Trends in Supply Chain Planning

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Major Trends We See

1. Exception Based Planning
2. Planning the Extended Supply Chain
3. Sub-SKU-based forecasting
4. Sales and Operations Planning
5. Inventory Optimization

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Exception Based Planning

Integration, Visibility, and Metrics

Establishing Triggers and Alerts

Forecast Alert Summary - LGTYP	
Critical	17,731
Warning	299
Information	3,325
Total	21,355

Role-Based Dashboards

Workflow and Drill-Down

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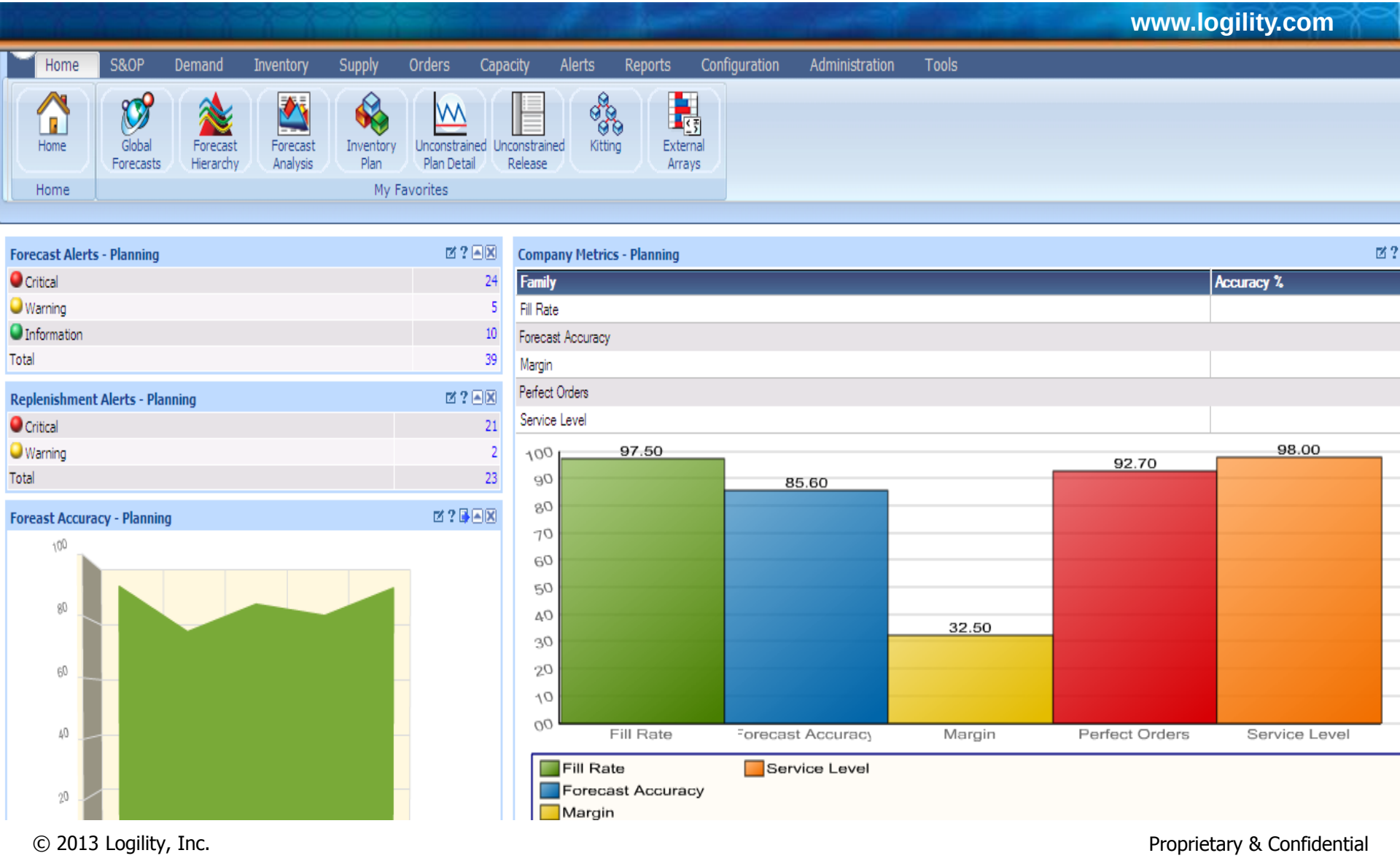
Exception Based Planning



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Planning The Extended Supply Chain

- Customer Facing
  - Customer Level Forecasting
  - Vendor Managed Inventory
  - CPFR
- Supplier/Manufacturing Facing
  - Long Term Capacity Planning
  - Constraint-Based Planning
  - Pre-Positioning Raw Materials

