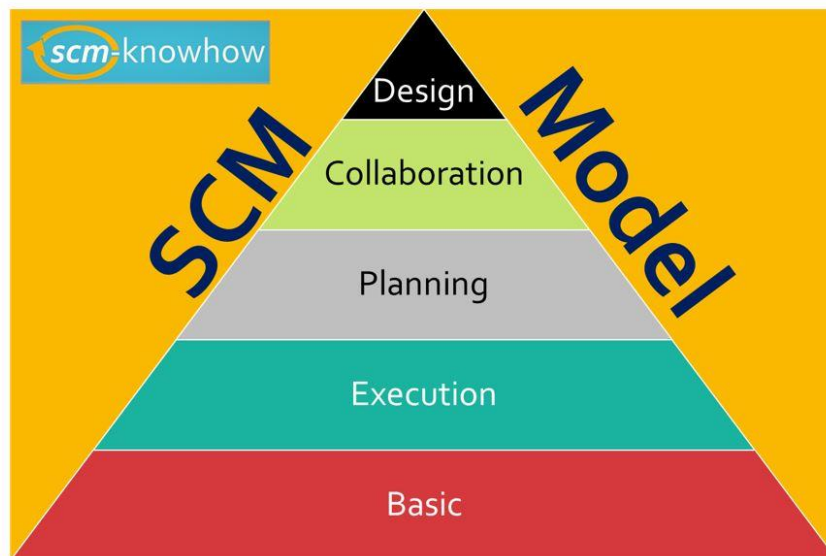


SCM-MODEL EFFICIENCY WITH MIRRORED CAPABILITIES?

