example

#	Topic	Owner	Due Date	Comment/ <u>Escalation</u>
1	Ongoing changes in Open Order and Back Order status report – root cause analysis and stabilize reporting	Buyer Region A	31 st May 2x	
2	Supply response for NPI A Product Launch mix change needed for Region A	Supply Planner B	30 th Jun 2x	
...				

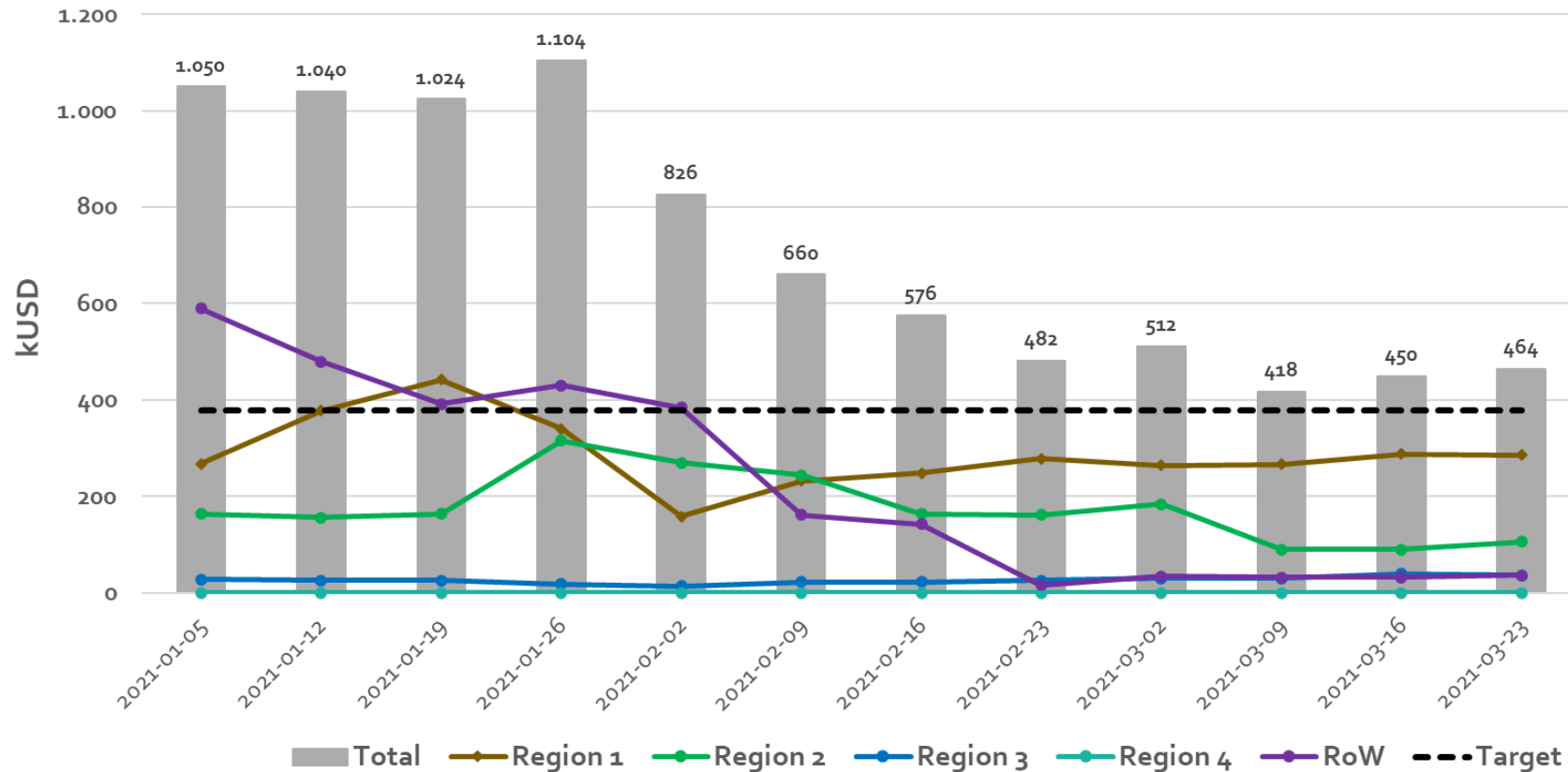
Sales & Operations Execution (S&OE)

