

Change

Sustain

Tips

How to lead in changing and sustaining S&OP

Australian S&OP planning forum, March 2013



Niels van Hove

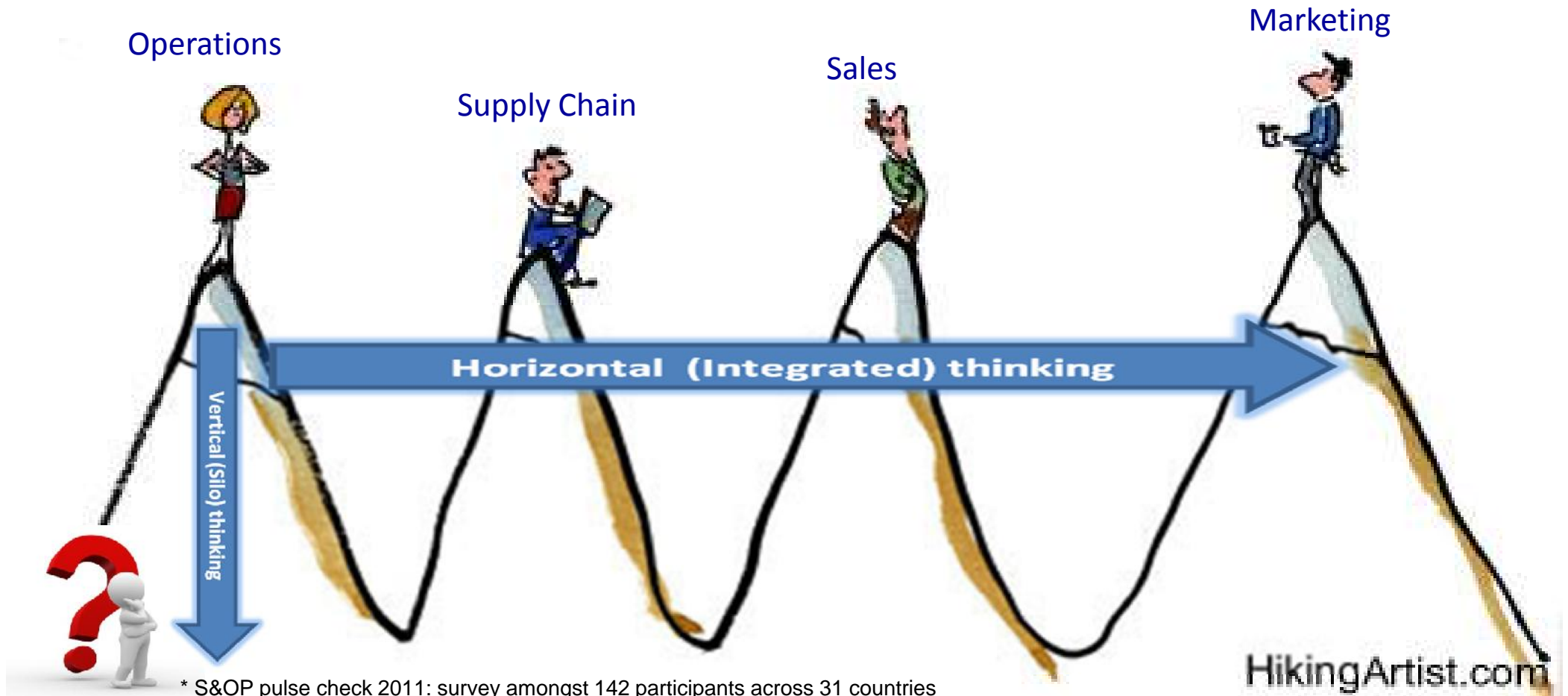
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S&OP requires **Change** from vertical to horizontal thinking...

Yet S&OP practitioners suggest that the 2nd main roadblock
to implement S&OP are the **Organizational silo's***



* S&OP pulse check 2011: survey amongst 142 participants across 31 countries

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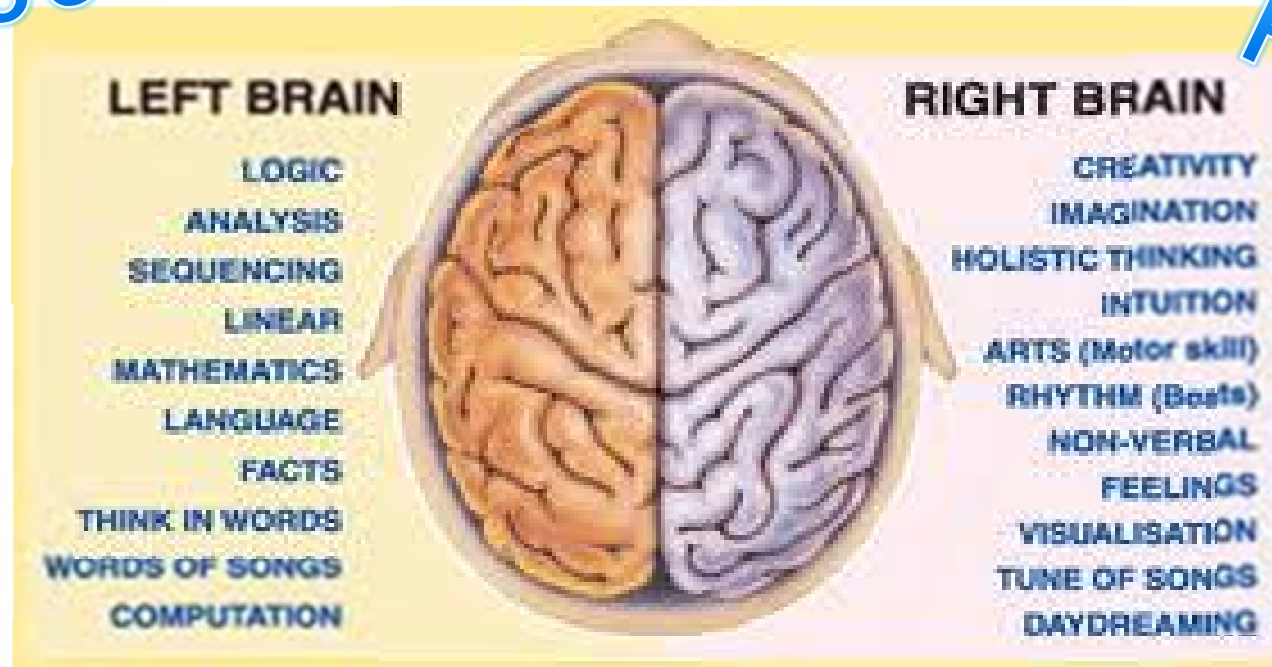
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...therefore S&OP requires both left and right brain thinking.

Yet for the last 30 years, we mostly discussed left brain stuff!

Process
KPI
Data
System



Non-verbal
Feelings
Empathy
Holistic

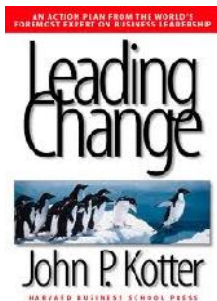
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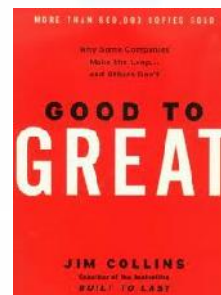
Tips

Change is hard, but great **leadership** can drive change...

