Colibri

[WHITE PAPER]

WHY DO SALES AND OPERATIONS PLANNING AND WITH WHICH TOOL?



The S&OP (Sales & Operations Planning) process plays a fundamental role in helping organizations anticipate business fluctuations, a necessity as highlighted during the COVID-19 crisis.
It also helps teams to work collectively towards coordinated adjustments and a common strategy. But why and how do you implement an S&OP process? How do you choose the right planning tool for your industrial and supply chain strategies?

Whatever your industry, this white paper will give you some insights to answer those questions.

01

WHAT IS S&OP?

Although this process has been around for over 30 years, S&OP has become a hot topic lately. Because it consists in a business process that aligns all functions of the organization around common strategic assumptions, the S&OP enables coordinated decision making.
S&OP cannot only be considered as a supply chain topic, it affects the whole organization. Indeed, decisions must be taken by the entire executive team in consultation with all departments, from HR to Marketing. For instance, if the S&OP leads to temporarily close a plant, switch another to a 3-shift operation, or double the volume of subcontracting, it is essential that the plan be supported by the entire company.

The S&OP process is thus a single, shared vision of the future allowing all departments to act and interact in a synchronized way, aligning the organization for maximum efficiency.

02

THE S&OP PROCESS, A TOOL TO MEET CURRENT AND FUTURE CHALLENGES

Today's workplace is increasingly remote and connected, choosing the right digital tools is therefore crucial. The S&OP as a digital tool is particularly well-suited to facilitate day-to-day actions and decisions around a single strategic axis. It provides teams with coordinated and digital agility when faced with environmental or strategic instability. It is also the right solution to face today's challenges:

- **Increasingly broad product ranges with ever shorter life spans** requiring perfect coordination throughout the organization (marketing, design, engineering, industrial planning, etc.).
- **Economic and health crisis** impacting behaviors and triggering frequent adjustments to business strategies.
- **New competitors, new business models and new regulations** leading to legal changes that need to be anticipated and implemented. A major challenge for companies requiring more flexibility than ever before.
- **Agile product strategies** requiring a closer management (acceleration, substitution, rationalization, ...).
- **Demand fluctuations** due to distribution channel evolution, behavioral changes in geographical areas, e-commerce expansion, etc. requiring adaptability.
- **Organizational changes** impacting operations (mergers, acquisitions, etc.).
- **New industrial strategy anticipation** requiring resources or subcontracting planning, for example.
- **Coordination between decisions made at strategic level and the ERP setup** to ensure daily operational implementation.
- **The use of robotics tools** can totally or partially switch to autopilot. A robot is not better than the planner, but the robot is better than no planner. This also guarantees a robust, recurring process and therefore a continuous improvement.

03

WHAT TO EXPECT FROM AN S&OP PROCESS?

S&OP provides the means to collectively deploy a strategy which can be measured with key performance indicators. Here are several elements to highlight this point:

- **Accurately calibrated bandwidth for a balanced workflow.** The monthly S&OP plan defines the balance between what is possible and what is not. This prevents planners and production managers from dealing with a flow of needs that overwhelms their resources. S&OP reduces workload and time required for detailed planning, conflictual situations and stress management.
- **Improved forecasting.** Which can be achieved by working collaboratively on demand planning and forecasting, with time and focused actions..
- **Minimized overstock, shortages, late deliveries and backorders**. When this happens, the entire planning process is disrupted to rush orders through. With S&OP, the internal organization is more fluid, everyone knows what is strategic and what is not, and the quality of service provided to the customer is thus improved.
- **Increased sales and margins.** Thanks to a better management, it is possible to prioritize products which a better margin.
- **Improved work environment and synergy.** Was it a good idea to sell this product? Should we rationalize a range that's too wide? Is this product strategic and if not, should we stop warehousing it, even if it means extended delays and customer lead time? During S&OP, it is important to ask all these questions to establish rules that will guide teams, which will not have to suffer from the lack of a decision that should have been taken at a higher level.
- **Reduced turnover in teams.** Serene teams are sustainable teams. Having to rehire and retrain often affects long-term performance.

04

HOW DO YOU CHOOSE YOUR S&OP PLANNING TOOL?

