

Lisa Anderson's Profit Through People® Newsletter



Enabling Scalable, Profitable Growth No 185, June 2022

As our inaugural newsletter from LMA Consulting's founding in 2005, Profit through People remains our flagship brand because although most clients call us because of our manufacturing, supply chain and technology expertise, the 80/20 of success goes straight to people!

Lisa's Note

Hard to believe it is summer already!

I wanted to share my tag line with you all. Check out our recent [article](#) about the importance of The Strongest Link in Your Supply Chain. As newsletter subscribers, you will recognize this tag line with an upgraded graphic :-).

The
STRONGEST LINK in
Your Supply Chain™



On a personal side, I enjoyed spending time with great friends (from North Carolina and California). It is nice to be able to get out again, and most importantly, see my best friends and relax. In addition, it was great to see Isaiah. He just loves to smile and melts our hearts. Such a happy baby!

Clients are thinking about inflation, deflation, reshoring/ nearshoring, and navigating global volatility. We continue to see that [SIOP](#) can provide a way to get in front of what's going and be resilient with changing conditions. However, SIOP only goes so far if you don't execute, which is why we also emphasize the importance of [S&OE](#) (Sales & Operations Execution).

IN THE NEWS

I continue to be excited about media pickups & accolades.

- Published an article "[Do You Have Suppliers or Partners](#)" in the *Adhesives & Sealants Industry* magazine
- Interviewed on Netstock's podcast "[Manage the Risk in Your Supply Chain](#)"
- Participated in a panel discussion, "[What's Keeping the C Level Up at Night?](#)" on the American City Business Journals.
- Interviewed on "[Staying Global While Staying Home](#)" about global supply chain and customer demand.
- Provided an educational session on [Supply Chain Resiliency](#) for the Riverside International Business Academy.
- Interviewed on the Truckers Network Radio Show on "[Is There a Silver Lining in the Cloud of Confusion in Today's Supply Chain](#)"
- Interviewed on WTSP TV on "[Our Changing Climate: Earth Day Special](#)" (starts around 19:45)
- Featured in a SAC press release on how [Successful Organizations Move Beyond the Great](#)

Resignation.

- Featured in a press release on the need for a [SIOP process](#), [supply chain](#), [360 Planning](#), and [supply chain disruption](#) which was picked up by [CSCMP](#).

Enjoy,
Lisa

P.S. Know anyone who is interested in getting ahead of the surge with strategies to thrive in 2023 and 2024? Refer them to [us](#).

The **STRONGEST LINK** in Your Supply Chain™



STRATEGY

Getting Ahead of Inflationary and Deflationary Pressures Using S&OP



Because we live in a global, supply chain disrupted world amidst record-breaking prices for food, commodities and oil (and all products dependent on these industries), not only are businesses looking to navigate inflationary pressures, but also deflationary pressures. Inflation can lead to deflation as consumers panic and demand softens. On the other hand, there is

still a lot of money in the market and pent up demand, and so, according to the experts, it is unlikely the recession is imminent yet it looms in the future. Thus, companies must be prepared to navigate inflation as well as deflation.

Inflationary Pressures

Let's start with inflationary pressures. There are several [strategies for successfully navigating inflation](#) and [volatility](#). In addition to placing orders in advance to secure supply and pricing, think about the following

- **Customer & product profitability:** Using [S&OP](#) (also known as SIOP) to analyze and make strategic decisions based on customer and product profitability.
- **Proactive cost & pricing decisions:** Using the information from S&OP, business intelligence, and predictive analytics to analyze cost increases and related business and market impacts, to set priorities and make pricing decisions.
- **What-if assessment of manufacturing & supply chain footprint:** Analyzing the impact of various what-if scenarios from S&OP and the resulting impact on S&OE (also known as planning and execution) to determine where to increase control (change suppliers,

reshore/ nearshore, vertically integrate, etc.), where to offload/ outsource (temporarily and/or long-term), and where to position distribution centers throughout your network.

