

Managing S&OP

– in the midst of pandemic change

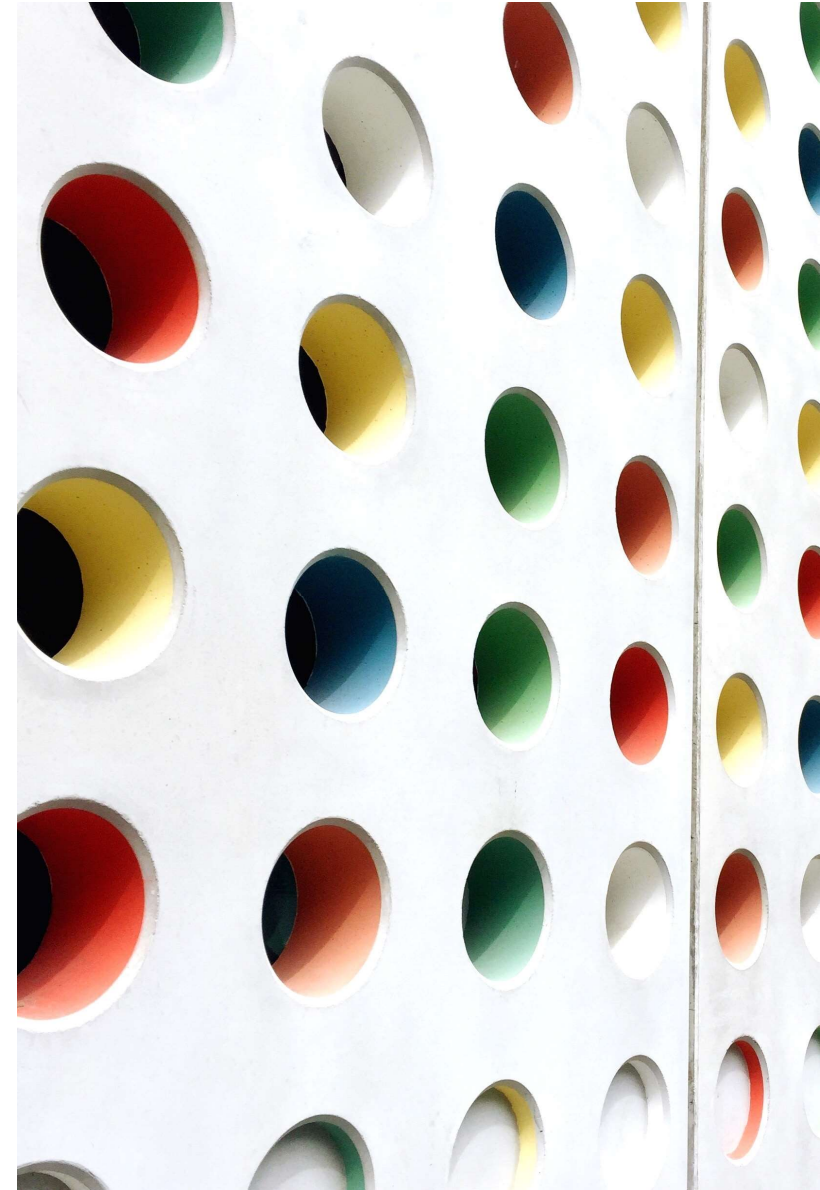
DAVE FOOD

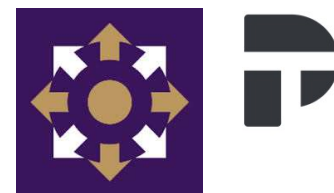
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Agenda