30%



1996



2001



2009

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...yet **leadership** is the #1 roadblock to implement S&OP.*



* S&OP pulse check 2011: survey amongst 142 participants across 31 countries

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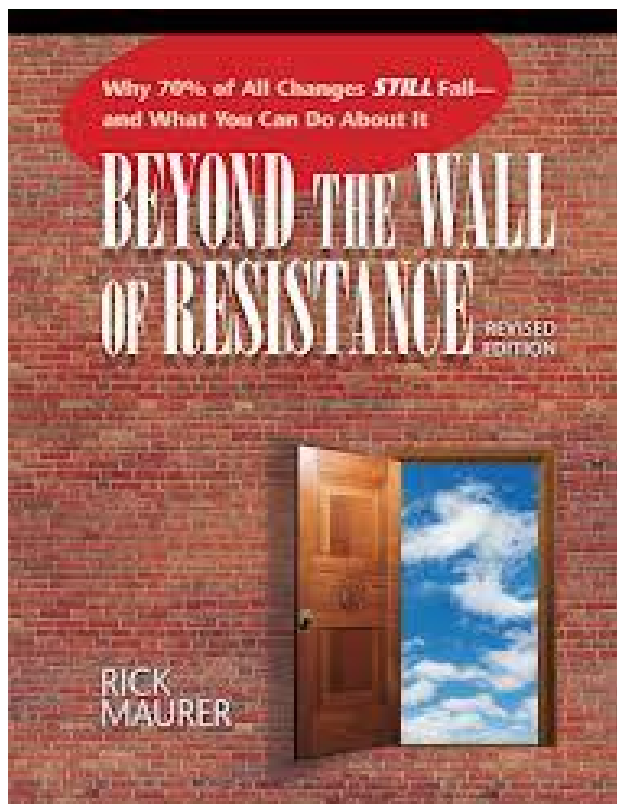
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You'll find 4 types of S&OP **change** resistance...

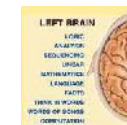
Level

Approach?



1

I don't get it...



2

I don't like it...



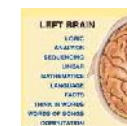
3

I don't like you...



4

I like it...but..

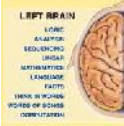
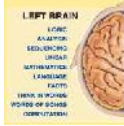
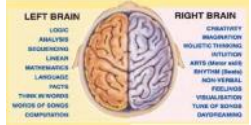
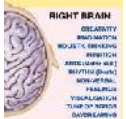


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...so make sure you know your **change** environment...

	Check	Answer?	Approach?
1	Change track record	Automatic or 30%?	
2	Business priorities	5 or 30?	
3	Senior leaders	Do they get it, like it, like you?	
4	Company culture	Silo's, trust, transparency?	

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...before you even try to **sustain** S&OP!



*"It takes up to 10 years
to fully master S&OP"*

*Gartner, "S&OP maturity: What does it take
to get and stay there?", 2010*

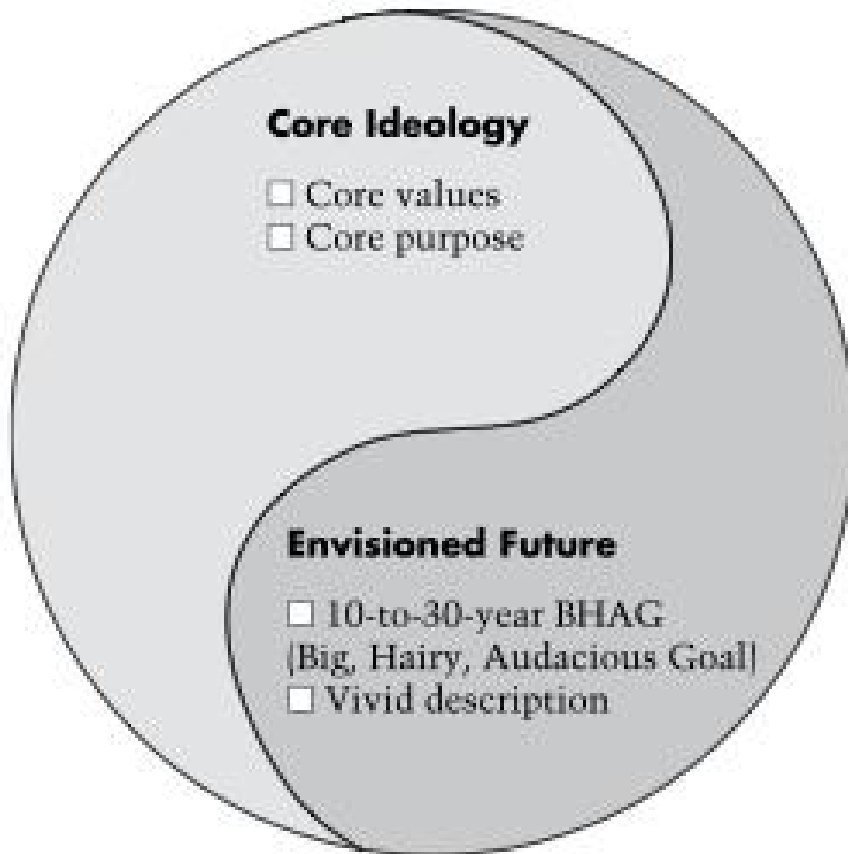
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Behaviour drives a sustainable company culture...

Company culture



Collins and Porras, 'Build to Last'

"A company culture is created from its core purpose and values. The core purpose is the reason for being; it captures the soul of the organization."

*"Well defined, integrated and truly lived, purpose and values will drive companywide **behaviour**."*

*"Imbedded company **behaviours** will drive a sustainable company culture, which will last over time."*

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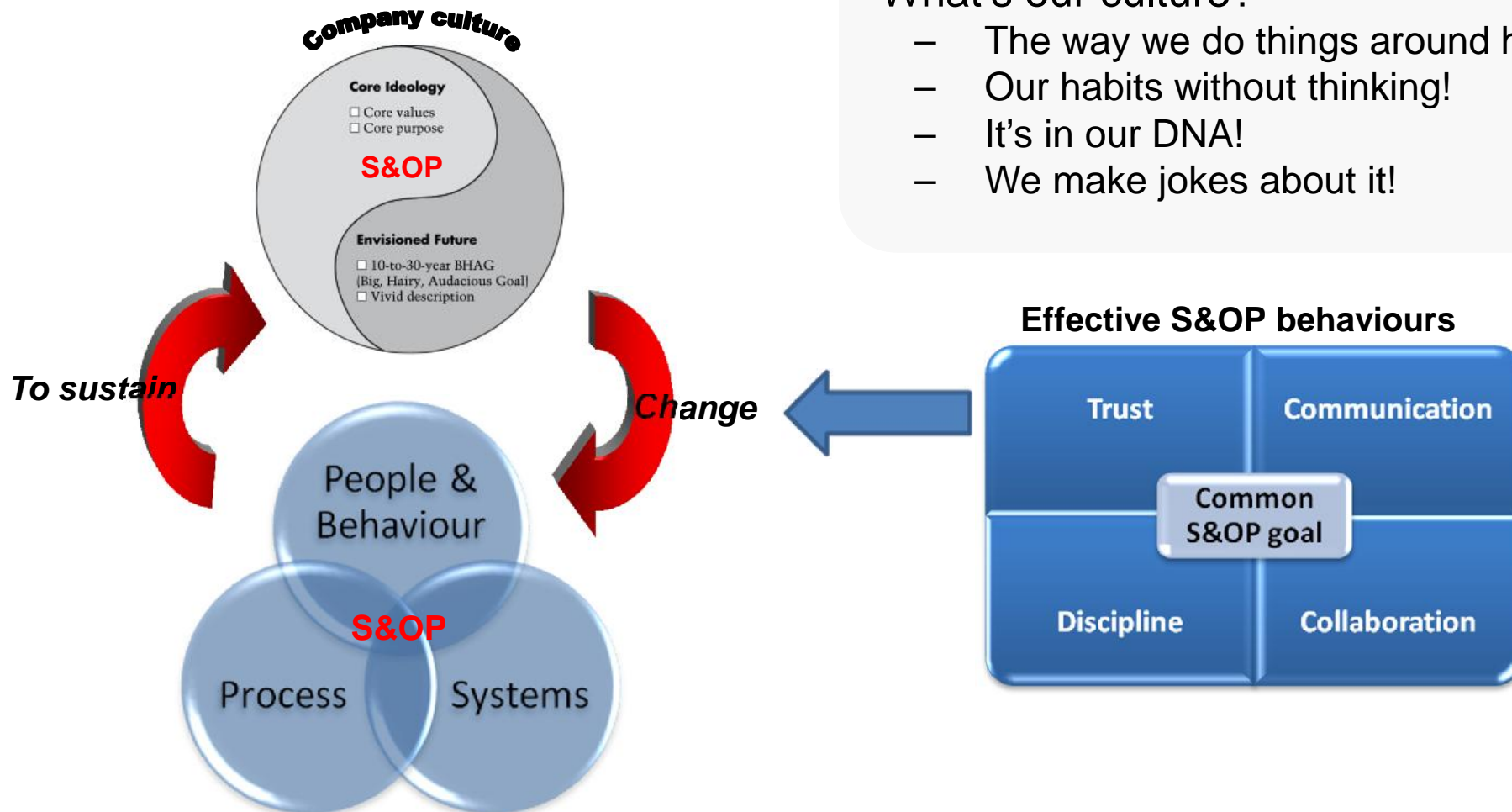
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...**S&OP behaviours** drive a sustainable S&OP culture...