- **Get your house in order:** Think ahead and don't be afraid to invest capital to prepare for the future while also rigorously managing cash flow, maintaining your ability to be resilient and gaining an edge with your people.
- **Strategic capacity & inventory decisions:** Proactively position inventory and capacity to take advantage of opportunities and maintain flexibility while minimizing the cost associated with this flexibility.

Deflationary Pressures

As businesses see costs escalate and customers push back on price increases, concerns about deflationary pressures increase. Of course, the truth is that it depends on your industry, your position, and many factors that are out of our control. What is largely agreed upon by the financial experts is that a recession is likely down-the-road; however, very few believe it will be near-term. No matter the exact timing, it behooves executives to not hide their heads in the sand.

In order to get ahead of deflationary pressures, our best clients are focusing on the following strategies to mitigate the effects:

- **Manufacturing automation:** The best businesses are automating everything that can be automated. In fact, the proactive executives have been focused on this initiative to minimize the low-skilled labor requirements since they cannot find people, wages and benefits are increasing, social distancing can be a challenge, and automating can minimize errors. There are all sorts of opportunities to automate in manufacturing environments, and as prices continue to increase, the payback increases.
- **Logistics automation:** Similarly to manufacturing, logistics has even more opportunity to automate. Not only has the rise of e-commerce led to a dramatic increase in workload (if not automated), but the equipment and technologies are readily available and the return on investment is significant. In some cases, it is required to simply meet customer requirements.
- **ERP automation:** For administration functions, planners, buyers, expeditors, analysts, and more, it has become critical to meet increasing customer requirements as well as to deal with the lack of resources and the need to engage employees to retain talent. For example, unfortunately, a few clients have called because they lost key resources and needed to fill the gap, upgrade the process, and automate so that their people could focus attention on thinking about exceptions instead of mindless keying and manual processes.
- **Reduce costs without decreasing service and frustrating employees:** There are many ways to reduce costs. The key is to focus on innovation and the use of technology instead of simply cutting costs. Instead of thinking about cutting people (which seems to be the default for many corporate executives and Boards of Directors) as your first approach to cutting costs, use your SIOP process to dig into your cost drivers so that you can focus your innovation efforts in these areas.
- **Inventory reduction to free up cash flow:** It is always a good idea to ensure you are proactively managing inventory levels with changing conditions from both the demand and supply perspective. There are demand, production, capacity, replenishment, materials, and logistics planning strategies to ensure you minimize inventory in your supply chain with high service levels (on-time-in-full, OTIF). Additionally, this must tie to your strategic decisions with S&OP.
- **Data analytics & predictive analytics:** Undoubtedly, you'll be able to pivot quickly and stay in front of changing conditions and take appropriate actions if you can slice and dice your demand and supply data as well as predict where to focus additional resources and what strategic decisions will put you ahead of your competition.
- **Pricing, product rationalization & new product introduction:** Just as customer and product profitability analysis will support you during inflationary times, this information will support you during deflationary times. Price not for the current situation, but instead for what you see occurring in your industry and the opportunities that will arise. Likewise, prioritizing which products to inactivate, upgrade and introduce will directly impact your future revenue and cost structure.

Simultaneously Managing Inflationary & Deflationary Pressures

Unfortunately, we are in unprecedented times. There is no playbook for the current situation of

managing inflation, deflation, and global supply chain transformation simultaneously. The closest example is stagflation from the 1970's; however, there are many key differences. The successful will pave the way forward. The rest will dwindle, be purchased, or go out of business. On a more positive note, the executives that prepare for this new opportunity will thrive like no other time in history. The closest example occurred during the Great Depression. It drove more companies to success for decades to come than ever before - until now.

Client Example of Simultaneously Managing Inflationary & Deflationary Pressures

The best clients are preparing to successfully navigate inflation, deflation, and global supply chain disruption simultaneously. For example, a building products manufacturer has seen unprecedented demand during the pandemic, and is seeing signs that demand will remain robust while also seeing signs of a pullback. They are not panicking. Instead, they are focusing additional attention in talking with customers and industry players to stay abreast of changing conditions and opportunities and incorporating this input into the S&OP cycle.