Sales and Operations Planning – its response in a Post-Covid environment

- Ongoing impact
- Planning response
- Ways forward

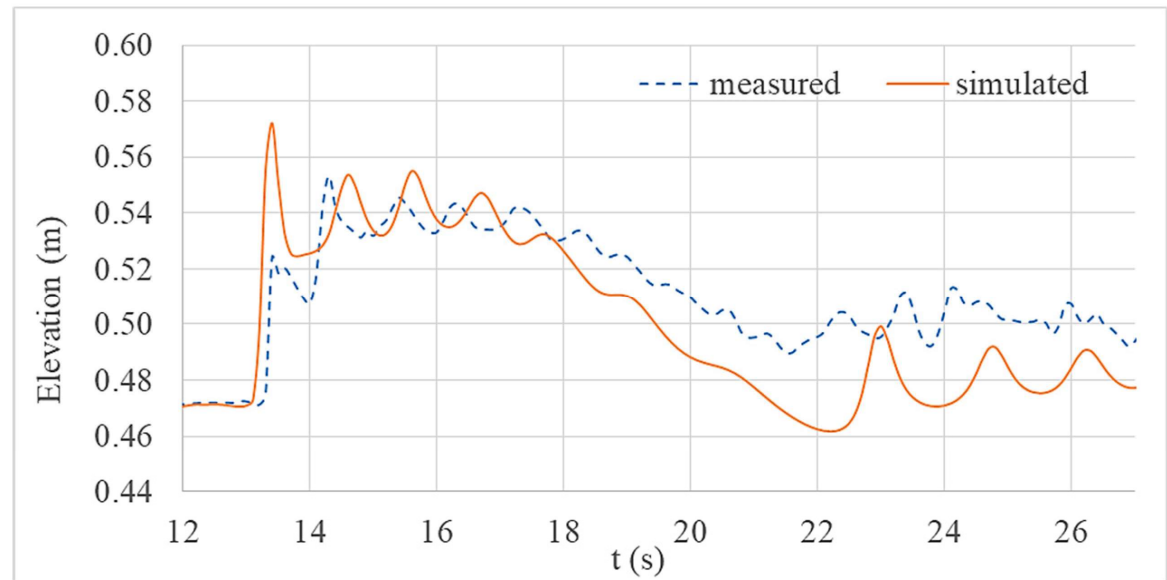
Sources of Insight



The world is still adapting – SC are still responding



-
- New mindsets
 - New rhythms
 - New priorities
 - New rules
 - New norms?



Post tsunami modelling - an example



3%

IT



4%

Finance



12%

HR



16%

Supply Chain



27%

Production



37%

Sales

The Domino Effect



On-going reaction, Social Distancing complexity
& increasing Stay-at-Home Orders

- Uncertain consumer behaviour
- Continually changing consumer demand patterns
- Product rationalization
- Range simplification
- Changes in lifestyle



Responses

Production

- Heavy machinery and auto manufacturers shift to support medical community



Supply

- Food & Bev manufacturers face significant demand drop from travel/hospitality
- Must maneuver to meet shifting demand



Distribution

- Brands and retailers have new rules of engagement
- They must ramp-up online and delivery
- For pureplay e-tailers – the sky is the limit





Anticipating Future Risk



Demand

New demand patterns
New demand triggers
Continual demand shifts



Inventory/Service

Continuing excess/scarcity
Escalating competition
Increasingly complex trade-offs

