

Supply Chain Movement

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The tools for Integrated Business Planning

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Lean supply chains became a reality for some organisations during the economic downturn; not through increased efficiency, but through panic as they drained inventory to cut costs. These same organisations now face the challenge of restoring the performance required to maintain customer service levels.

Previously organisations might have been sent scrambling for an IT solution to the problem, but at Oliver Wight we've seen an increasingly widespread acknowledgement that the tools on their own haven't been delivering the type, size and performance of business organisations wanted, and now investment in people and process

has become more of a focus. Rather than spend £5 million on a new IT system, organisations are choosing to invest five to 10 per cent of that figure in people and process instead, and they're getting substantially better results.

Evolving tools

IT tools do, of course, continue to support processes, and you can still expect IT to help, rather than hinder, improvement action. The merits of these tools have not fundamentally changed; it is how they are being used, which we are seeing evolve. Organisations need information to drive their business management processes and consequently they want reliable and trusted information rather than just data from their systems. As a result, IT suppliers are having to adapt and develop their solutions to provide this support in line with process and people.

Advanced Sales & Operations Planning (otherwise known as Integrated Business Planning) is a particular area of focus. As well as allowing organisations to gain greater control over their own business processes (with resultant efficiency and financial gains), Integrated Business Planning (IBP) extends the principles of S&OP into the extended supply chain. There have been IT solutions for some time, which support S&OP but some (Oracle and JDA are two examples) are now making the leap to IBP. Oliver Wight has been developing the processes, structures and behaviours required by IBP and there has been learning on both the IT and process side, so the two can be fully integrated.

Over the years conventional S&OP has typically been assigned as a supply chain process, balancing supply and demand over a one- to 12-month horizon, with no product management or financial integration; the focus is on tactical decisions in the short term and on the numbers, rather than the issues. IBP on the other hand brings with it a truly strategic perspective, integrating all the elements of strategic planning, product management, customer demand and full supply chain planning into one seamless management process. Led by the executive team, IBP is designed for effective decision-making. It allows senior management to plan and manage the entire organisation over a 24 month horizon or more, aligning strategic and tactical plans each month, and allocating critical resources – people, equipment, inventory, materials, time and money – to satisfy customers in the most profitable way.

Close gaps

IT alone was always insufficient at restoring efficiency in a lean supply chain. Now, aligned with the people and processes, IT can deliver the tools required to implement an effective IBP process; providing visibility of financial and operational planning, supporting a robust rolling plan, and allowing the modelling of different scenarios which emerge from the IBP process to aid rapid and effective decision making. Long- and short-range operational plans can be viewed against financial forecasts to identify gaps. Scenarios can be assessed to close gaps, and ensure goals are met. The modular tool-set that some IT suppliers provide span the evaluation of resources and demand for new products, determining total demand and planning supply across multiple tiers of suppliers.

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