

What are the “Critical Success Factors for S&OP?”

1. **Education**- When a company decides to implement, all the key participants need to be educated as a group. I have had as many as 46 people in a single class. A 1-1&1/2 day class is sufficient
2. **Leadership**-Senior management has to establish S&OP as a critical process with high priority in the company. I will not conduct the education unless the President or General Manager is in attendance. He is asked to kick the education off with a few words about how important S&OP will be. I also like to get the GM to document his expectations early in the implementation process.
3. **Implementation**-A quick structured implementation with a “learn by doing” mentality works best. A workshop for each step in the process is conducted. It should not take more than 3 months to prepare for the first monthly cycle. Building on success is important. Use pilots wherever you can.
4. **Roughly Right**-An understanding of the concept of roughly right as an operating philosophy is important for the team.
5. **Financial integration and reconciliation**-This step in the process must be led by a senior leader who reports to the GM. This is the step that most companies will miss doing well without understanding and help.
6. **Collaboration**-All the participants need to understand that practicing collaboration will yield better results for the company. Without this attitude, the S&OP process and the company will not become truly integrated.
7. **Critique of the process**-There must be a rigorous ongoing critique of the process to achieve continuous improvement until it is a mature process. We have self-assessment checklists to help facilitate this effort. The company should look at S&OP implementation as a continuous improvement process.

8. **Strategy driven**-This is often not in place at the beginning of the implementation but can be important in the ultimate success of S&OP. When it has been one of the drivers of the process from the beginning, success comes more quickly, because Senior Management is more involved.
9. **Business Planning**-It is important for everyone to understand that S&OP is being implemented to help the company accomplish their business objectives. Any company that does S&OP will testify that the annual business plan is easier to accomplish and is done better because S&OP is in place. This is also one of the tests of an excellent process. If the company financial person does not embrace S&OP, then something is wrong. I had one controller say” I have been in this company for 26 years and S&OP is the best thing that I have seen us accomplish”. I had another controller lobby to be the S&OP implementation leader because he saw the potential value to the company.
- 10.**Advisor/Facilitator/Coach**-A skilled advisor can help with the implementation but cannot do it for the company. An advisor can educate, suggest and critique. However, the company must embrace and own the process in order to achieve success.

I worked with one General Manager who made this statement at the end of the education. “Let’s start this next month. It won’t be perfect, but even if we just do one family of products. It will be better than we are doing today and we can do as Dick has recommended and learn by doing”. They implemented very well and achieved significant benefits.

During the implementation process the performance measures that are established will root out the sub-processes that need improvement. That is typically why forecasting and new product planning tend to improve. I have also seen improvement in Supply planning, however, that is usually the most stable process. Financial surprises will also be minimized.

Using this approach to implementing S&OP has guaranteed my client’s success.

Software to support S&OP has often been a challenge. Most of my successful clients did not let it get in the way and did most of their early S&OP data manipulation with excel spreadsheets.