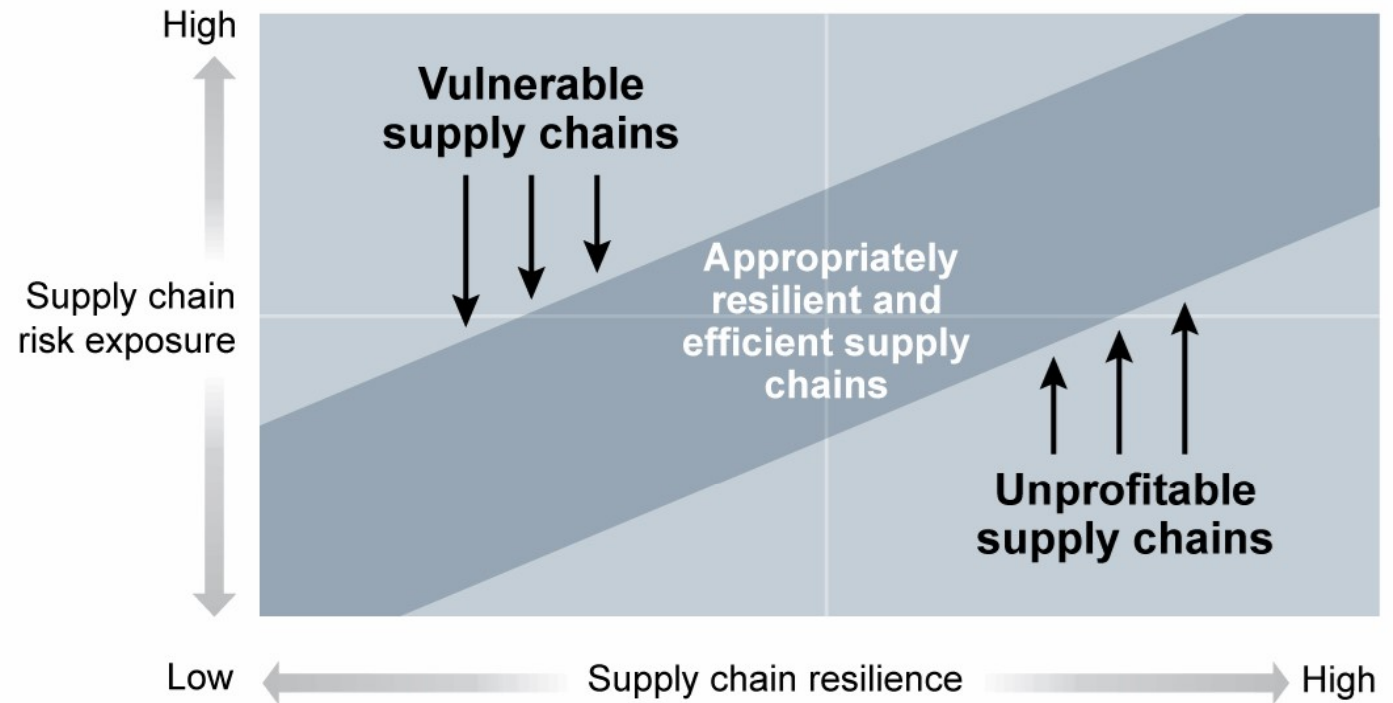


Supply

Unpredictable supplier
closures
Increased supplier unreliability
Over supply with reduced
demand

Risk factors

- ▶ Geographic diversity
- ▶ Number of supply chain partners
- ▶ Length of supply chain
- ▶ Dependencies
- ▶ Degree/timeliness of data
- ▶ Exposure to trade risks
- ▶ Manufacturing complexity
- ▶ Stability of supply and customer bases
- ▶ Stability of labor pools