KPI / Product availability trending
High impact Backorder items

Global Backorder Trend

Example

Backorder by Regions - US\$



Avg. Monthly Sales:

37'850 k\$

Current BO:

464k\$
2'549 units

BO vs. Sales:

1,2%

Ø Service Level @ value:

98,8%

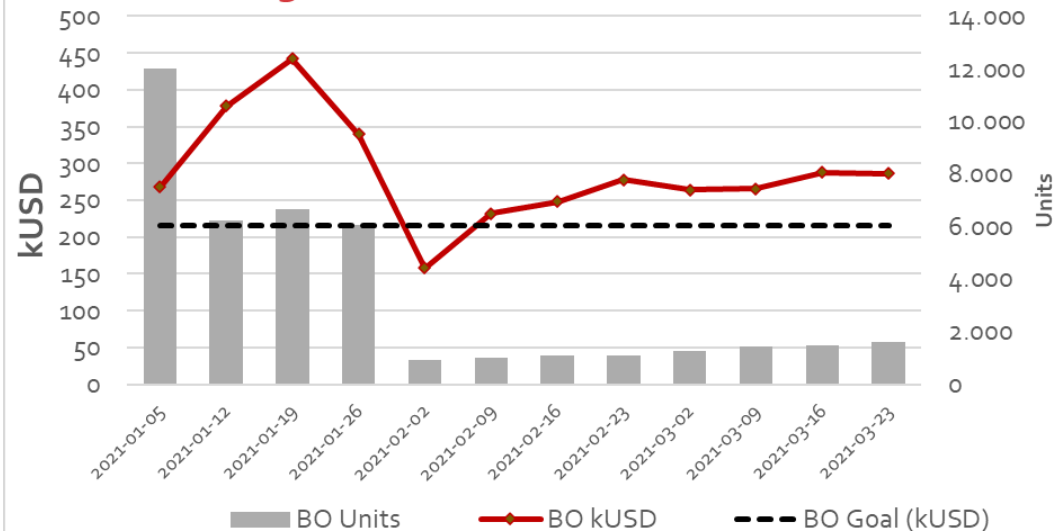
Target:

≤1% of Global Sales/month

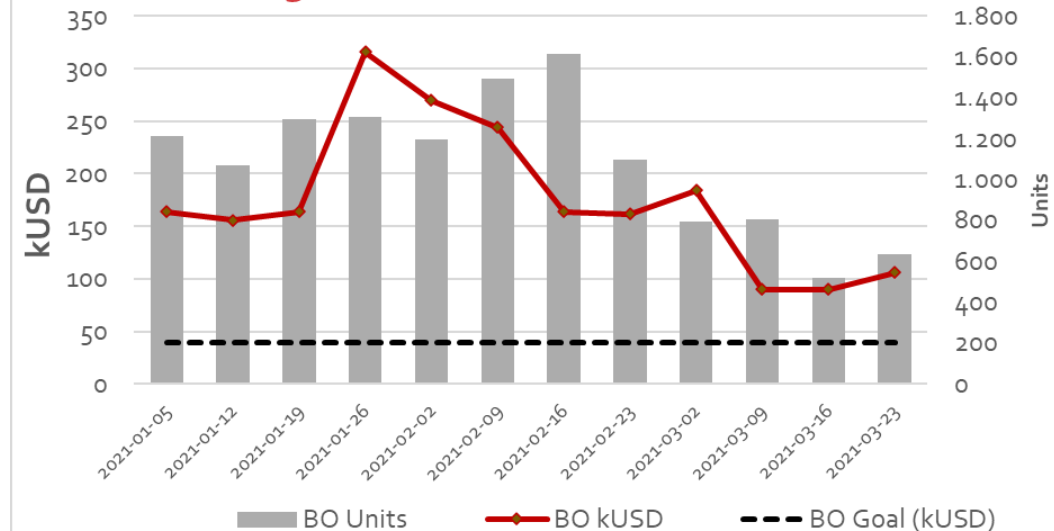
Backorder and Key Items by Region (1/2)