What's our culture?

- The way we do things around here!
- Our habits without thinking!
- It's in our DNA!
- We make jokes about it!

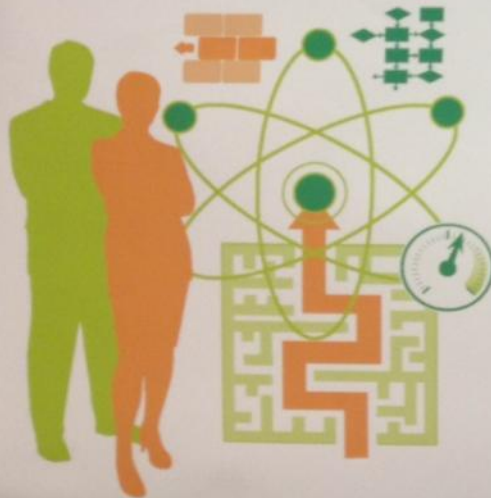


...**S&OP behaviours** drive a sustainable S&OP culture...

Integrated Business Planning

PROCESS

- 5 element process
- Integration with the detail processes
- Matrix Structure
- Aligned to strategy



PEOPLE & BEHAVIOURS

- Information not data
- Team not functional
- Identify solutions not problems
- Believe and trust in others
- Truth is a given!
- Constructive challenge
- Make decisions
- Leadership – use it
- Intense Customer focus



TOOLS

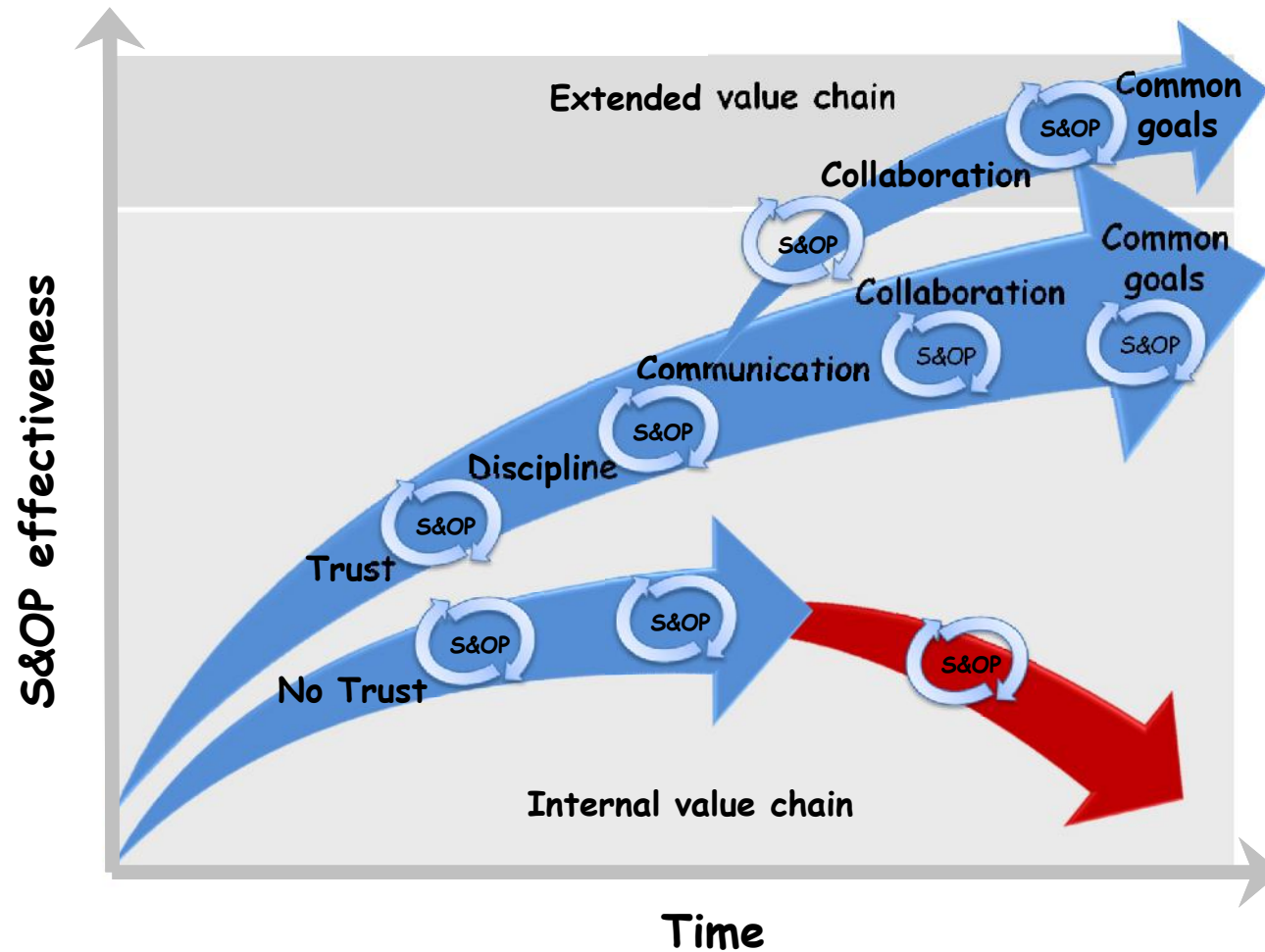
- Integrated planning tool detail
- Financialisation tools throughout
- Modelling
- Assumption database
- Performance measures database

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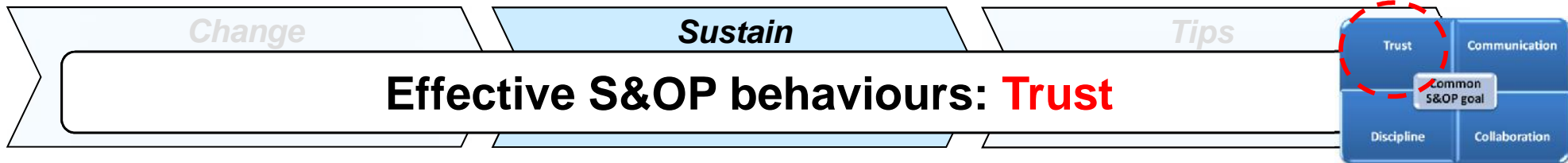
Tips

...without a **sustainable** S&OP culture, S&OP will die!