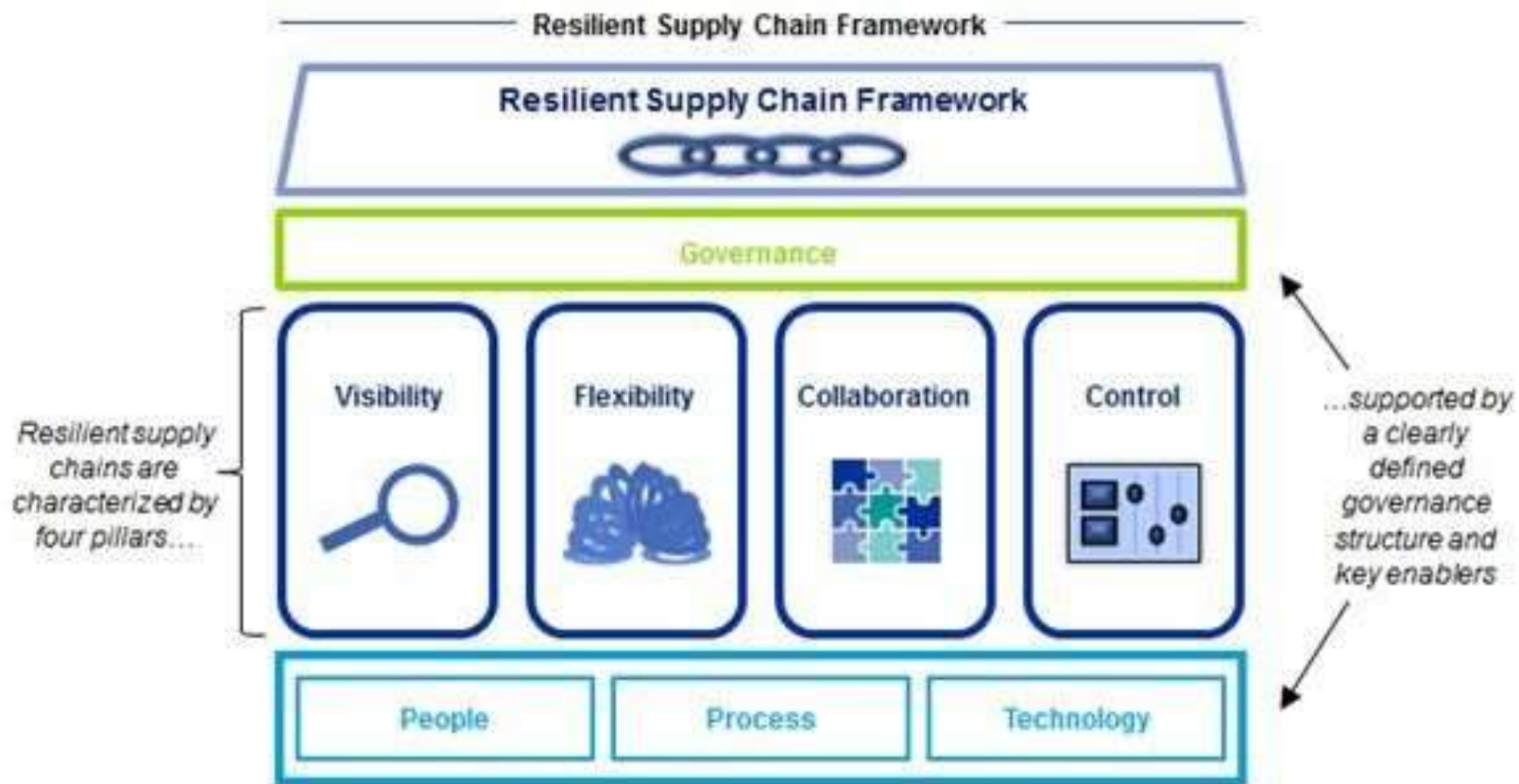


Factors requiring investment

- ▶ Supplier alternatives
- ▶ Inventory buffer
- ▶ Agile training
- ▶ Security
- ▶ AI/predictive capabilities
- ▶ Real-time visibility across entire supply chain

Impact of COVID 19
Source Bain and Co

What does resilience mean?



What are your key measures? (Through change)

**What is your demand signal?
What about risk?**

- Are you capturing the granular demand picture? Identifying Shifts that statistics may overlook?
- Are you modeling new demand patterns due to quarantine or stockpiling?
- Do you have a plan to ensure the demand signal accurately reflects the latest changes?

**How good is your supply view?
Evaluate inventory and service risks**

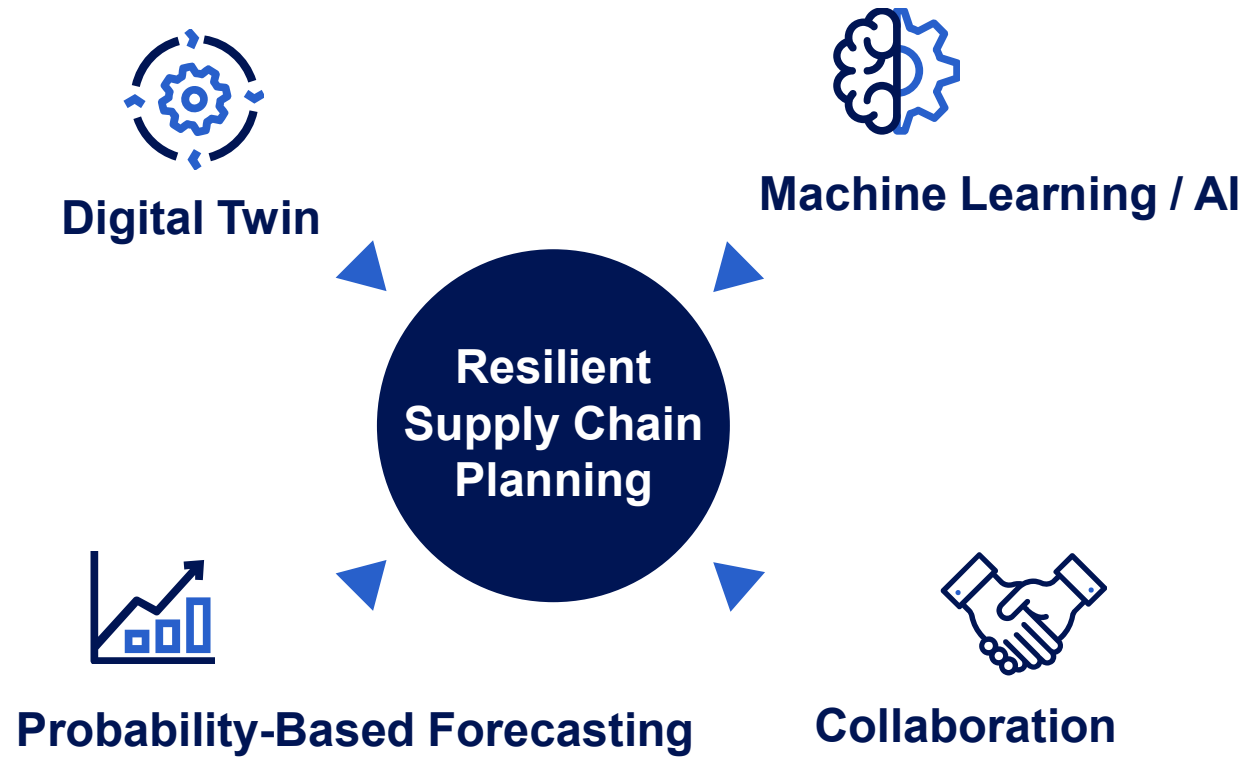
- Is your service level strategy and stock mix aligned to increased variability?
- Can you re-evaluate your supply strategy and move to right source?