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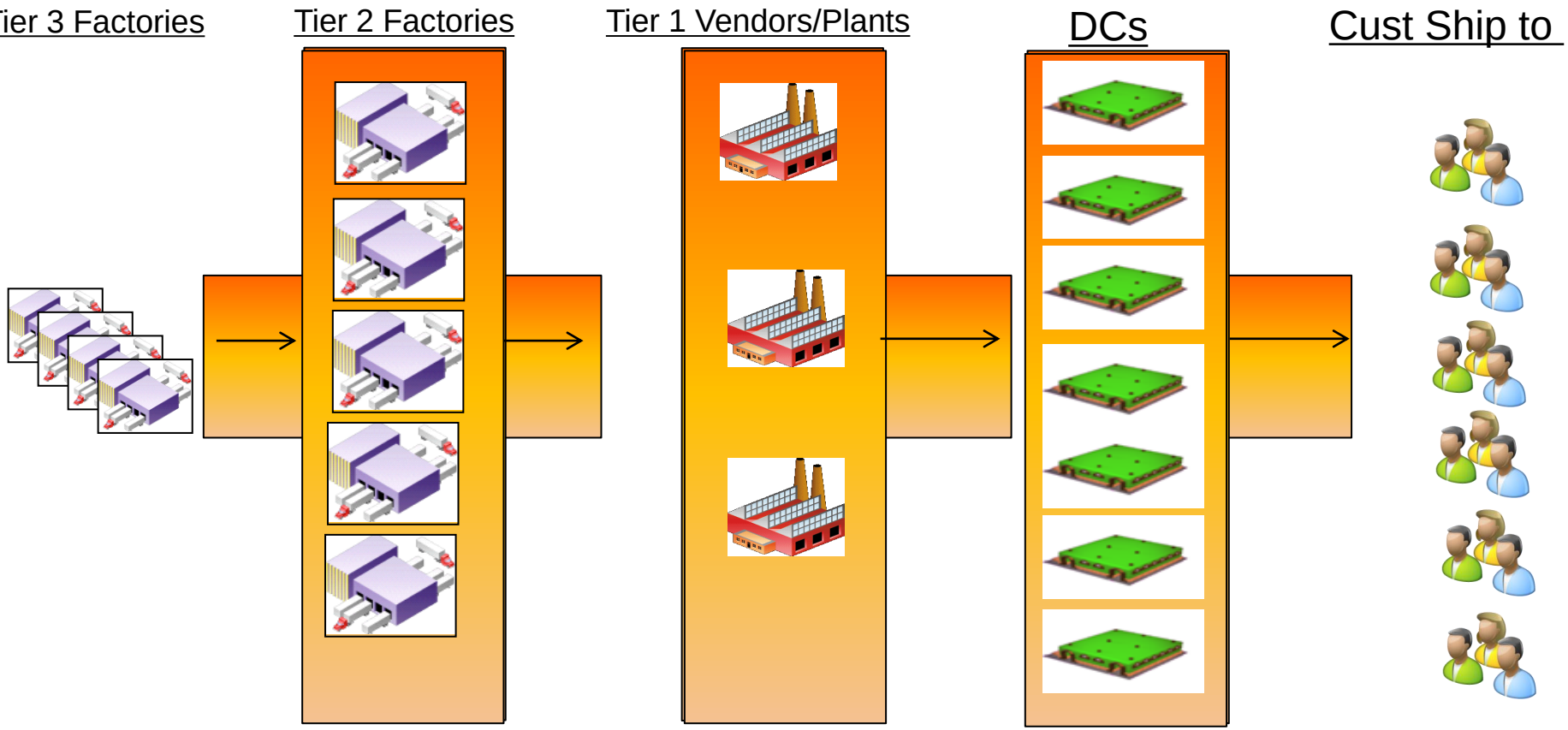
Constrained Supply Planning

Raw Materials | Multi-Echelon Production | Multi-Echelon Distribution



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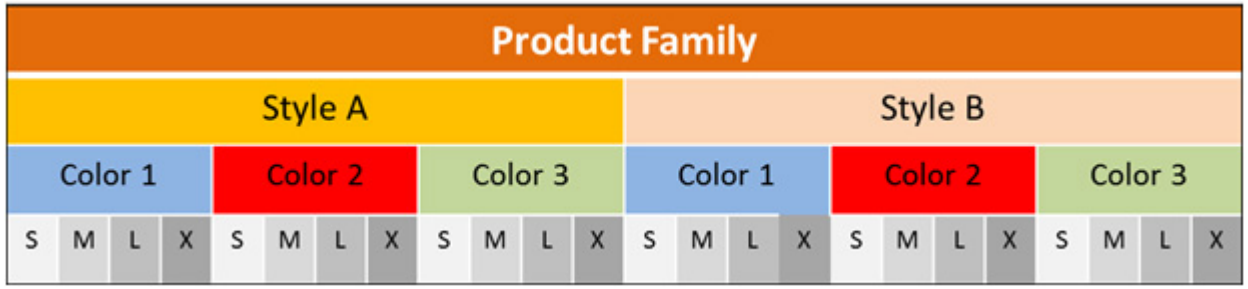
Sub-SKU Forecasting