Your S&OP and more broadly your supply chain planning can be managed either by generic non-specialist tools, such as Excel, or extremely complete, complex, expensive tools. Halfway, you'll find **more agile and affordable next-generation native cloud tools**, which will cover 95% of needs.

To find your way around, you need to ask yourself the right questions. **What is the maturity level of your process and your teams? How quickly do you want to make this project operational? What is the budget range you can allocate to it?**

Although the choice of your supply chain planning tool should be based on the triptych: budget, team maturity, deadline, i**t is not because you can afford the most expensive solution that you should go for it.** You would be taking the risk of ending up with a tool that is much more complex than necessary, and which will not be used by your teams. **Therefore, process and team maturity are the key** elements to guide your choice.



What are your ROI objectives?

The choice of investing in a supply chain planning tool, must be based on pre-defined ROI objectives that can be achieved through improved performance and better decision making. It is necessary to start with an evaluation of the current situation and then define the level of expectations and timeframe.

It is quite common for companies with overly high expectations to embark on projects that are too big and complex. The result is that they wait for a year to start seeing any benefits and meanwhile they have lost their competitive advantage because their competitors have taken the lead by opting for a more basic and quick solution.

Velocity is of the essence in terms of operational deployment and depends on the level of expectations.

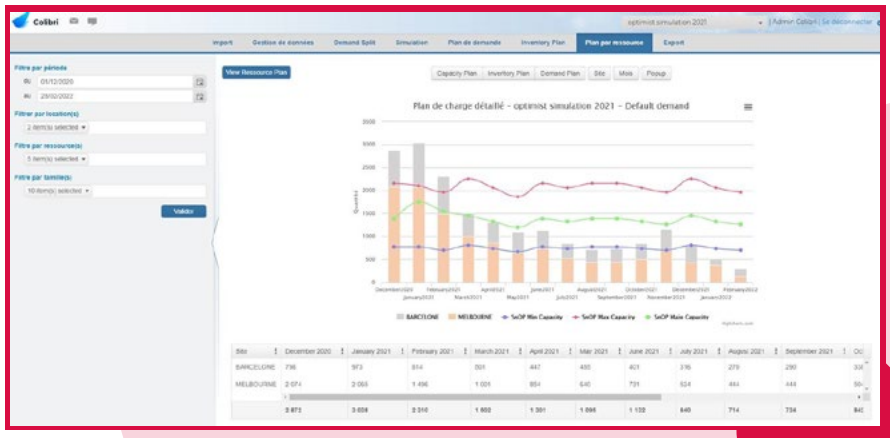
Which KPIs should be used to measure the tools' performance?

- **Employee operational efficiency**. This indicator is directly related to how quickly the users adopt the tool and the speed with which they complete each task. In the current context, companies rarely have the means to assign dedicated people to demand planning and dedicate less time to the process, although they need to go faster. With an S&OP tool, a company would only take two days each month to complete the process where it would need a week using Excel. The use of a planning tool represents a significant time saver and thus a money saver.
- **User satisfaction and ergonomics**. A good S&OP tool allows employees to be more satisfied with their work conditions and to benefit from a better quality of life at work. No more nervous breakdowns because a day's work has been lost in Excel. Teamwork is also more serene because everyone is informed of the company's strategy and the tasks each is expected to perform to reach the set objectives. It's also an extra skill to add on the resume.
- **Improved information transparency**. With a collaborative tool, information is no longer fragmented, but shared, which makes the process more fluid. This indicator is often underestimated, but it is one of the most important because the responsibility is thus shared instead of being fragmented and borne individually for each visible part of the process.
- **Financial gains through operational KPIs, such as forecast accuracy, margins or projected inventory**. It is possible to supply and produce better with better forecasts. It is possible to budget efficiently by choosing a simulation that provides a turnover plan, a margin plan and average storage costs. In the end, the process will move the whole company towards the expected level of profitability.