They are also proactively reviewing customer and product profitability and syncing sales feedback with ordering patterns and market adjustments. They have been approving and completing projects to automate, increase efficiencies, and upgrade systems and processes. As opportunities arise to cross-train, increase flexibility, secure offload capabilities, and better utilize capacity and/or supplement capacity availability in their plant network, they take advantage of them. Managing inventory levels has become a critical priority while ensuring there is sufficient inventory to support high levels of customer service. And, they have invested in people, both upgrading and adding key people where needed to support growth and innovation. Each of these elements are incorporated into the [S&OP process](#) so that they are prepared for inflation, deflation, further supply chain disruption, or whatever else might occur. The bottom line is they are prepared to take advantage of sales opportunities while proactively managing customer service, profitability, and working capital.

SIOP Is Not a One Time Solution

If one thing is clear, it is that the future is unknown and volatility is in the cards. During times of volatility and change, it is critical to stay on top of your changing market conditions and customer needs, incorporate new and changing product and service offerings, and constantly reevaluate your end-to-end supply chain for what will best position you for success.

SIOP is not an off-the-shelf solution, and it is not a one-time "magic bullet". Instead, the most successful clients look out a minimum of a year to three years (if they have long-term customer contracts) on a monthly cadence, incorporate changing conditions, and evaluate results. Typically, they will reconfirm prior decisions and priorities and address critical changing conditions. Of course, this process must be accompanied with strong execution. If you follow this path, you will thrive whether we are experiencing inflation, deflation, or other global disruption. In fact, the resilient and innovative companies have a once-in-a-lifetime opportunity to gain significant market share during these volatile times.

Refer to our [SIOP landing page](#) for information about SIOP and how to get started on your journey. Also, read more about these types of strategies in our eBook, [Thriving in 2022: Learning from Supply Chain Chaos](#). If you are interested in talking about what it would take to pursue the SIOP journey in your business, [contact us](#).

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[Proactively Addressing Global Events to Grow Market Share & Ensure Seamless Customer Service Using S&OP](#)

Is There a Silver Lining in the Cloud of Confusion in Today's Supply Chain?

Podcast with The Truckers Network



PLANNING

Proactively Managing Cost & Service with Material Planning Best Practices



Material Availability: State of Affairs

Since the pandemic, it has been a constant battle to ensure material availability, let alone to proactively manage cost and service. Even the most proactive and successful clients have experienced brief shortages of key materials and extended lead-times. The rest have been plagued with these issues.

Material costs have been skyrocketing as inflationary pressures persist. We don't need to look further than the impact of oil and gas prices. No matter the industry (food and beverage, building products, aerospace and defense, life sciences and healthcare), the increase in oil and gas prices has had an impact. Typically, oil and gas prices will relate to a material used in the manufacturing process somewhere in the end-to-end supply chain, if not in every link in the supply chain. And, of course, the price of oil and gas will directly impact the transportation costs in every supply chain. The same is true for labor cost and, unfortunately, a whole host of other inflationary impacts on materials.

During these inflationary times, every piece of material (or ingredient) is significant and will impact cost. Clients are experiencing escalating prices yet limited availability and extended lead times, negatively impacting service and margins. For example, a consumer products manufacturer experienced successive price increases with every purchase order for several months in a row. In a life sciences manufacturer, suppliers didn't pass on successive price increases with each order; however, the price increased dramatically early on. It became a race to pass on price increases to keep up with changing conditions. Unfortunately, another industrial products client hadn't kept up with price increases, and so when we helped them develop a customer and product profitability model, it became apparent that quick adjustments had to be made before customers refused to absorb the changes.

The Impact on Material Planning

Material planning becomes increasingly critical during these volatile times. Not only is production not possible without materials and components, but if schedules have to change or manufacturing runs cut short, the increased waste and reduced efficiencies have become increasingly costly. Certainly, if production runs behind and expedited transportation is required, not only will freight costs be higher due to rising fuel prices, but expedited freight charges will be staggering - if you can find someone to deliver it on an expedited timeline at all.