How is the health of your inventory channel?

- Is it time-phased?
- Do you have alternative channels to move older stock?

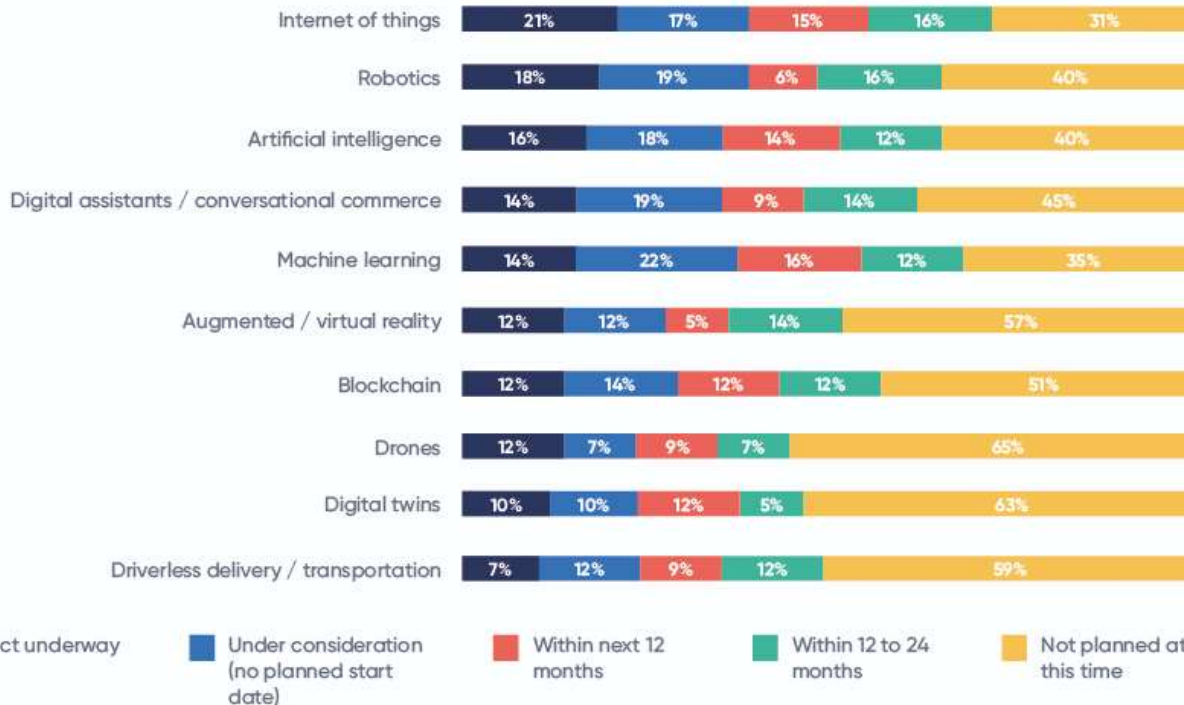


Elements to make it work





+ What are your investment plans for these disruptive and/or innovative technologies?