Example

Backorder - Region 1



Backorder - Region 2



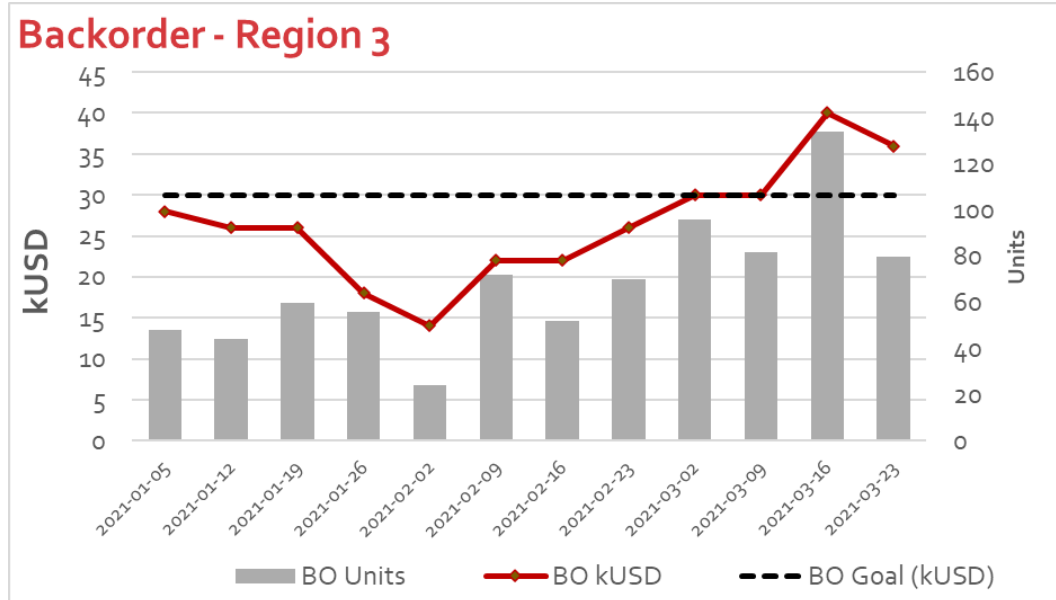
Top 10 Backorder - Region 1

SKU	BO USD	BO Units	ATP
1234567	\$ 53.199	74	tbd
1244566	\$ 48.296	70	in transit
1254565	\$ 46.912	300	26.03.21
1264564	\$ 33.955	222	19.05.21
1274563	\$ 31.009	108	26.03.21
1284562	\$ 15.448	36	tbd
1294561	\$ 8.101	154	24.03.21
1304560	\$ 7.642	32	24.03.21
1314559	\$ 7.384	14	tbd
1324558	\$ 6.532	82	in transit

Top 10 Backorder - Region 2

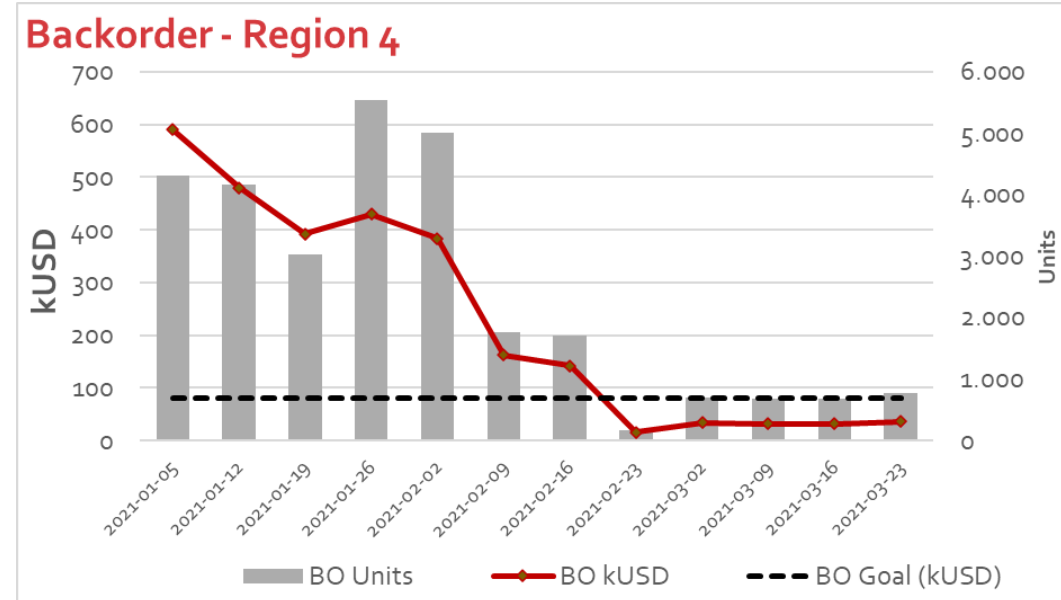
SKU	BO USD	BO Units	ATP
19876483	\$ 11.298	16	No OO - in transit
19886482	\$ 9.446	8	No OO - in transit
19896481	\$ 8.126	10	No OO - in transit
19906480	\$ 4.676	10	tbd
19916479	\$ 4.616	66	next consolidation
19926478	\$ 3.764	8	next consolidation
19936477	\$ 3.172	4	in process
19946476	\$ 2.918	2	No OO - in transit
19956475	\$ 2.758	2	tbd
19966474	\$ 2.708	2	tbd