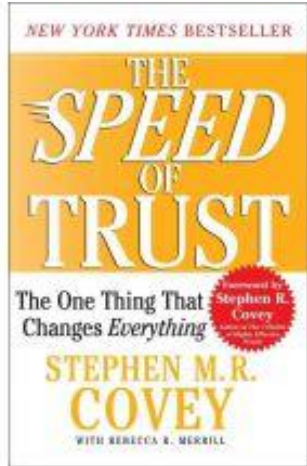


*Effective behaviours
amplifies S&OP effectiveness
and creates a sustainable
S&OP culture*

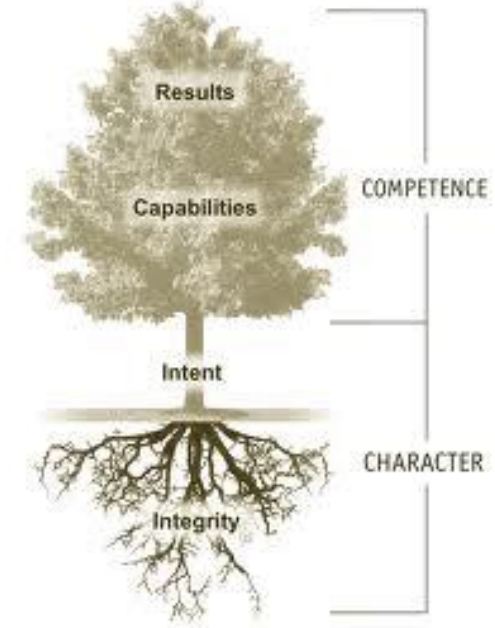
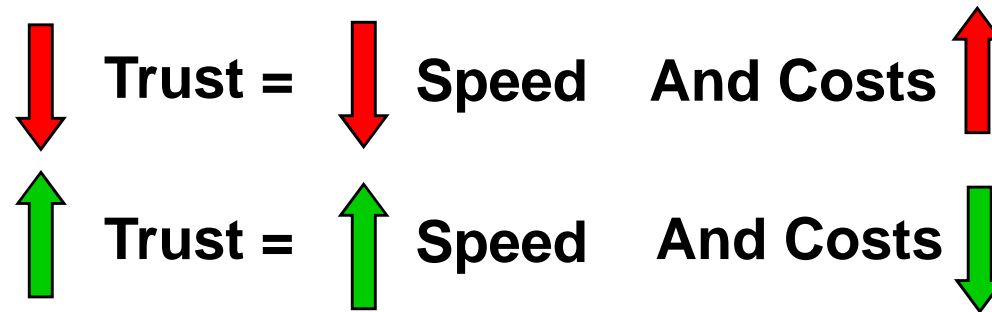
*Aggressive & defensive
behaviours limit S&OP
effectiveness and do not create a
sustainable S&OP culture*



Where do you think **S&OP** works best?



Steven M.R. Covey, *The speed of Trust*

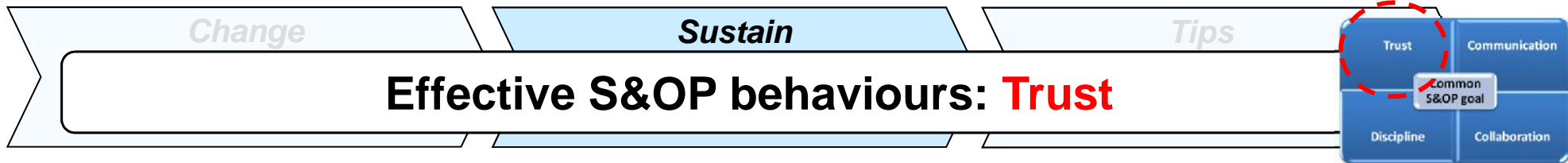


Low **trust** cultures:

- People manipulate or distort facts
- People withhold and hoard information
- Mistakes are covered up or covered over
- There are numerous meetings after meetings
- There are many undiscussables
- There is no constructive feedback

High **trust** cultures:

- Information is shared openly
- People are loyal to those who are absent
- There is real communication and collaboration
- There are few meetings after meetings
- Transparency is a practiced value
- People give and receive constructive feedback



Trust is the foundation for effective and achieving teams!

S&OP Impact



Willingness to learn and adapt plans accordingly

Ownership to make plans work across functions

Prioritize and execute 'agreed' plans

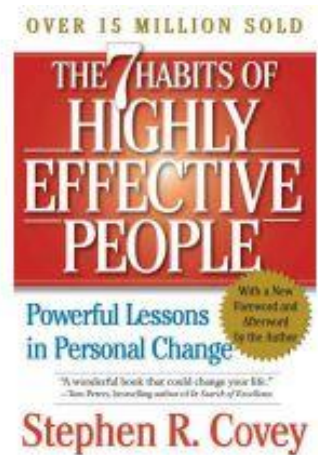
Challenge assumptions to come to a consensus plan

Cross functional engagement to make plans

Patrick Lencioni: 'The Five Dysfunctions of a Team'

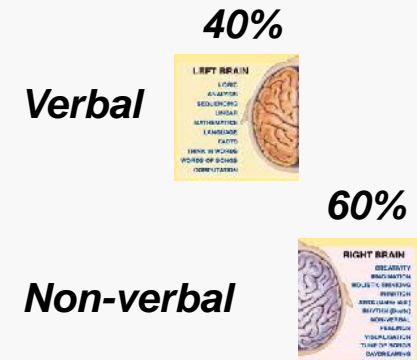


Let's start with listening!



Steven R. Covey, '7 habits of highly effective people'

1. Ignoring
2. Pretending
3. Selective listening
4. Attentive listening
5. Listening with empathy



6. Listen with the intention of being influenced

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Effective S&OP behaviours: **Common Goals**



*Leaders who provide a common vision or goal, can spark **collaboration***



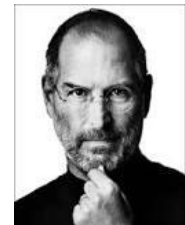
'I believe this nation should commit itself to achieving the goal, before this decade is out, of landing a man on the moon and returning him safely to the earth.'



'Who said elephants can't dance?'



'The value of your company is driven by your company's values'



'I want to put a dent in the Universe'



'We don't build services to make money, we make money to build better services'



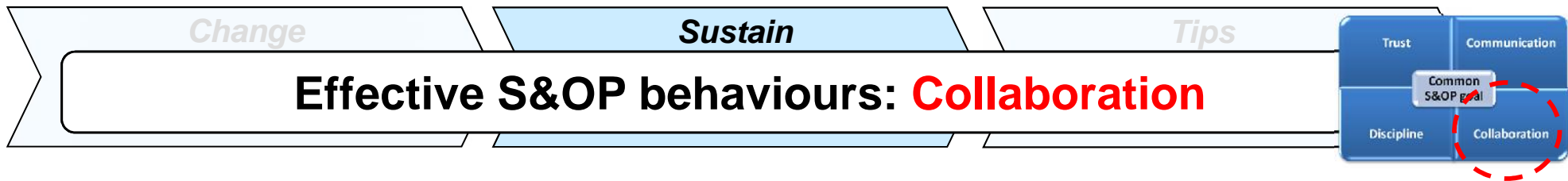
Your MD?