From the service viewpoint, it is quite clear that if you cannot produce to customer demand, your customer service will suffer. Although the most proactive clients have put a full-court press on managing OTIF (on-time-in-full) and jump through hoops on a daily basis to minimize impacts to the customer, the vast majority of companies have seen a negative impact on OTIF and lead times. The "average" companies have truly suffered. It is no longer good enough to be "average".

Given the significant impacts, there should be an all hands on deck approach to upgrading material planning capabilities to best serve customers and minimize negative consequences on cost. It is a

frustrating position to navigate on a daily basis, and so the best clients are also realizing that they must invest in these employees (provide support, training/ education, outside resources, etc.) to simply retain this critical talent.

Material Planning & Relevant Factors

Material planning (also known by many names including purchasing, buying, and production control depending on the company) focuses on how to ensure the "right" materials arrive at the "right" place (facility) at the "right" time. Frequently, material planning is also associated with MRP, material requirements planning from a process perspective.

Material planning should consider the following factors:

- Order frequency - have you set up purchase contracts or commitments to receive on a daily, weekly, monthly, seasonally, or sporadic basis?
- Order size - what minimum order size requirements have you set up in your supplier agreements? Is the order size by item, shipment, or blanket purchase order?
- Supplier reliability - how predictable is your supplier's performance? Will your receipts arrive +/- a day, week or month? Do you receive advance notice?
- Supplier lead time - what is your standard lead time by supplier or commodity? How much notice do you receive for delays or shortages?
- Transportation lead time - where is your supplier located, could they produce and ship from multiple facilities and what is the typical mode of transportation and associated lead times for each?
- Service policies - what service policies have you negotiated in your supplier contracts? What has been their performance?
- Supplier network flexibility and recovery capabilities - if your supplier has multiple plants and/or locations that could produce and store your material, have you discussed this possibility? Have you worked with your supplier to run appropriate trials to support flexibility?
- Safety stocks - have you set up a safety stock agreement for critical materials and suppliers?
- Forecasts and/or consumption information - are you sharing consumption and/or forecast information with suppliers so that are in the loop with changing demand patterns, expected opportunities and/or deviations from the norm?
- ABC value - have you set up your items as A B or C based on volumes, value or another method to designate frequency and importance?
- Storage constraints and warehousing costs
- Inventory objectives

Material Planning Strategies

A material requirements plan should take the factors described above into account when building a plan. Typically, you'll start with near-term work orders, and review longer term demand to determine your material plan based on what's needed to support this master production schedule while considering your supplier agreements and associated service policies and your inventory objectives.

Depending on many factors including your manufacturing environment, supplier network, level of collaboration and agreements, your product and commodities mix, your tools (ERP and related technologies), and your objectives, there are multiple material replenishment strategies you could follow. Conceptually, consider the following options:

- **Reorder point / Kanban strategies** - in essence, your suppliers replenish an agreed upon reorder quantity when as materials are consumed.
- **MRP strategies** - in essence, you purchase based on the latest mix of work orders, sales orders, forecasts, and transfer orders as needed when reviewing your inventory and purchase orders in process.
- **DDMRP strategies** - demand-driven material requirements planning (MRP) which is more sensitive to variations in demand and supply.
- **Supplier managed (also known as vendor managed inventory)** - the supplier makes sure you have the appropriate inventory to support production requirements, managing within agreed upon service and inventory policies

There are tradeoffs, benefits and costs to each approach depending on your demand, supply, factors, and objectives. Frequently, we see a combination of approaches based on the supplier,

commodity, relevance to the business, etc.

Incorporate Material Planning into a Monthly Review Cadence

Review your material plan summary information and related impacts as a part of your monthly [SIOP/ S&OP](#) process. Gather inputs from appropriate parties, compile and synthesize data, and design a monthly review of the material plans required to support the master production schedule and related customer requirements. This will impact inbound freight, storage requirements, and production capabilities to support customer orders, and it will be directly impacted with changes to production sourcing (production facility, reshore/ nearshore, offload), supply chain networks and stocking strategies.