Apparel/Footwear As Catalyst

- Forecasting Challenge at Granular Levels
- Family/Style/Color/Gender/Size/Width
- Manual Size Curve Creation
- Disconnects with Sourcing/Manufacturing
- More Integration Needed



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Sub-SKU Forecasting

- Proportional Profiles Planning
  - Integrated sub-SKU planning
  - Extended Forecasting Hierarchy
  - Profiles From Sales History
  - Attribute Based
  - Beyond Apparel/Footwear
    - Fans: Finish/Color/Speed/Blade Length/ Lighting Kit

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Sales & Operations Planning

Around for 30 years—now really taking hold

Stages of Maturity

Executive S&OP

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The Journey for Demand-Driven S&OP

Maturity Stages of S&OP Create a Divergence of Solutions

	Stage 1 Reacting	Stage 2 Anticipating	Stage 3 Collaborating	Stage 4 Orchestrating
Balance: S&OP				
Goal	Development of an operational plan	Demand and supply matching	Profitability	Demand sensing and conscious trade-offs for demand shaping to drive an optimized demand response
Ownership	S = Sales OP = Factory capabilities	S = Sales and marketing plans OP = Planning and factory capabilities	S = Go-to-market plans OP = Design of demand-driven plan; make and deliver processes	S = Go-to-market strategies and solutions OP = Translation of demand into plan; make, deliver, source and service strategies, with connection to execution
Metrics	Order fill rate, asset utilization, inventory levels	Order fill rate, forecast error, inventory turns, functional costs	Demand error, customer service, working capital, total costs	Demand risk, customer service, cash flow, market share, profit

Increase in Organizational Balance

Source: Gartner (September 2011)

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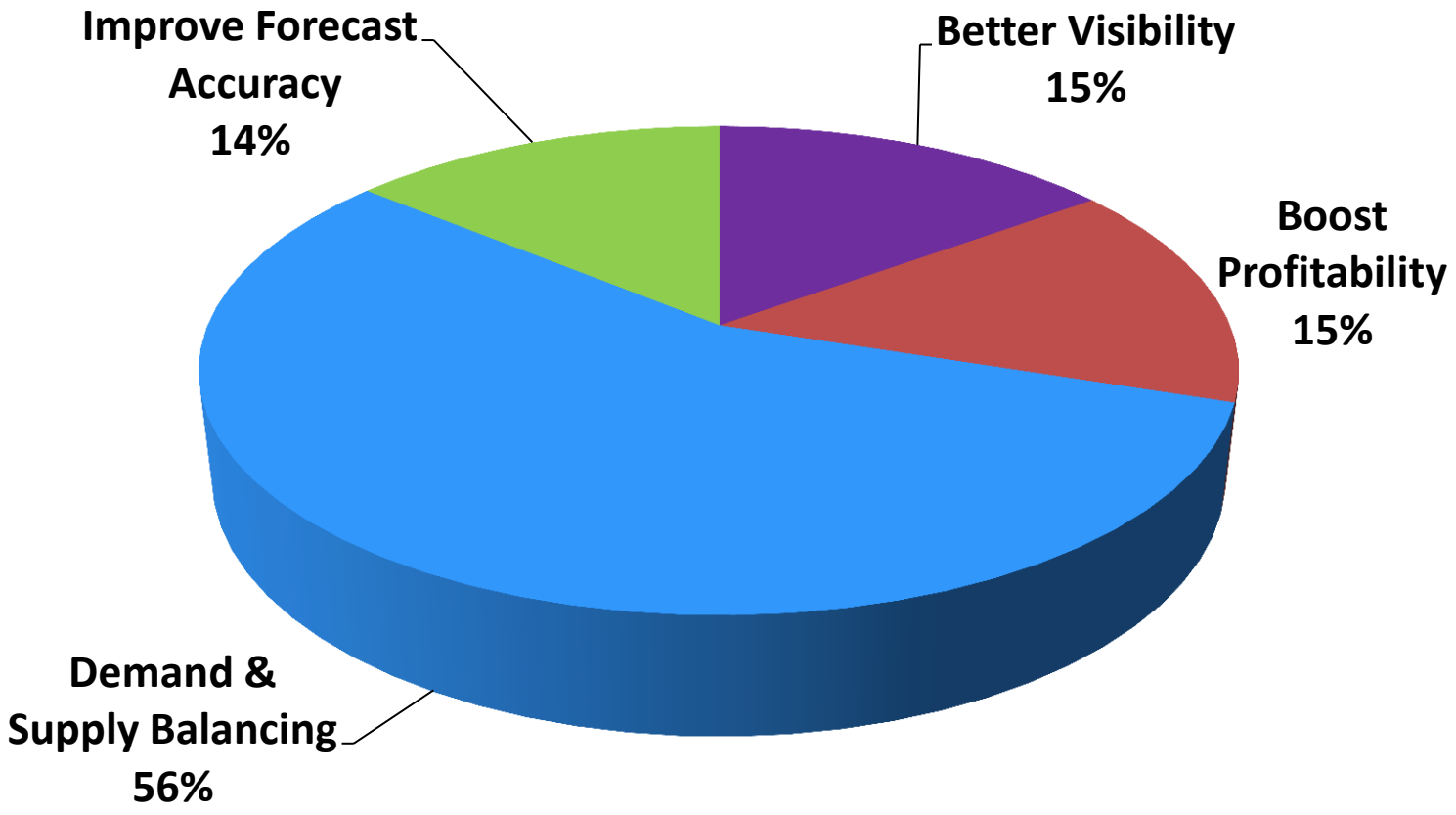
What is the most important goal of your S&OP initiative?