'S&OP is a key enabler to create competitive advantage for our business'

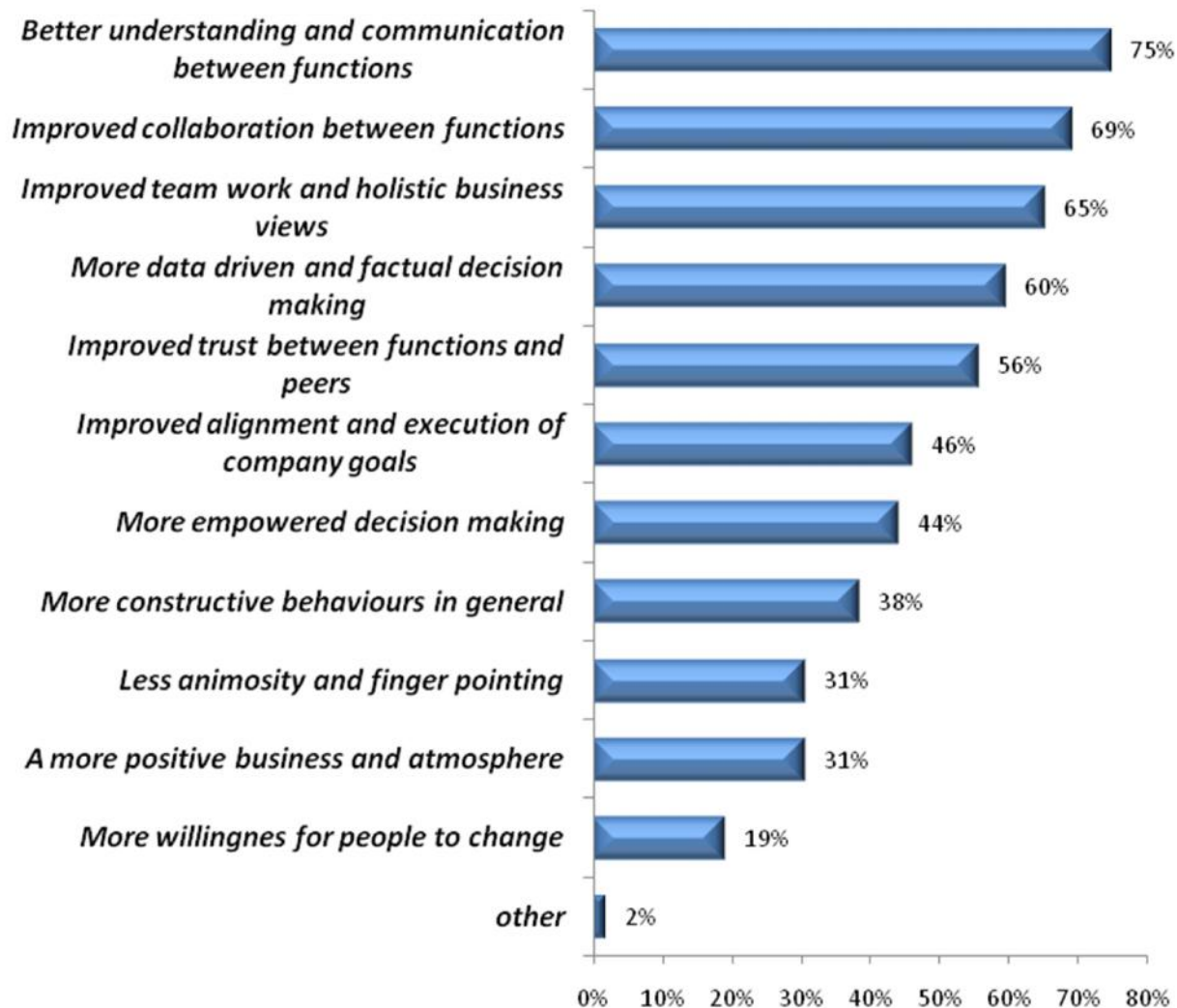


Your MD?

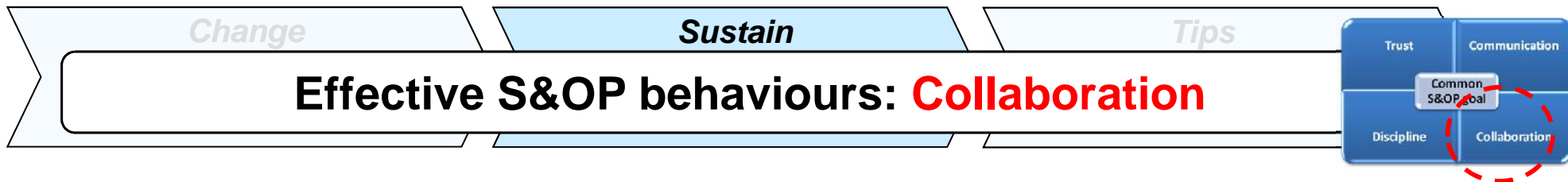
'S&OP is the way we do business'



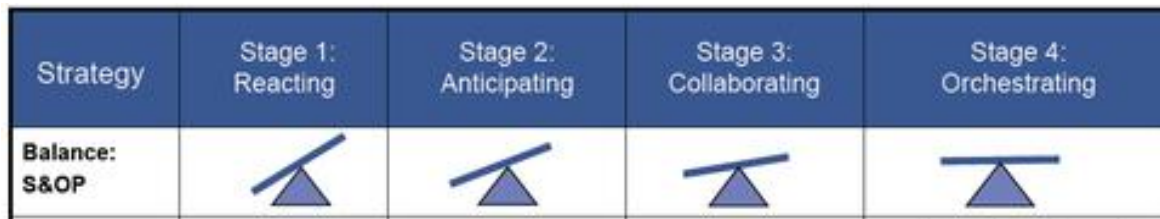
S&OP practitioners have the perception that S&OP improves *collaboration*!