Refer to our [blog](#) for many articles on planning, capacity and related systems. . Also, read more about these types of strategies in our eBooks, [Thriving in 2022: Learning from Supply Chain Chaos](#) and [Future-Proofing Manufacturing & Supply Chain Post COVID-19](#). If you are interested in talking about what it would take to pursue the replenishment planning and [SIOP journey](#) in your business, [contact us](#).

[Did you like this article? Continue reading on this topic: Improving Service Levels, Logistics Efficiencies, and Inventory Turns with Replenishment Planning Best Practices](#)

Thriving in 2022: Learning from Supply Chain Chaos

Check out our [eBook](#) on what is relevant in 2021 according to manufacturing, supply chain and technology executives.



ERP & RELATED TECHNOLOGIES

Do You Need Software to be Successful with S&OP?

As clients become interested in [S&OP](#) (Sales & Operations Planning), also known as SIOP (Sales, Inventory, and Operations Planning) to get in front of customer requirements while simultaneously increasing margins and profits, executives want to know if software is required to support S&OP success.



Is Software Required to Support SIOP Success?

Although the answer to this question is that "it depends", after almost fifty successful SIOP projects with clients across multiple industries and sizes (from closely held businesses to private equity backed to large, global organizations), SIOP specific software has not been required for success.

With that said, there are benefits to using SIOP specific software products in certain situations. On a related note, ERP and related technologies are integral to success, and data is cornerstone to a successful SIOP process and results.

Is an ERP System Required to Support SIOP?

Almost every client has an [ERP system](#). At their core, ERP systems perform the transactions required to support taking orders, purchasing materials, planning production, picking and shipping product, handling returns, and invoicing customers. As complexity and disruptions abound in the global supply chain, it is no longer sufficient to simply have an ERP system. To thrive during these volatile times, an increasing number of clients are upgrading to modern [ERP systems](#) to better support evolving customer requirements, increasing automation and efficiency needs, and predictive analytics capabilities.

In 98% of the client situations, having an ERP system is required to support SIOP success. The only

reason we didn't use 100% is that we worked with an innovative building products manufacturer still using QuickBooks Enterprise to successfully roll out a SIOp process. They were the exception to the rule as they had a CRM (customer relationship management) system and an Excel based forecasting system in place, were progressive in nature, had put process disciplines in place and were in process of selecting an ERP system. The main reason an ERP system is essential to SIOp is because you'll need to capture demand and supply information to roll up into your SIOp process. Although at times it can prove valuable, it is NOT required (and sometimes not preferred) to use detailed transactional data. On the other hand, there is key demand and supply data stored in your ERP system that will be integral to your SIOp process.

Do You Need to Upgrade from an Outdated ERP System to a Modern ERP System to Implement SIOp?

No, you don't need to upgrade to a modern ERP system to implement SIOp. Although you will likely improve upon your demand and supply data with a modern ERP system, we have worked with many clients with archaic systems to successfully implement SIOp and achieve results. In most of these situations, they had an ERP upgrade on their IT roadmap but didn't want to delay progress in getting in front of their customer demand and EBITDA performance. From a SIOp point-of-view, so long as you can get data out of your ERP system, you will have what is needed to succeed.

Do You Need a CRM System to Support SIOp Success?

No, you don't need a [customer relationship management \(CRM\) system](#) to support SIOp success. With that said, you need CRM type information to support SIOp success. For example, you need to gain sales and customer input to changing demand patterns, new customer opportunities, the strength of key regions and product lines, etc. So long as you can gain access to this information through verbal feedback, spreadsheets or via an extract from CRM, the SIOp process will be successful.

Many of our most successful SIOp clients have a CRM system even if they do not directly tie the CRM system data to the SIOp process. What we see is that as clients use a CRM system, they develop the appropriate process disciplines to improve upon the sales and customer input to the process. For example, a building products manufacturer captures potential business opportunities in Salesforce, but they do not tie the information directly into their SIOp process. Instead, they involve key sales leaders who interpret the CRM data, add market intelligence, and collaboratively build a sales forecast in support of the SIOp process. Results follow. On the other hand, an industrial products manufacturer uses Oracle's CPQ/ Big Machines, and by connecting that information directly to the SIOp process, the client gained an immediate benefit of visibility to future sales.

