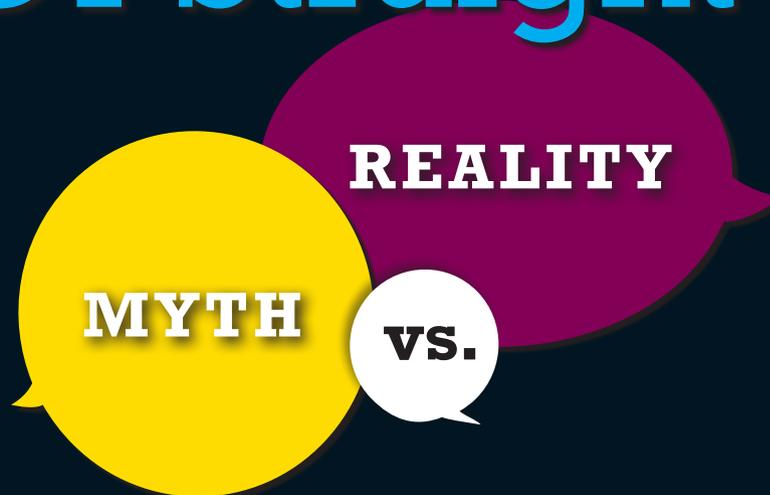


# CGT Straight Talk



## MOVING BEYOND 'SIMPLE' S&OP

**IT'LL TAKE MORE THAN SPREADSHEETS TO BUILD EFFECTIVE INTEGRATED BUSINESS PLANNING CAPABILITIES**

For nearly all consumer goods companies (even those still reluctant to admit it), it's become abundantly clear that greater internal alignment and a more seamless go-to-market strategy — driven by real integrated business planning — is critical for successfully addressing current marketplace disruptions. But building effective IBP capabilities is next to impossible if companies are still using simple database systems to manage their sales & operations planning. In short, it's time to throw away those spreadsheets and adopt dedicated solutions that can streamline and automate the S&OP process, as we learn in this month's Straight Talk.

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# IBP Success is a Non-Starter with Spreadsheets



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“Spreadsheets limit expansion to more advanced capabilities such as automated S&OE or multi-enterprise IBP processes.”

## Myth

An integrated business planning process can be effectively managed using current ERP systems and spreadsheets.

## Reality

Breaking free of spreadsheets is an important milestone in the journey to a mature IBP process. Excel is a natural starting place because everyone is familiar with it, but spreadsheets quickly become a limiting factor, impacting performance and holding back organizations from improving their consensus processes.

Productivity is typically the first barrier that companies encounter. Each month, at the beginning of the IBP cycle, reams of data are required to capture a current picture of demand, supply and financial plans, and then to identify gaps. Manually collecting and reconciling this data in spreadsheets is time-intensive and error-prone. It often takes so long that, by the time the consensus meeting takes place, much of the data is outdated. Wouldn't it be better if the gaps presented to executives in the final sales & operations planning meeting reflected that day's business challenges instead of problems from two weeks earlier?

More importantly, the value of a consensus plan is only as good as its execution. Effective IBP processes require closed-loop integration to core

enterprise systems — both for the initial extraction of data and then to publish the final plan for execution. The last time I checked Excel's product specs, there was no mention of certified adapters to SAP or Oracle ERP for streamlined integration. Don't hold your breath waiting for this to become a new Excel feature.

Lastly, the use of spreadsheets limits the expansion to more advanced capabilities such as automated sales & operations execution or multi-enterprise IBP processes. Some leaders are now using current information and machine-learning algorithms to sense demand; this real-time demand can then be connected to real-time supply response, automating much of the S&OE process.

This is, of course, a non-starter with spreadsheets. So too is the evolution from internal to external collaboration processes, as Excel is ill-suited to bring together demand information from channel partners and supply information from material suppliers and contract manufacturers. These types of advanced IBP capabilities are only available to those who no longer rely on spreadsheets.



## Making the Jump from 'Simple' S&OP



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“S&OP process facilitation can be another time-intensive effort when not supported by the right enabling solution.”

### Myth

S&OP and IBP can be easily managed within current ERP systems and through spreadsheets.

### Reality

Implementing a repeatable S&OP process that delivers results is not simple. If it were, supply chain professionals would not still struggle with this process some 30 years after it was first introduced.

In fact, Aberdeen reported that S&OP teams spend 65% of their time on gathering data when only using spreadsheets or simple database systems. It is probably even worse when you consider the significant additional time spent collating data, manually analyzing it, and creating graphics used in presentations and reports. It is also very difficult to conduct valuable “what if” scenarios using spreadsheets.

Although spreadsheets, email, and presentations could be used to support an S&OP pilot, they do not provide the flexibility and functionality required to support advanced S&OP capabilities, like those listed below:

- Integrated S&OP and long-range strategic planning
- Fast simulations, comparisons and what-if scenarios
- Actual performance-to-plan comparisons
- Financial and volumetric plans with multiple currencies
- Global, regional and multi-divisional organizational plans

- Risk of new product introduction timing, impact assessments
- Key components and vendor capacity risk assessments
- Multiple time horizon models
- Detailed and aggregate plan translation
- Support for alternate product aggregations.

S&OP process facilitation can be another time-intensive effort when not supported by the right enabling solution. Sharing data in the correct format — including the appropriate aggregation and units of measure for each key user — is cumbersome without a dedicated solution. Manually obtaining feedback from each user in a timely fashion, and developing the data to run the series of coordination and consensus meetings required to achieve a balanced and aligned plan, can quickly consume the time of multiple team members. ERP systems, spreadsheets and email are little help in facilitating this complex process.

A dedicated S&OP solution can streamline and automate the process through embedded collaborative workflow, rules-based exception messaging, and a common repository of planning data.