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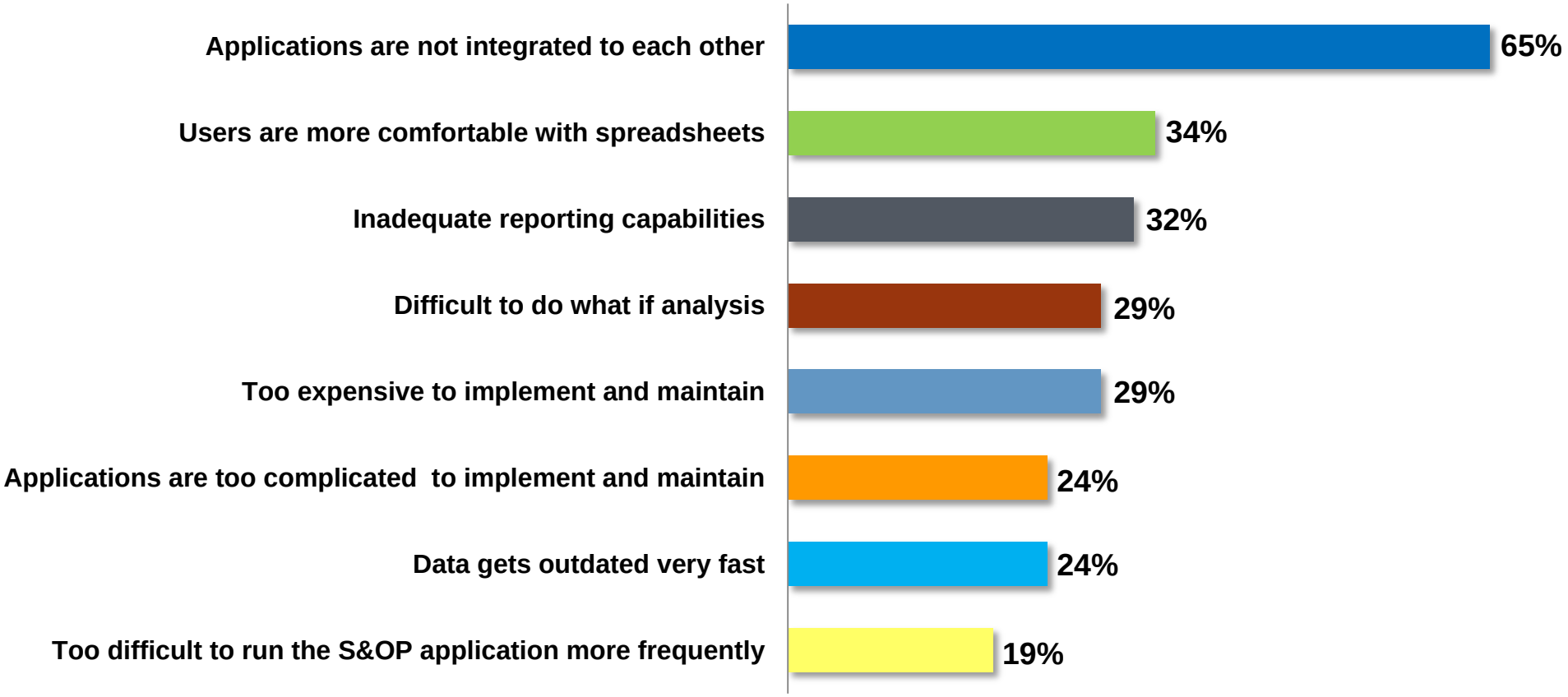
Sales & Operations Planning