Do You Need a Forecasting System to Support SIOp Success?

No, you don't need a forecasting system to support SIOp success. The majority of our clients including many large, global manufacturers with several facilities across multiple countries implement SIOp successfully without having a demand planning / sales forecasting software. On the other hand, you will need a picture of future demand.

In every SIOp project, we have worked with the client to develop a demand plan. Whether high-volume make-to-stock (MTS) items or make-to-order (MTO) items such as configure-to-order (CTO) or engineer-to-order (ETO) items, you will need a demand plan. In order to look into the future to make the appropriate strategic decisions (manufacturing sourcing, capacity allocation, supply chain network, strategic inventory), you have to start with your expectations of future demand.

Many times, you can build a demand plan using an Excel model. It will be sufficient to get the process started and results occurring and can be automated and upgraded down-the-line. In other situations such as in high volume industries with complex supply chain networks, a forecasting software is recommended to best support your needs in a sustainable way; however, it won't prevent you from getting started with a simple forecast. If your process would benefit from a forecasting system, there are many software options, ranging from the simple to the sophisticated.

Translating Your Revenue Plan into an Operational Plan

Once you have a sales forecast in dollars, the key is turning revenue projections into directionally correct unit forecasts and resulting capacity and supply plans. If using a software, it should convert from dollars to units easily. With that said, it is frequently more complex than a simple

conversion factor. Thus, this translation of dollars into meaningful units is often one of the top drivers of SIOp success.

For example, a life sciences manufacturer brought us on board to specifically turn their revenue plan into a directionally correct operational plan. They could see the dollars coming in the door, but the operational leaders didn't know how many people would be required, which skills would be needed, or which long-lead time materials to order because they couldn't translate the demand plan into a consistent and standardized unit of measure. Thus, although they had long-term visibility to revenue, they couldn't fulfill the revenue on a timely basis without taking on too much risk. By rolling out a demand planning process and turning dollars into standard and meaningful units of measure, they were able to quickly gain the appropriate approvals to hire the appropriate skills, reallocate resources, and purchase the equipment to support their growth plans. They aligned their demand and supply plans.

Similarly, a drone manufacturer had intense specificity with their revenue plans but they could not translate revenue into material purchases so that they could plan ahead with suppliers to secure supply with reduced cost. We worked with the client to devise a process to translate revenue into unit sales by product grouping which were translated into key materials and commodities. We were able to provide a conservative, directionally correct forecast for key suppliers so that we could gain the appropriate approval to put supplier agreements in place to support business growth with shorter lead times and significantly reduced costs.

Both clients had CRM systems although neither used CRM data directly to start the SIOp process as it would have held up progress. Instead, we used data and insights from CRM to support the development of a sales forecast/ demand plan which translated into an operational / purchase plan. It just so happens that neither client had a forecasting system. We developed a demand planning model in Excel that used information from their ERP system to support SIOp in both instances.

Do You Need a Business Intelligence (BI) Software to Support SIOp Success?

No, you don't need a [business intelligence \(BI\)](#) software to support SIOp success although having business intelligence and analytic capabilities will enable success. At a minimum, you will need to be able to extract data from your ERP and related systems and combine with spreadsheets and other data. On the other hand, if you have a business intelligence system, it is likely you'll be able to get access to the appropriate data more quickly, analyze trends and slice and dice the information as a part of SIOp to turn data into [data into insights](#).

On the other hand, we frequently see clients get hung up in creating the ideal reporting platform, and miss the forest for the trees. As much as standardization of information and pretty charts and graphs might be a nice end state objective, delaying SIOp progress will cause more harm than benefit. The most successful clients start with directionally correct, immediately available information and continually improve upon and refine the information with changing circumstances. They summarize key highlights into a few charts and graphs using PowerPoint and bring clarity to pivotal decisions through the SIOp process and executive SIOp discussion. As advanced BI functionality can be incorporated in a meaningful way, it will be a great addition to the process.