5 key criteria to choose your S&OP planning tool

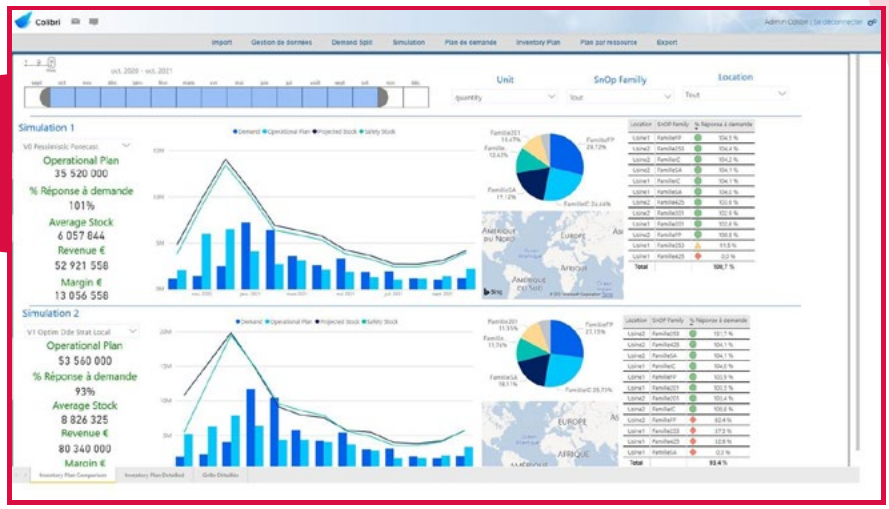
1. Simplicity

Choosing a simple took is key. Because S&OP is a recurring process, if the task is tedious and the associated tool is not user-friendly, users will not adopt it and the whole process will fall apart. In addition to being simple, the tool must be agile and adapted to the specificities of each need.



2. Synthesis capacity

If you only have a few hours to devote to S&OP each month, it is essential that the work done upstream be summarized in a few screens. As part of a collaborative approach, the dashboards must be clear enough for each stakeholder to be able to rely on an easily understandable shared summary vision. This is significantly encouraged by an intuitive and user-friendly interface.



3. A contained cost of use

Beyond the purchase price of the solution, it is important to anticipate the cost of use in the years to come. By choosing a SaaS solution, you know your subscription plan includes regular updates, so you don't have to worry about additional costs required by special development.

4. Speed of implementation

If you are thinking of acquiring a supply chain planning tool, it is probably because your processes need improvement. Rather than overloading your teams by adding to your internal processes, you need a solution that is quick and easy to implement, providing them with both momentum and power.

5. Extensive features



The whole point of S&OP is to be able to perform multiple simulations with different industrial strategies. Your tool must therefore allow you to run scenarios with different elements (different industrial and supply chain strategies, more or less optimistic demand plans, new production sites, new suppliers, team management etc.).

Combined with the right planning tool, an S&OP process will allow your teams to achieve a greater serenity, while increasing their decision-making capacity. This is a significant competitive advantage in today's fast-paced and ever-changing world. Designed by supply chain engineers, Colibri is one of the best ratios of time spent to efficiency on the market.

Deployed in 3 months for 90% of our customers, Colibri is quick and easy to implement. It allows you to run simulations in record time and make the best concerted strategic business decisions, thus fully embracing the benefits of S&OP.

05

COLIBRI, AN AGILE SOLUTION

Since it was launched in 2014, Colibri has been committed to offering agile and quick-to-implement solutions. Simplicity is at the core of our philosophy; we offer our users quick supply chain optimization tools at affordable budgets. Combining data visualization and data science technologies, Colibri is a supply and demand planning software that covers 3 main functionalities:

- **Demand Planning**
- **Supply Planning**
- **Strategic planning**

Colibri's 3 core values

- **SMART:** Colibri's purpose is to solve its customers' supply chain problems. The R&D team builds the roadmap based on customer feedback. The solution evolves with the business practices of its users, and thus releases a collective power that accelerates as the community grows.
- **SIMPLE:** Simplicity is Colibri's founding principle. It commands every action the Colibri team takes, from screen design to project methodology and proof of concept prototyping.
- **SAFE:** Security processes, transparency and visibility are permanent focuses.

Colibri is a next-generation Sales & Operations Planning tool that enables you to become more efficient, more accurate and more competitive. From manufacturing to food processing, distribution and retail, Colibri perfectly adapts to each industry. Benefit from our experts' support from project prototyping to final use, it is our guarantee of an optimal application. Join the Colibri ecosystem, driven by its customers and strong growth!

Contact us

Ask for a demo

Colibri

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