The top 3 barriers to realizing value due to technology enablement of S&OP



Source: Consumer Goods Technology/Logility October 2011

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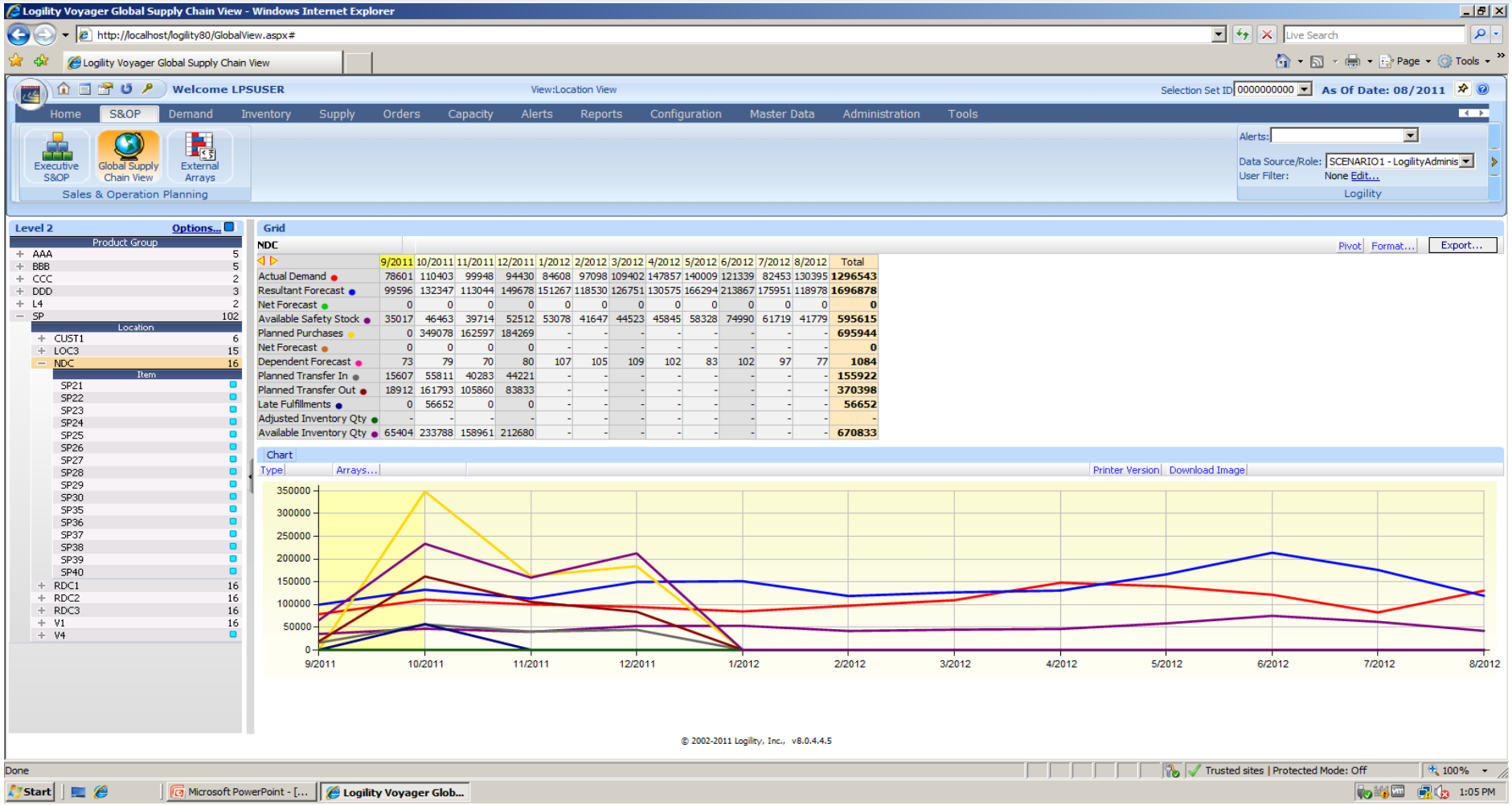
S&OP Global Views