Backorder and Key Items by Region (2/2)



Top 10 Backorder - Region 3

SKU	BO USD	BO Units	ATP
1239567	\$ 12.781	12	No OO - in transit
1249566	\$ 3.940	4	No OO - in transit
1259565	\$ 2.311	4	15.04.2021
1269564	\$ 1.917	4	22.04.2021
1279563	\$ 1.907	4	N/A
1289562	\$ 1.749	4	next consolidation
1299561	\$ 1.484	4	next consolidation
1309560	\$ 1.197	2	N/A
1319559	\$ 1.136	4	in process
1329558	\$ 1.044	2	tbd



Top 10 Backorder - Region 4

SKU	BO USD	BO Units	ATP
823956	\$ 7.233	70	No OO, nothing in transit
833955	\$ 2.982	4	All open orders in transit
843954	\$ 2.586	6	All open orders in transit
853953	\$ 2.544	2	No OO, nothing in transit
863952	\$ 2.350	4	All open orders in transit
873951	\$ 2.134	60	ESD: 25.03.2021
883950	\$ 1.558	4	complete shipment May 2021
893949	\$ 1.544	40	No OO, nothing in transit
903948	\$ 1.422	12	ESD: 25.03.2021
913947	\$ 1.334	10	tbd

Sales & Operations Execution (S&OE)

Demand Challenges & Topics

Major Demand Challenges, Issues and/or Decision required Region 1

Example

Backlog since

Impact on (Brand)	Issue	Root Cause $\underline{D} > FC$ $\underline{S} < FC$	Market	Owner (Location)	Impact/ Status / Decision required	1 Week	2+ weeks	4+ Weeks	6+ Weeks	8+ weeks
BA1	Backorder within portfolio, \$320k revenue on risk	S < FC	Country A	Plant A	<ul style="list-style-type: none"> Capacity increased addressed Supply back on track at DD/MM/YY Additional escalation to Sr. Management? 			X		
BB3	New big customer contract closed	D > FC	Country C	Plant B	<ul style="list-style-type: none"> Inventory allocation / reconciliation with other regions? 	X				
...										

New Demand driven events within next 3 months

Market	Topic / Comment	\$ and/or volume	Due Date	Brand / Products	Escalation needed	Decision Taken
Country A	New contract with Buying Group in negotiation, successfull closure expected, short-term supply ramp up needed	\$580k	MM/YY	BA1, BA3 and BB1	N	<ul style="list-style-type: none"> Forecast was shared Roll out plan as part of negotiation
Country B	Safety stock increase in regional distribution center	+20% on Forecast	MM/YY	All A & B products	Y	<ul style="list-style-type: none"> Capacity not confirmed by Supply Escalation to IBPr / EIBP for reconcilaition
...						

Major Demand Challenges, Issues and/or Decision required Region 2

Example

Backlog since

Impact on (Brand)	Issue	Root Cause $\underline{D} > FC$ $\underline{S} < FC$	Market	Owner (Location)	Impact/ Status / Decision required	1 Week	2+ weeks	4+ Weeks	6+ Weeks	8+ weeks
BA1	Backorder within portfolio, \$320k revenue on risk	S < FC	Country D	Plant A	<ul style="list-style-type: none"> Capacity increase addressed Supply back on track at DD/MM/YY Additional escalation to Sr. Management? 				X	
...										

New Demand driven events within next 3 months

Market	Topic / Comment	\$ and/or volume	Due Date	Brand / Products	Escalation needed	Decision Taken
...						