* S&OP pulse check 2012: survey amongst 55 participants from 19 countries

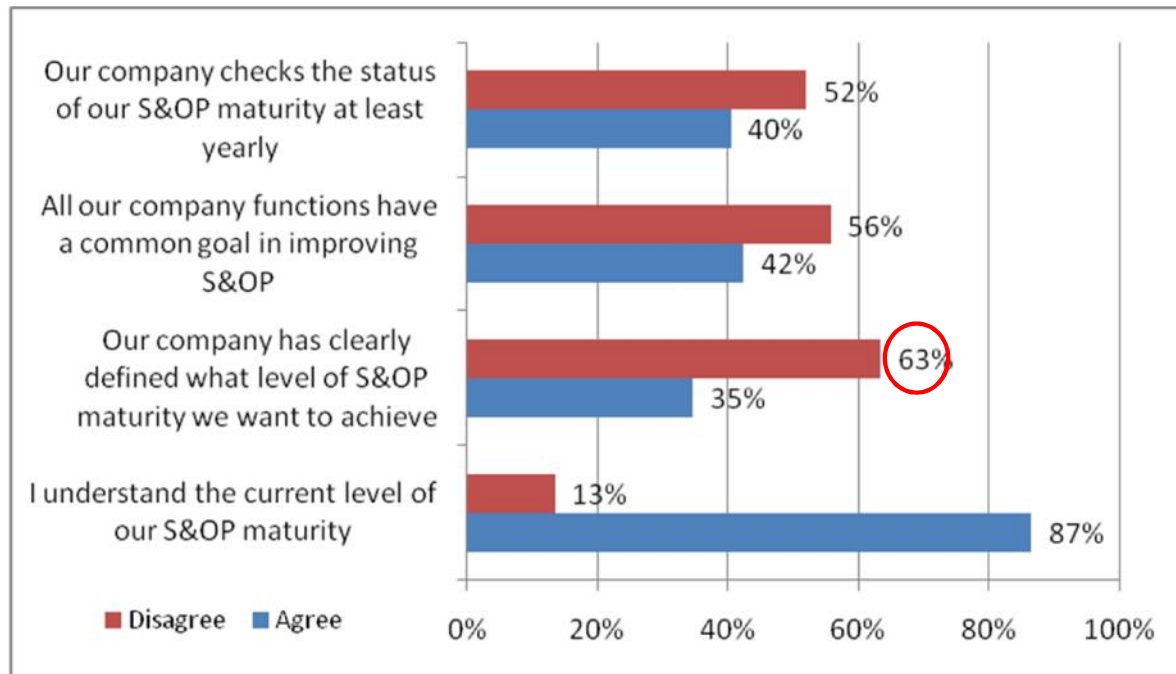


*...but we don't yet **collaborate**, we don't even set ourselves **common S&OP goals**!*



Gartner S&OP maturity model

*'In 2010, 33% of companies could get to the **collaborating** stage of Gartner's S&OP maturity model'*



*21% of participants have as key action in their S&OP process to **collaborate** with customers or vendors**

*We know our S&OP maturity, but we don't set **common S&OP goals** and we don't check the status of our S&OP maturity regularly**

*S&OP pulse check 2012: survey amongst 55 participants from 19 countries

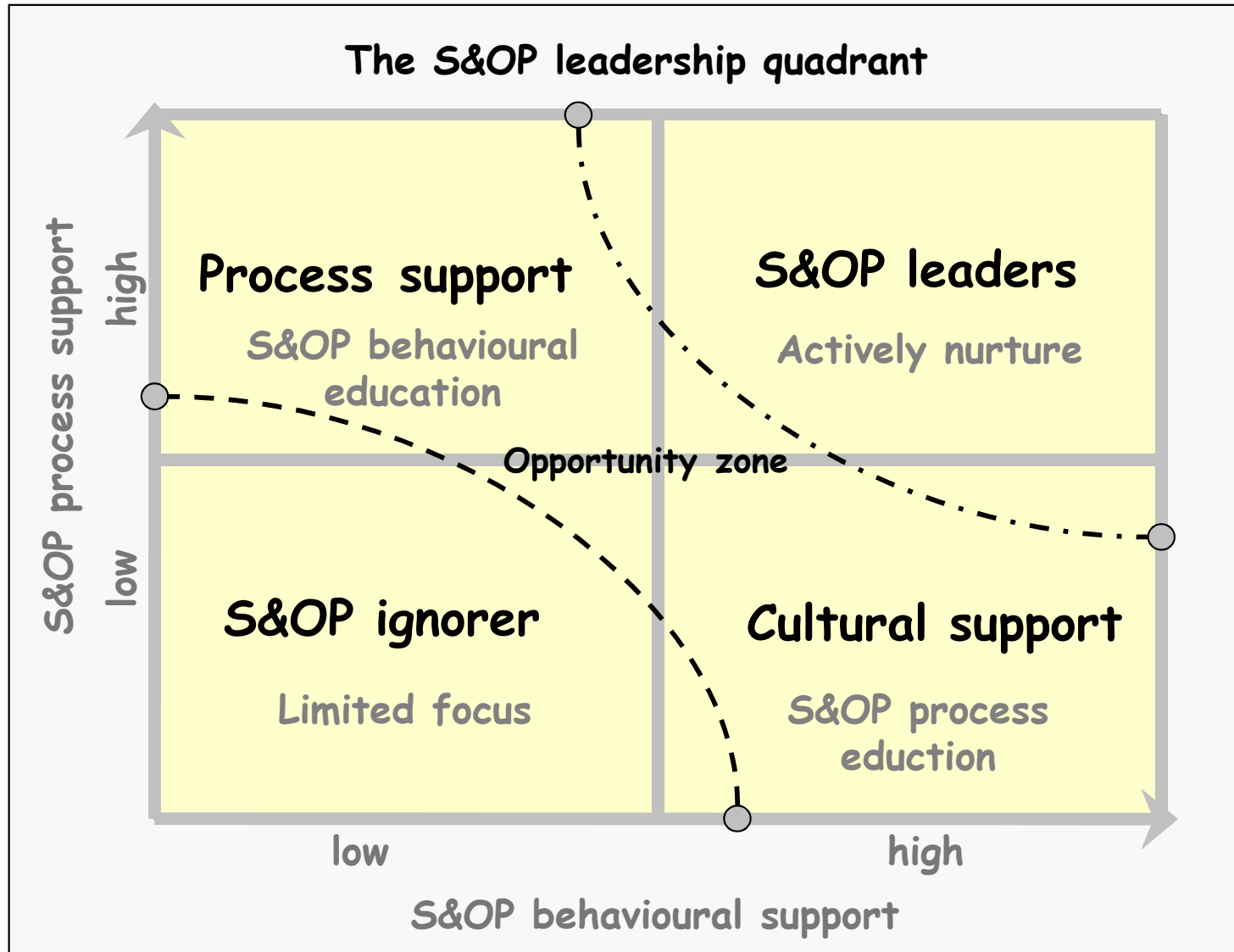
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Drive change with **the S&OP leadership quadrant**

To sustain S&OP you need critical mass in leaders that support both process and behaviours



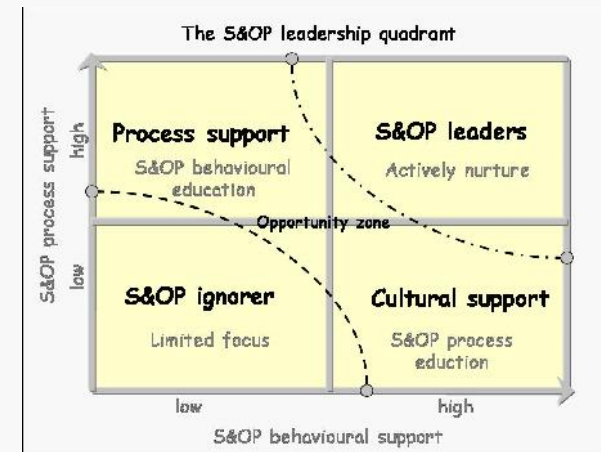
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Drive behaviour to get the critical mass right!