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Inventory Optimization

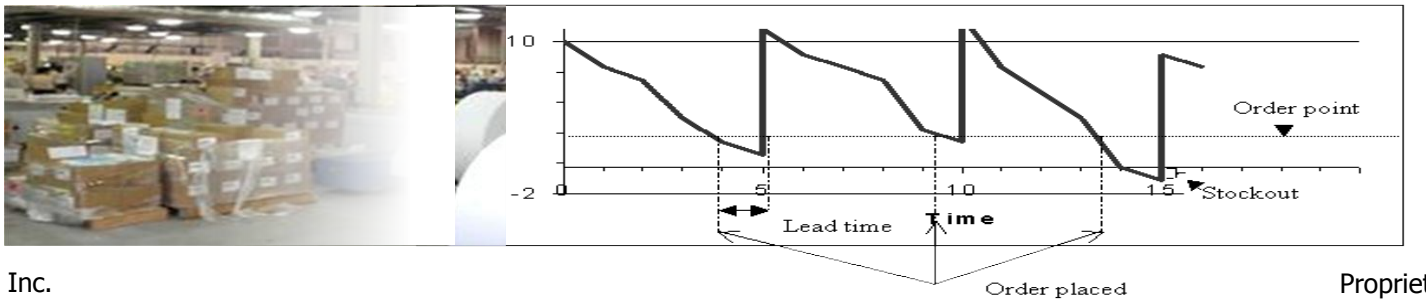
Many Different Definitions

Cost versus Service Dynamic

Using Inventory More Strategically

Including Inventory in SIOP Process

The Impact of Multi-Echelon



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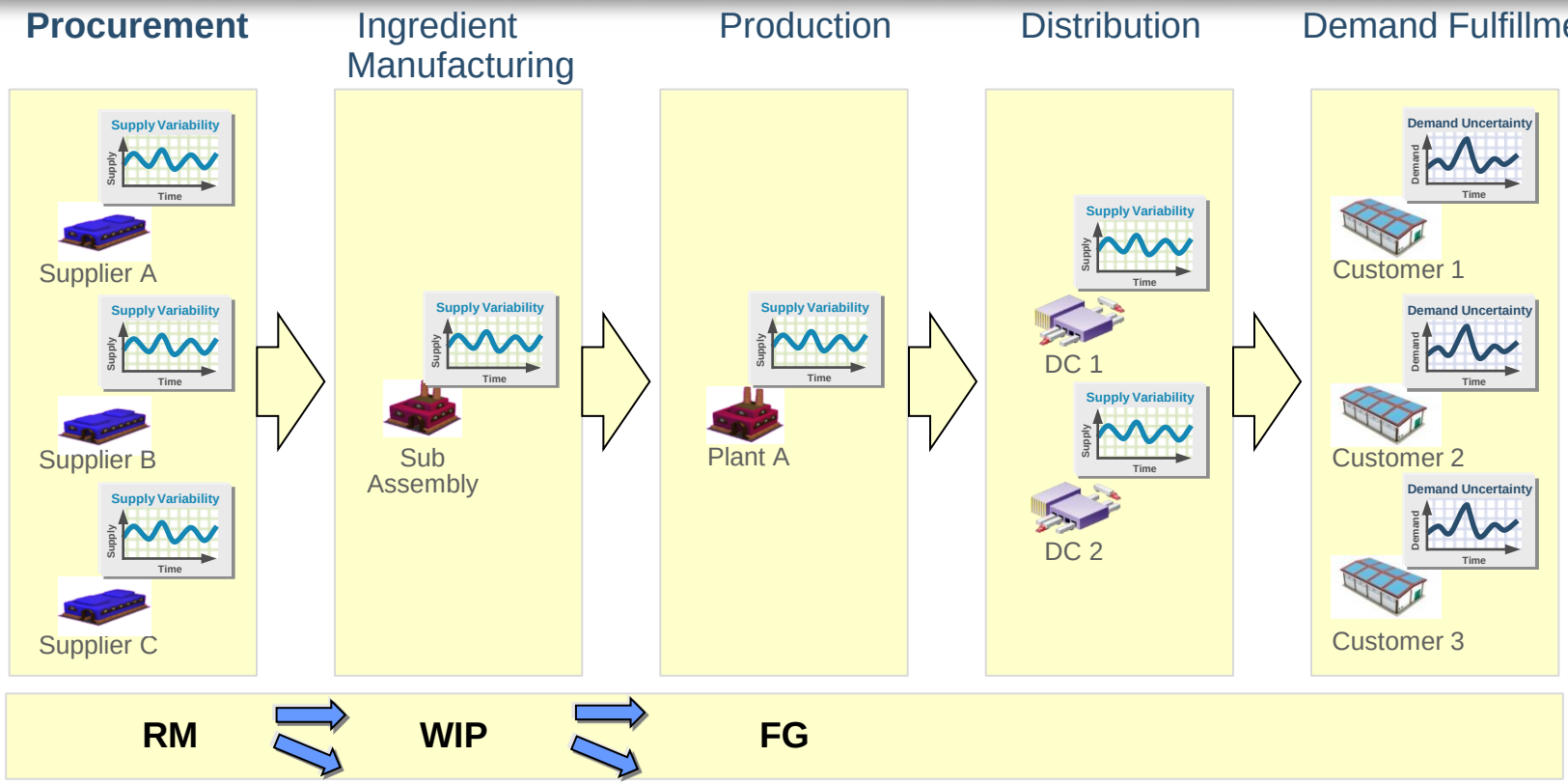
Challenges that make inventory optimization difficult