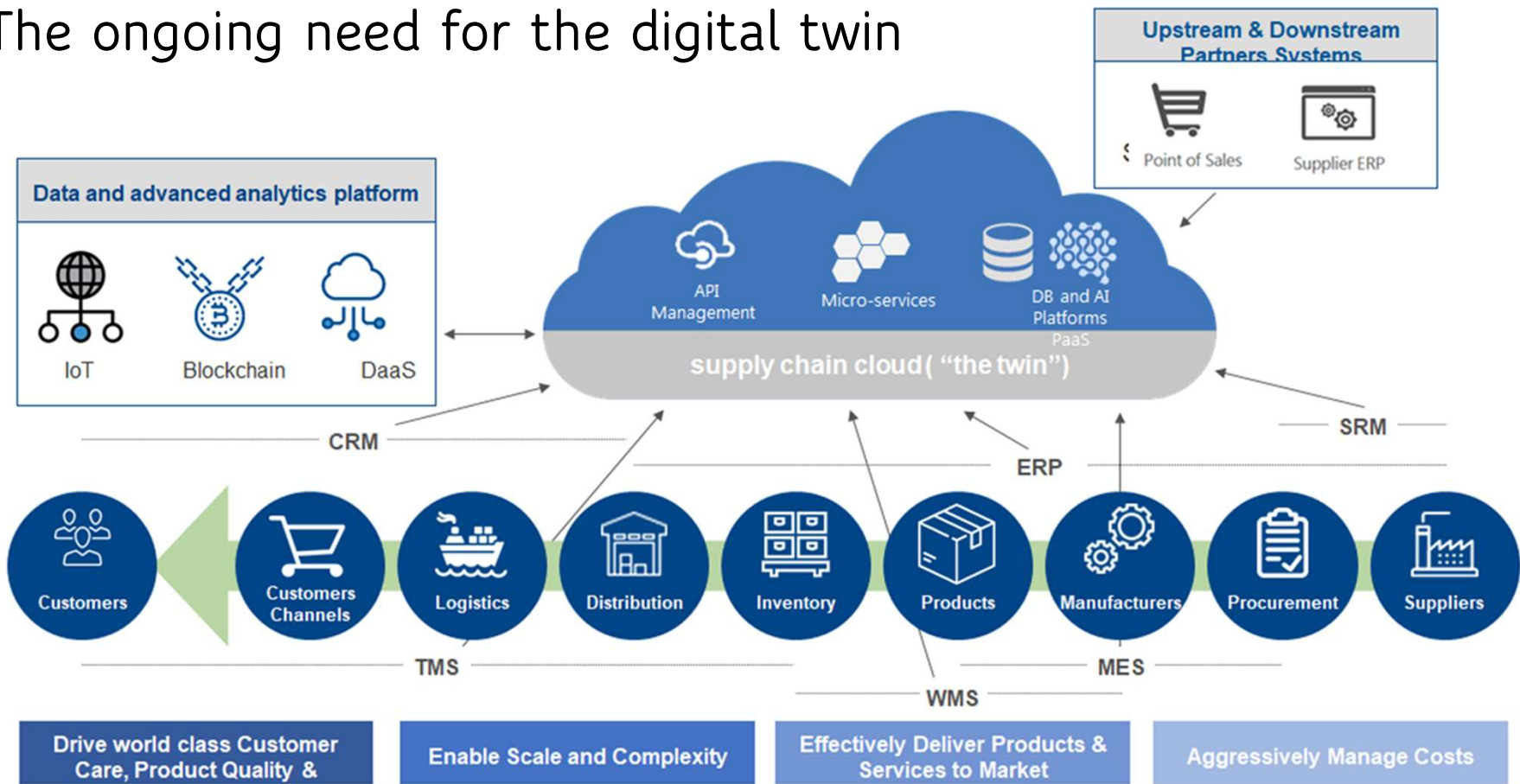
Investments in digital disruption

- More data sources
- Increased frequency
- More public visibility
- Less human opinion

ToolsGroup recent (2019) digital transformation study with Spinnaker



The ongoing need for the digital twin



Is Your Supply Chain Ready for the next wave of change?

Recommendations to consider

Are you ready to

- Gather data at item/location/demand type
- Test and validate scenarios at segment level
- Start fast / fail quick / adapt
- Minimize friction
- Synchronize
- Understand key flows through your data
- Automate where you can
- Consider flexing in new dimensions





The Future is.....



-
- Data is real time
 - Insight will become more dynamic
 - Segmented anyway which way you want
 - Planning will intelligently consider the options
 - Leadership will make imperfect decisions at speed
 - Automated and predictive
 - Yes to future possibility

Prophetic Technology

Supply Chain



Marketing



Unlocking potential by touching tomorrows technology today



Research



Sustainability



Leadership



Risk Management



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Questions





Questions to take away

- Have we aligned our departments objectives in the boardroom?
- Are our Supply Chain goals aligned to our business goals?
- Is our extended Supply Chain aware of our business drivers?
- Does success look the same for all the Supply Chain actors on the stage?

Questions that need considering for S&OP

- When we produce a Plan
 - Is it a feasible plan?
 - Is it a profitable plan?
 - Can all your extended supply chain deliver it?

- Does it matter?
- What are the consequences?