Major Demand Challenges, Issues and/or Decision required Region 3

Example

Backlog since

Impact on (Brand)	Issue	Root Cause $\underline{D} > FC$ $\underline{S} < FC$	Market	Owner (Location)	Impact/ Status / Decision required	1 Week	2+ weeks	4+ Weeks	6+ Weeks	8+ weeks
BC2	Safety Stock health in local distribution center critical	D > FC	Country D	Plant C	▪ Capacity increase within frozen window?		X			
...										

New Demand driven events within next 3 months

Market	Topic / Comment	\$ and/or volume	Due Date	Brand / Products	Escalation needed	Decision Taken
Country A	Product Launch of NPI A 3 months earlier as planned	\$450\$	MM/YY	BA5	N	<ul style="list-style-type: none"> Forecast was shared Reconciliaton addressed with Supply
...						

Sales & Operations Execution (S&OE)

Supply Challenges & Topics

Major Supply Challenges, Issues and/or Decision required

Example

Impact on (Brand)	Topic / Issue	Source	Owner	Status / Decision required	Resolution in				
					1 Week	2+ weeks	4+ Weeks	6+ Weeks	8+ weeks
BA1	<ul style="list-style-type: none"> Short term supply rupture Equipment failure 	Location 4	Manufacturing Unit	<ul style="list-style-type: none"> Root Cause identified, problem solving closed Supply re-start beginning of next week Week-end shifts approved for supply catch up Leverage of BA3 products to mitigate current BO? 	DD/MM			DD/MM	
BC4	<ul style="list-style-type: none"> Short term supply constraint Lost of 1 week of production due to issue xyz Supply lower than demand 	Location 3	Manufacturing Unite	<ul style="list-style-type: none"> Resource shift from other departments addressed Catch up of lost volume will take approx. 3 months Supply reconciliation & allocation needed based on fair share via forecast! 			DD/MM		DD/MM
...									



Sales &
Operations
Execution
(S&OE)

Supply Details★
Reconciliation

Product Group BC4 – Allocation reconciliation

Example

SKU#	Inventory ME April	May			June			July		
		Demand	Supply	Supply vs. Demand	Demand	Supply	acc. Supply vs. Demand	Demand	Supply	acc. Supply vs. Demand
89765	1.523	20.800	17.000	-2.277	21.008	21.000	-2.285	21.218	25.000	1.497
89864	498	9.950	8.500	-952	10.050	10.000	-1.002	10.150	12.000	849
89963	1.316	5.200	3.000	-884	5.252	6.500	364	5.305	5.200	259
90062	294	3.500	2.000	-1.206	3.535	3.000	-1.741	3.570	5.000	-311
90161	321	240	800	881	242	600	1.239	245	600	1.594
90260	284	320	800	764	323	400	841	326	400	914
90359	360	280	0	80	283	400	197	286	400	312
90458	199	70	0	129	71	200	258	71	0	187
90557	174	220	0	-46	222	400	132	224	400	307
90656	125	130	0	-5	131	200	64	133	200	131
90755	545	270	0	275	273	200	202	275	200	127
90854	185	120	200	265	121	200	344	122	200	421
90953	469	350	400	519	354	600	766	357	600	1.008
91052	112	90	200	222	91	200	331	92	200	439
	6.405	41.540	32.900		41.955	43.900		42.375	50.400	

SKU#	Supply Max	Region 1	Region 2	Region 3	Region 4	Region 5	Region 6
89765	18.520	12.724	4.064	372	732	369	259
89864	8.995	5.447	1.168	285	663	1.224	208
89963	4.313	2.088	1.375	15	597	21	217
90062	2.290	717	519	20	923	105	6
90557	174	44	111	0	17	0	0
90656	125	19	103	0	0	0	1

Review & Decision

- Daily output tracking in place
- E2E inventory check weekly
- Allocation reconciliation month by month
- **Allocation strategy confirmed for May?**

Author

Introduction summary

Christian Jahn

Diplom-Betriebswirt (BBA) – DHBW Lörrach

MBA (Business Integration) – Julius-Maximilians-University Würzburg

Certified Supply Chain Professional (CSCP) – APCIS

Chief Technology Manager (CTM) – WZL RWTH Aachen & Fraunhofer IPT

SAP Certified Business Associate (ERP 6.0)

Professional Background

- Supply Chain Management, Planning & Execution
- Operations & Plant Management
- Business Process Development, Implementation & Validation
- ERP & IT Solutions
- Quality Management
- 20+ years in Metal Processing & Medical Device Industry

www.scm-knowhow.com