- Unsynchronized safety stock targets lead to:
  - Excess inventories of incorrect products in incorrect locations;
  - Frequent expedites
  - Results that are locally optimal, not globally optimal

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Multi-Echelon Inventory Optimization

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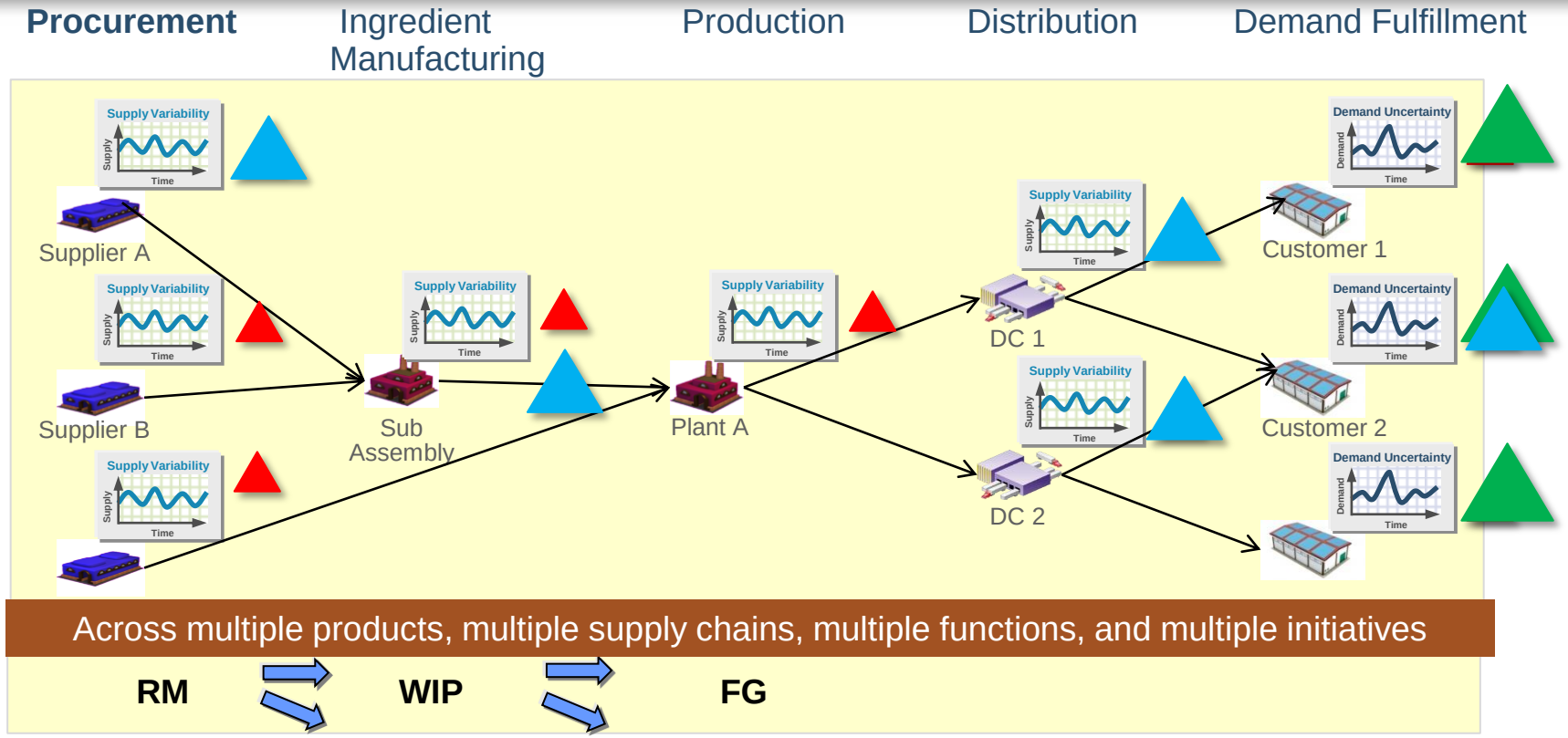

