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Gain an Edge with S&OP

Sales & Operations Planning (S&OP) can give your business an edge over the competition - minimal investment in resources to yield substantial results! Although S&OP which balances demand with supply has been around for a long time, I've seen interest in this concept increase as businesses are looking for ways to leapfrog the competition in today's new normal business environment.

In the new normal, we must be better than we've been in the last several decades just to maintain our market position. Customers are demanding more for less with significant improved service levels and quicker lead times. How can we achieve this? Lean? Six Sigma? Sure, all of these types of initiatives are important; however, they have become an assumption - necessary for survival. Instead, we must find new ways to stand out in the crowd. Why not renew an old concept that will give us an edge? A few keys to success with S&OP include: 1) Executive commitment. 2) Collaborate. 3) Simplify.

1. **Executive commitment** - There is no point in wasting even a dollar or a minute in S&OP without executive commitment as it is cornerstone to success. In the process of balancing demand with supply and syncing up all the areas of your business around one set of objectives, many conflicts and strategic decisions arise. Thus, without executive commitment, you're bound to dead head right into a wall. And, as I've seen multiple times, if you start a major initiative like S&OP, start to gain momentum and then hit a wall, it is worse than not starting at all.

For example, in one mid-sized manufacturer, we implemented a simplified S&OP to better align all business functions. Soon, a key conflict arose between Engineering and Production in terms of which area would have priority in the production schedule. Because we had executive commitment, we were able to get the CEO in the loop and resolve the conflict so that we could achieve significant results - decreased inventory levels and improved efficiencies while supporting the new product launch trials.

2. **Collaborate** - In balancing demand with supply, the key to success is in collaboration and teamwork. Undoubtedly, there will be several roadblocks to work through in aligning all the functional areas of the business.

For example, typically, production prefers longer runs of the same product. The sales function prefers lots of inventory and variety to choose from. Finance prefers low levels of inventory to free up cash flow. R&D prefers to trial whatever they need whenever they need it. And the list goes on. Thus, it is important to bring all functional areas into the loop upfront and rally everyone around the long term objective to balance demand and supply in such a way to maximize the value of the business.

3. **Simplify** - In my experience in working with all types and sizes of organizations across multiple industries and globally, the most common roadblock to success is to add too much complexity. Of course, it is tempting to add

this feature and that bell and whistle; however, it can lead to a web of complexity that you get lost in. Soon, you'll see your competition passing you by with a no-frills S&OP process.

For example, in one S&OP implementation, the team got caught up in developing a complex process and system to support the ultimate S&OP theory yet lost sight of the end goal. In the end, we threw out theory and complexity in favor of a pencil and paper and common sense - and achieved vast results!

In the new normal, cash flow and customer service are vital to success. There is little else that can achieve as significant a result as implementing S&OP, and it costs nothing. Why not give it a try?

Lisa's Tips: Project Management

It's obvious that no matter your career, project management skills are critical to success. What better way to get things done?

1. **Focus on critical path** - It's easy to get caught up in 1000's of tasks on your project plan. Instead, focus all your efforts on just the critical path and you'll achieve far greater success. Work smarter; not harder.
2. **Task Owners** - It is common to assign multiple people to a task as a team works on achieving the intended result; however, no one owns the task. Instead, assign one person as the owner who coordinate with the rest of the team and is responsible for its completion.
3. **Be proactive** - I've found that significantly better results are achieved when I remind critical path task owners that an important task is coming up. Reminders are a gem.
4. **Ask questions** - One of the best ways to know what potential roadblocks lay ahead is to ask questions and listen.
5. **Follow up & measure** - What's measured is done. Follow up is essential to the difference between mediocre results vs. exceptional results.

Recommended Reading

"[Leverage Social Networks to Drive Business Results](#)" by Lisa Anderson - in my first book, I've focused on the hot topic of how to leverage social networks to improve operations and drive business results. It's full of practical tips and techniques to apply to your business immediately.

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