Do You Need Supply Planning Software to Support SIOp Success?

No, you don't need a separate supply planning software to support SIOp success. For most clients, your ERP system will support your supply planning needs. Capacity planning, production planning, distribution / replenishment planning, material planning and logistics planning are supported with ERP. In some situations, an advanced planning software is preferred to support advanced replenishment needs and/or production scheduling requirements.

Whether you implement SIOp or not, this type of software better supports service, cost and inventory objectives in certain situations. For example, a consumer goods company used an advanced planning software to reallocate orders and capacity between sites and to replenish service centers to ensure high service levels to customers. Similarly, a healthcare products manufacturer supplied its customers' locations (vendor managed inventory) based on replenishment methods with an advanced planning software.

Do You Need Financial Planning & Analysis Software to Support SIOp Success?

No, you don't need financial planning and analysis software to support SIOp success. Some ERP software options have robust financial planning capabilities whereas the rest will minimally

provide data that can be used in Excel or with a separate financial planning software. Many clients already have add-on software modules to support financial planning, or they have set up business intelligence to support financial planning and analysis. Alternatively, they could utilize S&OP software analytic capabilities.

The Bottom Line on SIOF Software

If you research SIOF software, you'll find several high-powered solutions rise to the top. However, in most instances, these SIOF software options will include demand planning, supply planning, advanced planning, financial planning, and related BI analytics. Thus, if you need one or more of these options or want to take your processes to the next level, it could make sense to pursue SIOF software. On the other hand, we've yet to find a situation where SIOF software was required to implement SIOF and gain substantial results. It is far more likely you'll need a forecasting software or business intelligence/ reporting and analytics software to supplement your ERP system and support SIOF than anything else near-term.

Different SIOF software options have different strengths in supporting different types businesses such as high volume consumer products companies to highly configured-to-order (CTO) and engineered-to-order (ETO) environments. There are also SIOF software options which are better known for strong demand planning functionality, strong financial planning and analysis capabilities, etc. Typically, these software options will only make sense for larger companies because the implementation cost can be substantial.

For the vast majority of companies, substantial progress and dramatic results can be achieved by implementing a [SIOF process](#), using the existing ERP system and related data. In certain situations, a peripheral software such as forecasting and/or BI would add value although will not hinder progress. However, for the right situation and company, a SIOF software can add substantial value and increase sustainability. Thus, of course, the bottom line is that "it depends".

Data & People: Priorities for Success

Although SIOF-specific software isn't required to roll out a SIOF process, data is critical. Thus, focusing efforts on [cleansing, connecting and consolidating data](#) should be a priority. In addition, focusing attention on your SIOF team will prove invaluable. The most successful SIOF projects have engaged teams, strong leaders, involved sponsors, and they are supported by data analysts/ technical experts. Start by paying attention to your talent and results will follow.

[Did you like this article? Continue reading on this topic: Managing Increased Complexity with High OTIF & Efficiencies Using Technology](#)

Listen to a Client Example

Thank you to Rick Moroski & the Schenck team for talking about our work together on SIOF!



Connections

THIS MONTH'S REQUESTS:

- If you have a supply chain or operations position, post it on our Association for Supply Chain Management Chapter (ASCM/ APICS) [website](#).

- Do you know a top notch investment banker or environmental attorney in the Southern California area interested in growing his/her business and meeting top-notch trusted advisor colleagues in the Inland Southern CA area? My [ProVisors](#) group has an opening for these professions, and we have lots of referrals for these professions on a regular basis. Please introduce [me](#).
- If you are looking for a highly-skilled Supply Chain Manager with planning, purchasing, and inventory experience, please [contact me](#) for a referral.

NOTE: To submit an item for this section, please send me an email with a short description of your needs and an email address. Please note that NOT all requests will be published as it must fit the guidelines and align with the Profit through People brand.

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