- Synchronized inventory policies across the supply chain
- Ensures the right inventory across the supply chain to satisfy service level goals
- Provides a what-if environment

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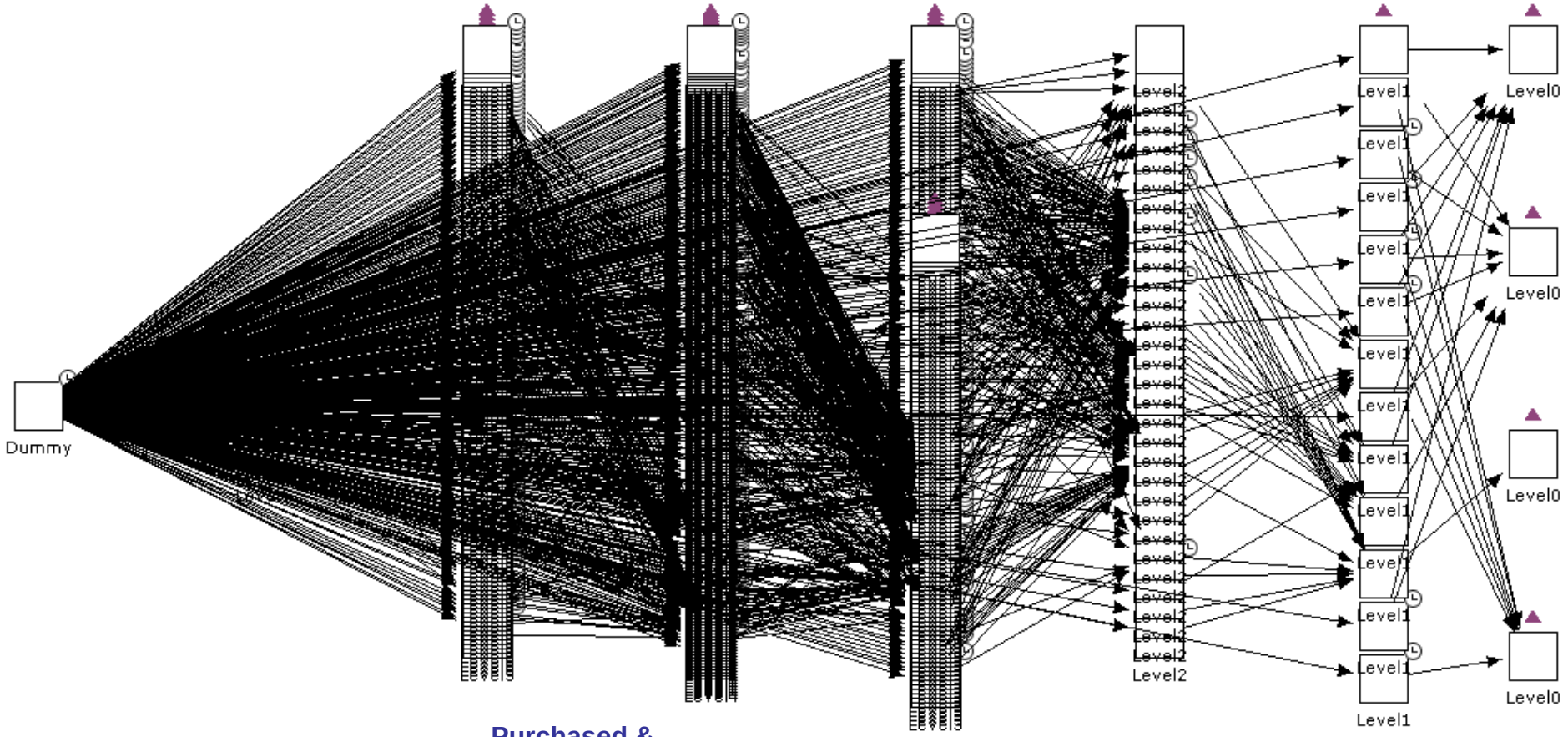
Chain Model: Four Sample Tools



Even a simple example is just too complex for an Excel formula to solve

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Thank You

"It takes a lot of unspectacular preparation to get spectacular results"

~ Terry Bradshaw

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