1. Align company culture and S&OP
2. Hire, develop, promote or let go
3. Develop: constructive behaviours
4. Develop: play a game
5. Lead by example
6. Set S&OP goals and track achievement
7. Communicate...communicate...communicate
8. Track progress in the S&OP leadership quadrant



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1. Align company culture and S&OP

Bring *S&OP* to life through aligned company values, behaviours and capabilities

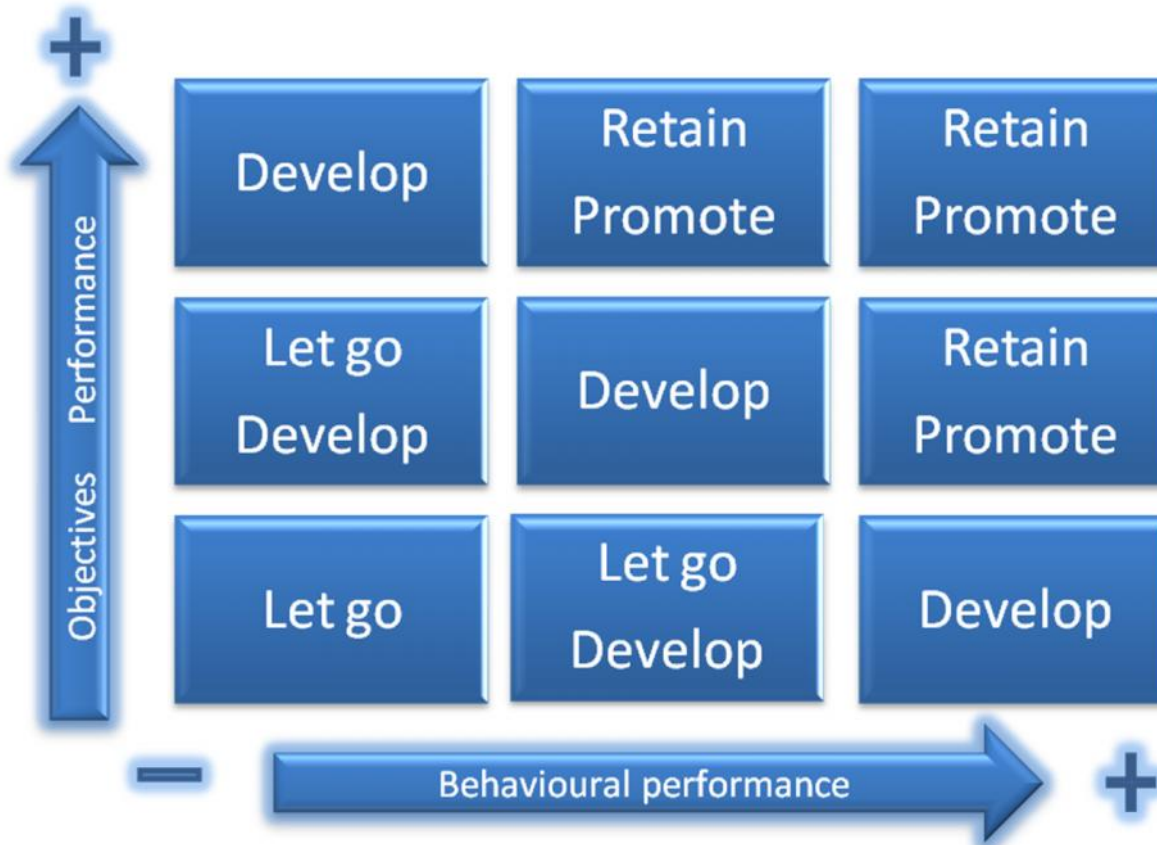
Core purpose	To delight people everyday with the simple pleasure of good food!				
Vision	By 2015 our highly engaged people will have transformed our business to generate superior and sustainable returns while creating an even brighter future!				
Values	Accountability	Authenticity	Ambition	Collaboration	Passion
Behaviours	<ul style="list-style-type: none">• Disciplined thought and disciplined action• I do what I say• Trusts people• Provides open and honest feedback• Leads, coaches and develops		<ul style="list-style-type: none">• Listens carefully, evaluates options• Champions consumers and customers• Keeps it simple and relevant• Does the right thing for the long term• Demonstrates learning agility		
Capabilities	<ul style="list-style-type: none">• Insight led innovation• Franchise building• Customer and category management		<ul style="list-style-type: none">• Outstanding at food technology• Sales and operations planning• Commodity sourcing		
Business fundamentals	<ul style="list-style-type: none">• Enterprise risk management and governance• Market trends and customer engagement• One business solutions• Strategy development and business planning		<ul style="list-style-type: none">• Business performance management• Investment choices and priorities• Safety, quality and sustainability• Talent, leadership and people process		

***“The GWF alignment model is our roadmap to success.
Being aligned ensures collective leadership”***

Andrew Reeves, CEO of GWF

2. Hire, develop, promote or let go!

1. Add preferred S&OP behaviours to job descriptions
2. Interview new candidates on preferred S&OP behaviours
3. Review performance based on results **and** behaviours



50% of people naturally *cooperate*,
30% naturally behave selfishly

Harvard Business Review, June 2011

*'The talent crisis is no longer a
problem of the future.
It is here and now and is
threatening business growth
and economic prosperity'*

2012, PWC Global CEO survey

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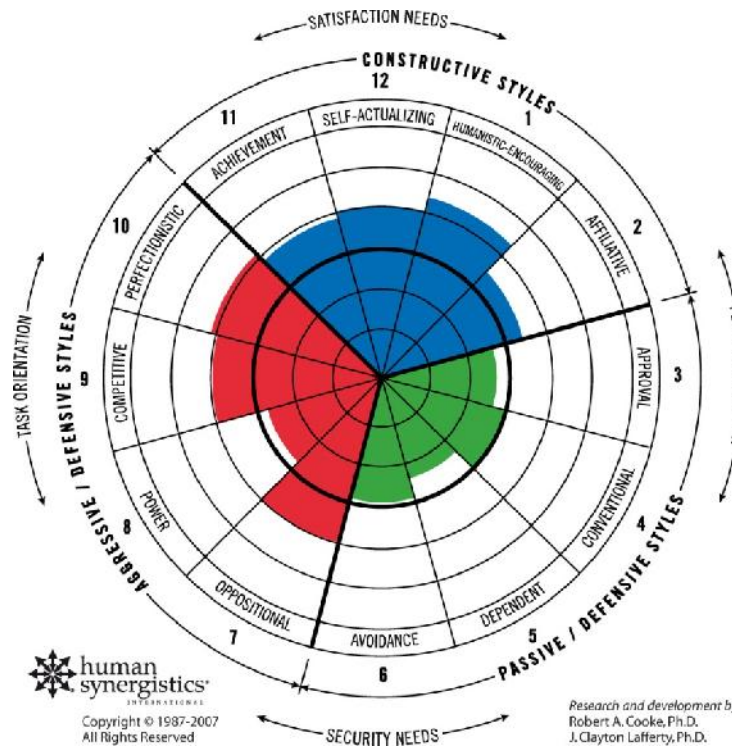
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Tips

3. Develop: constructive behaviours

“Leadership helps shape culture. Culture in turn shapes leadership.

They both drive performance”



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Tips

4. Develop: play a game!

Create cross functional understanding in an informal environment



<http://thefreshconnection.eu/en/home.aspx>



<http://www.beergame.org/>

INVOLVATION

5. Lead by example

'Most of the executives I have known in successful cases of major change learn to "walk the talk." They consciously attempt to become a living symbol of the new corporate culture'

John P. Kotter; 'Leading change, why transformation efforts fail'. Harvard Business review, 1995

- Openly publish & discuss your 360 degrees feedback
- Stay constructive, even when in conflict
- Be vulnerable, ask for help

- Actively listen....put down that @&^(\$%* phone
- Seek and provide feedback
- Use facts, understand emotions