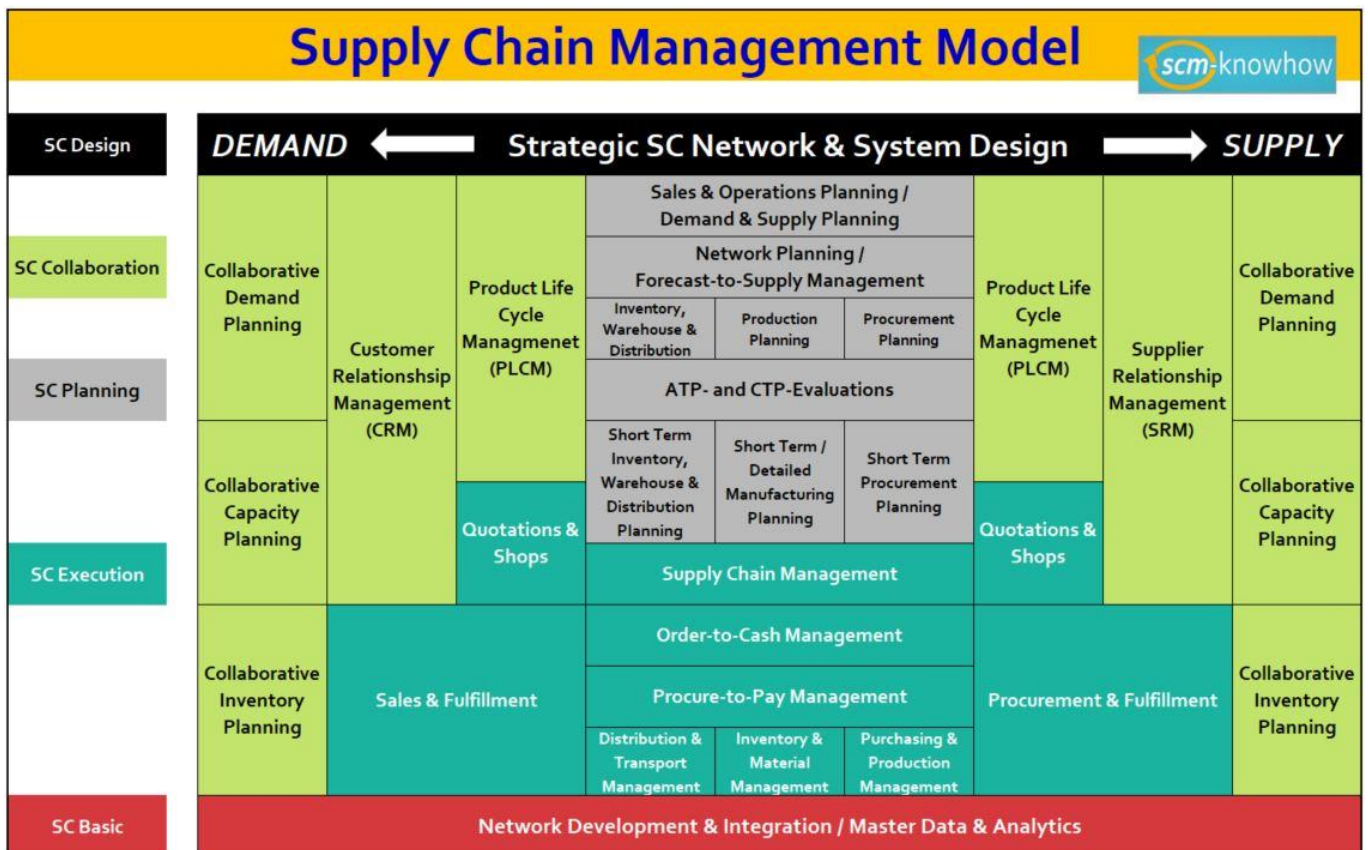


The Integrated Business Planning (IBP) or Sales & Operations Planning (S&OP) Cycle is a powerful process to support the Business Strategy and to enable the collaboration, reconciliation, and proactive risk mitigation in a global company and supply chain network, across all internal as well as external organizational boundaries.



In addition to this planning cycle and its processes there is also the need to have a strong Supply Chain Management (SCM) Model in place to ensure the appropriate operational execution. This SCM-Model is the end-to-end (E2E) backbone and integrates the supply network from all suppliers & partners via the own company to the customers and back. As a result, each successful company must build a SCM-Model with the needed capabilities, processes, and tools in alignment with the overall Business Strategy. A key input to the SC-Design are the defined customer service objectives as well as the own internal core competencies. If the SCM-Model is planned with the right strategic importance and an

E2E scope from beginning on, there is the great opportunity to use the MIRROR approach to reduce cost and efforts for the implementation and to leverage know how on both sides of the supply chain. A company needs similar capabilities downstream and upstream e.g., for Demand, Capacity or Inventory Planning including Collaboration and Communication interfaces and rules. Depending on the Supply Chain Partner(s) you are in contact with, you wear the Customer or Supplier hat, but the supply chain topics, challenges and needed capabilities are very similar. This holds the opportunities to reduce the costs to build the needed tools, software, interfaces, etc.!



Another benefit would be, coming back to the IBP / S&OP cycle, that also the detailed process steps and repetitive actions to run the monthly planning process can be strongly aligned and standardized throughout the supply chain.

Demand & Supply Planning Framework						
						
Planning Level / Cycle / Area	Sales	Deliver	Make	Source	Service & Return	
Region, Market, Franchise, Powerbrand / Yearly / Global	Strategic Business Planning ⇒ Long-term Demand & Supply Plan: Multi-year views on appropriate aggregation					
Region, Market, Franchise, Powerbrand, Major Supply Source / Monthly / Global	Sales & Operations Planning ⇒ Focus within tactical horizon on actionable timelines for decisions: revenue management, operational planning, sourcing strategies, new product launches					
	CRM: Operational Planning (4-8 weeks)	Demand Planning (12-18 months): Division, Franchises	Distribution Planning (12-18 months): Customer Service, Warehouse & Distribution	Supply Planning (12-18 months): Constraint-based with Manufacturing, Capacity Development needs	Material Requirements Planning (12-18 months): Supplier Base Development needs	Service Planning (4-8 weeks)
Region, Franchise, Powerbrand, Major Supply Source, SKUs / Weekly / Local	Sales Operations: Executional Planning	Demand Sensing (1-6 weeks)	Deployment Planning (1-6 weeks)	Manufacturing Scheduling (1-6 weeks)	Supply Sensing at suppliers (1-6 weeks)	Service Deployment
SKUs / Daily / Local	Market Execution, Order Management	Warehouse, Distribution and Transportation Management		Manufacturing Execution, Job Order Management, Ressource Allocation	Procurement Execution, PO Management	Service Execution

As a result, the MIRROR approach to develop and implement the SCM-Model with your customers and suppliers might help to reduce the complexity in the growing globalization. This approach could significantly impact your Organizational Strategy as processes, tools and applications are built E2E on the same methodologies, applications, and products. Imagine this, a demand planner understands what a supply planner is doing, or procurement could share experience with sales & distribution how to manage supply chain challenges. The potential standardization on both sides would support to increase the effectiveness and efficiency of your supply chain and operation model.

For sure there is a high dependency regarding your own market power and weight within the supply network. If your downstream and upstream partners are in the position to dictate which e.g., software tools and applications must be used, and if these varies from partner to partner, the approach could not be realizable. Anyway, there is always the possibility to bring them on one table a kick-off the journey together!