Discussion Guide

“Elusive Integration: Making the Link between Sales and Operations Planning”
Thought Leadership Summit on Digital Strategies
February 17, 2004

Topic Statement
Mapping customer delivery requirements against the realities of supply chain capability is an endless source of friction in many organizations. Demand forecasts are constantly changing, customer needs are ever more specific, and service requirements are growing in every industry. Growing import sourcing makes seasonal fluctuations tougher and places greater stress on intra- and inter-organizational communications. Supply chain integration has long promised to smooth the wrinkles between sales and operations planning. In this summit, we will examine how companies have successfully integrated the forward and backward facing processes within their supply chains, focusing on the link between demand forecasting and supply chain implementation. Specifically, we will discuss the current breakdowns in coordination and the resulting business issues, potential breakthroughs in the planning process, and the organizational and information technology changes needed to support these.

Flow of the Day – Questions to Consider

Session 1: Breakdowns: Exploring the Issues (please come prepared with a breakdown story to tell)
What are some examples of breakdowns in sales and operations planning? What are the causes and results of these breakdowns?

- Describe one of the worst breakdowns in demand forecasting and supply chain delivery that you have seen within your company? What were the root causes of the breakdown?
  - Poor forecasting
  - Lack of appropriate coordinative mechanism between the sales/marketing function and the supply chain function
  - Communications difficulties – inability to speak the same “language”
  - Different incentives
  - Lack of trust between departments
  - Inefficient supply chain execution
  - Artificially imposed sales goals that do not correspond to market realities?
- How do promotions impact the sales and operations planning process?
- How does supply chain/inventory information affect sales & promotions?
- Are the biggest issues for S&OP intra-company or inter-company?
- What impact does growing import sourcing have on S&OP?
Session 2: Breakthroughs in the Planning Process: Where Do You Start?
Examining where to start improving functional coordination within the company. What needs to be changed? Where do you start? How do you prioritize?
- Is it an organizational issue or a process issue?
- What do you measure and how do you know if you are improving?
- What would change if you had perfect visibility into distribution?
- If a company could give a perfect forecast, could the channel folks disaggregate and then re-aggregate by product and make it work?
- If you had perfect visibility into inventory and supplier capacity and capabilities, could the sales channel benefit? Just reducing costs?
- How do you move from functional alignment to process alignment?
- Physical products are not going away, but production is being pushed so that it can be done at the last minute and only in the quantities required. Are you experiencing this in your industry? If so, how is it affecting the customer and sales channel (positive & negative)?
- Can technology serve as a bridge and equalizer, translating sales forecast language to ops language useable to plan inventory, production, etc.?

Session 3: Along the Value Chain: Integrating Beyond the Enterprise
How do you integrate beyond the enterprise to include the forecast of those closer to the market or, if you are closest to the customer, how do you impact your partners processes?
- How do you establish a consistent process and language?
- Are there natural external points (e.g. industry standards) to align around or must partners create their own?
- How do you extend any internal process alignment achieved to your value chain partners?
- What role can technology play in enabling inter-company forecasting and supply chain coordination? Can technology help you understand where the gaps are and enable you to respond more quickly?
- How do you share the benefits of better coordination/collaboration?

Session 4: Summary and Further Research
We will identify as a group the takeaways, the key “portable” learnings from the day for each participant and the group (following focus areas suggested):
- Best practices
- Organizational impact
- Metrics, incentives and productivity
- Digital strategies opportunities
- Value chain collaboration opportunities