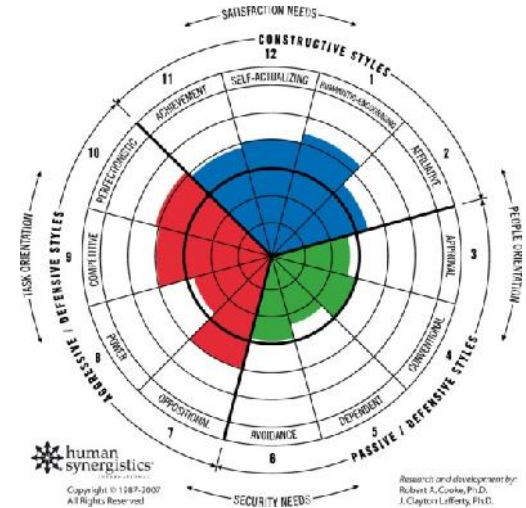
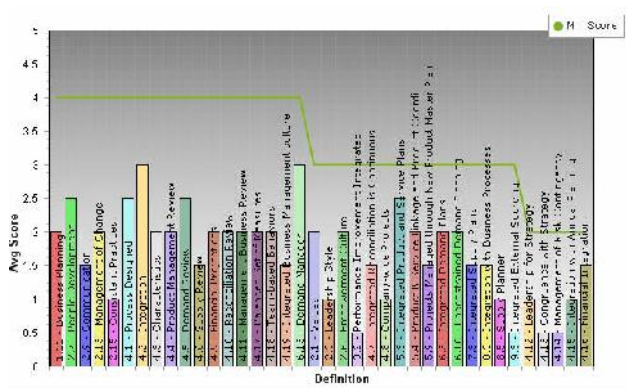


- Stick to meeting times and agenda's
- Follow through on actions
- Reward and sanction

- Reward and celebrate collaborative efforts
- Share your S&OP knowledge
- Provide clear and common S&OP goals



















6. Set common S&OP goals and track achievements

1. Use an existing S&OP process scoring methodology or define your own.



2. Define a roadmap of preferred S&OP behaviours.

3. Define a **system** maturity scorecard and decide where you want to make progress

S&OP system scorecard					Current maturity	Maturity Goal
	None	Progress 1st	Progress 2nd	Score 3rd		
Maturity						
Product lifecycle mngt						
Financial Planning						
Demand Planning						
Order Promising						
Supply Planning						
Production Planning						
Detailed Scheduling						



Communicate... Communicate... **Communicate...**

Make a conscious attempt to show people how the S&OP process and behaviours have helped improve visibility and performance

Examples to keep S&OP alive:

1. Monthly key S&OP messages
2. Monthly company news letter
3. S&OP roundtables
4. S&OP toolbox
5. S&OP induction
6. Share your S&OP wins!

What's new in Finance

Forecasting

We continue to work on our Integrated Business Planning (IBP) and are now able to forecast the next 24 months Earnings Before Interest and Tax (EBIT).

This allows us to see the effect of our long term

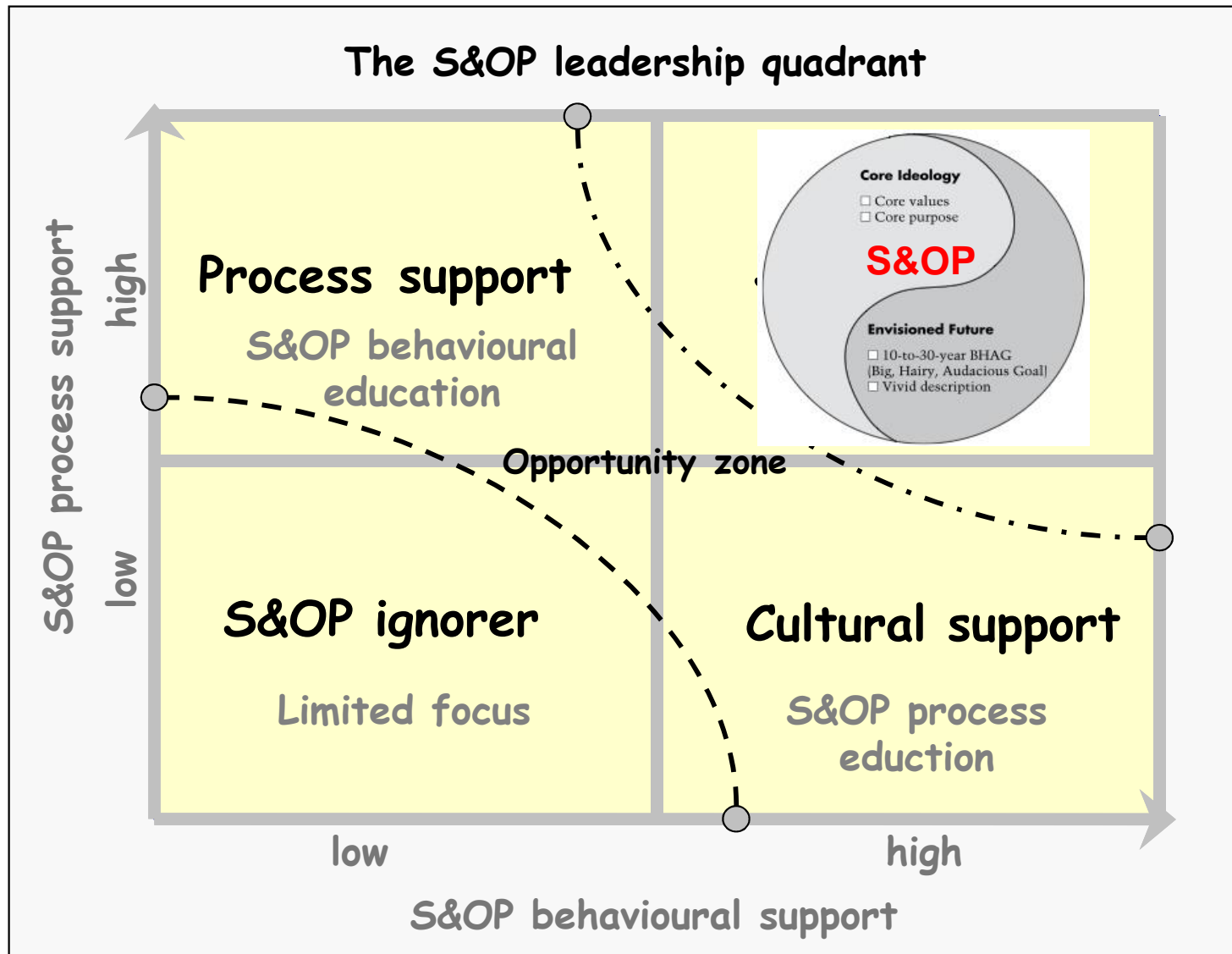
volume plans and will also assist better decision making in the future.

The IBP cycle now feeds directly into the forecasting we present to GWF. This shows a high level of integration and a great result for the planning team.

Company news letter

8. Track progress in the S&OP leadership quadrant

Living effective S&OP behaviours will create a sustainable S&OP culture over time



In summary...

Change S&OP

- ***S&OP requires change from vertical to horizontal thinking.***
 - *and S&OP requires both left and right brain thinking*
- ***Change is hard and great leadership can drive change.***
 - *Yet leadership is the 1st roadblock to implement S&OP*
- ***You'll find 4 types of S&OP change resistance***
 - *so make sure to check your S&OP change environment.*

Sustain S&OP

- ***Effective S&OP behaviours drive a sustainable S&OP culture.***
 - *without a sustainable S&OP culture, effective S&OP will die!*
- ***Amongst effective S&OP behaviours are trust, communication, discipline & collaboration.***
- ***To sustain S&OP you need critical mass in leaders that support both process and behaviours.***
- ***Driven change and track progress with the S&OP leadership quadrant***
- ***Living effective S&OP behaviours will create a sustainable S&OP culture over time***

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Thank you!



About Niels

For 15+ years, Niels has been working as consultant, supply chain manager and S&OP manager in several multi billion dollar companies in over 10 countries. Niels holds an MSc. in Operations Management from Amsterdam University, The Netherlands.

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Publications



**AFP
Exchange**

March 2012



**Journal of
Business
Forecasting**

December 2012



**Supply Chain
Movement**

February 2013