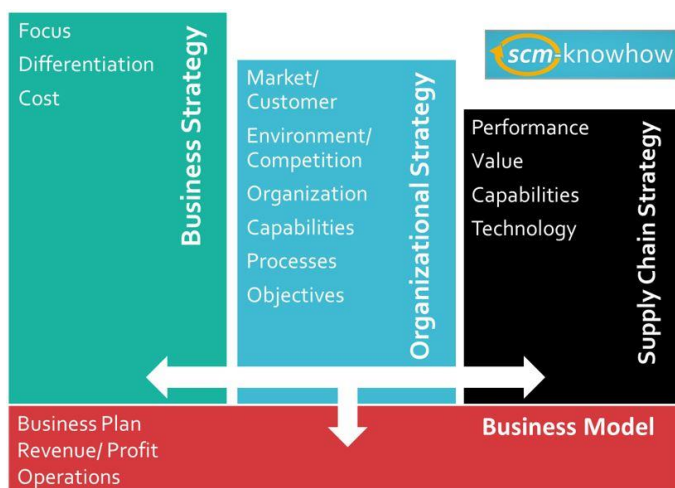


IBP / S&OP - THE STRATEGY ENABLER



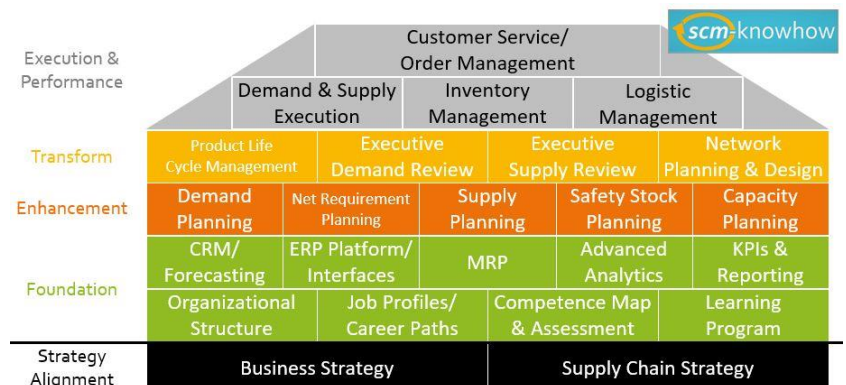
Reference: Sales & Operations Planning – T.F. Wallace / R.A. Stahl



Starting point to implement Integrated Business Planning (IBP) or Sales & Operations Planning (S&OP) processes should always be the overall Company Strategy and Business Model. These planning processes are only powerful used in the context of a Strategic Framework. IBP / S&OP can be seen as the execution platform for the Supply Chain Strategy, but with the approach to link and integrate all Strategy Elements within the Company. Hereby the main known elements can be generally described as the Business Strategy

(Ref1: M. [Porter](#)), the Organizational Strategy, and the Supply Chain Strategy, all integrated into the Business Model (Ref2: A. [Osterwalder](#)).

Only if this context and framework is analyzed and understood first, the appropriate IBP / S&OP cycle with the needed capabilities, tools and processes can be designed, developed, and implemented. In full alignment with the overall Strategy there are in general several layers needed to build a strong and scalable platform within the company or business network. The implementation journey can be started by describing the appropriate capabilities and layers for the



dedicated environment. The result is a detailed framework which supports to identify the gaps as well as to develop the implementation roadmap. This could be started with the “Foundation” based on IT and organizational requirements, followed by “Enhancements & Transformation” with the development of the needed business processes and ending in “Execution & Performance” resulting in high customer service and supply chain management (SCM).

In addition, the mapping of the major planning processes within the IBP / S&OP cycle to the different known Strategy Elements and the development of a common language as well as the understanding

Demand Planning	Supply Planning	Capacity Planning	Aggregation	Time Frame
Product Portfolio Strategy & Forecasting	Network Strategy	Footprint Strategy	Division/ Franchise/ Business Unit	3 – 5 Years
Demand, Sales & Logistic Planning	Operations Planning	Resource Planning	Brand/ Product Family/ Value Stream	18 – 24 Months
Delivery Schedule	Master Production Schedule (MPS)	Rough-Cut-Capacity (RCCP)	Product Groups/ Capacity Groups SKUs	6 – 12 Months
Distribution & Order Requirements (DRP)	Materials Requirements (MRP)	Capacity Requirements (CRP)	SKUs	3 – 6 Months

regarding the business aggregation level and the considered time frames is key for success. This helps to connect and integrate the different organizational areas of the company into one overall planning framework, resulting in clear areas of responsibilities and strong collaboration.

Based on this context the regular IBP / S&OP cycle can be kicked-off and rolled out. The cycle is based on different planning steps and management reviews which is executed on a regular base. But a key element for success and acceptance within the company is the understanding which element is adding the most value at the beginning.

Depending on the company or business network structure, size and/or complexity, maybe not all elements are needed with the same priority. You should understand first in which area the biggest gaps and weaknesses exists to align and reconcile the Commercial requirements with the Operations output.



Addressing the major gap(s) first and improving here the overall business performance within the defined Business Model by implementing the related planning capabilities can be a powerful success factor. The improvements in this area will be recognized by the others and this will drive acceptance, trust, support, and willingness to bring the full integrated cycle in place. Further on, never forget to do a regular review of the existing IBP / S&OP cycle to evaluate if it still fits to the Business Strategy, as also the Strategy can change over time.

REFERENCES

Ref1: M. Porter: https://en.wikipedia.org/wiki/Michael_Porter

Ref2: A. Osterwalder: https://en.wikipedia.org/wiki/Alexander_Osterwalder