

# Executive push needed to push S&OP

Bob Stahl for a long time has been a leading advocate for the concept Sales & Operations Planning, a decision-making process that ensures that the tactical plans in all business functions are aligned and in support of the company strategy, business plans, and goals. However, to implement S&OP effectively and retain its momentum it needs an executive push.

By Stephen Cherlet

## About the Author

Stephen Cherlet is a senior management professional with 35+ years of experience across engineering, manufacturing, quality assurance, materiel, information and production technology, project management, and lean



transformation. Industry experience includes aerospace, defense, and industrial products. His last role was COO at Velan Inc (TSE:VLN) responsible for global operations, supply chain, and information technology. In 2016, Stephen joined FarStar SAC Consulting to help companies improve their business systems, operations, and supply chains. To find out more <https://www.linkedin.com/in/stephencherlet/>. He can be reached at [stephen@farstarconsulting.com](mailto:stephen@farstarconsulting.com).



Valve World sat down with Mr. Stahl and interviewed him on the benefits, downsides, possible alternatives, ‘light’ options for SME’s and so on. The interview has been split into two articles, the second article will be published in the May-edition of Valve World.

## Bob, let’s kick off. First of all, what is your involvement with S&OP at the moment?

“I am at the stage in my career where I want to make a difference and not just make a living. My goal is to be an enthusiast for the executive component of the S&OP process (eS&OP) by engaging presidents and CEOs who truly want to move the “ball down the field” to fully authentic eS&OP. I am trying to engage with people, organizations and publications, like Valve World, to expose my leading edge thoughts and ideas around eS&OP to the widest audience possible.”

## What are the benefits of eS&OP? What about potential downsides?

“First, let me talk about the downsides. First, if companies don’t go about implementing eS&OP right the first time, then they will fail. If they don’t succeed, they will give up and the process will stall, wither and die. And that’s too bad because the memory of that failure will prevent them from trying again until there is a new generation of leadership to take up the cause. The key to recovery, if this happens, is for organizations to have an experienced leader –

either from inside or outside the organisation - who has been down that road before, having implemented eS&OP in an authentic manner. For any executive who has lived with a strong eS&OP process cannot live without it and will demand to help foster the process again. As for the benefits, there are many, provided eS&OP is implemented properly. These are well-documented in many of the articles and papers I have written, as well as in the books. Key outcomes of a successfully implemented eS&OP (executive Sales & Operations Planning) process are: a higher customer service, a lower finished goods inventories, more stable production rates, shorter customer lead times for make-to-order products, a better visibility into future resource problems, greater accountability regarding actual performance to plan, enhanced teamwork among all functions of middle management and a monthly update to the annual business plan providing better forward visibility, leading to fewer surprises later in the fiscal year. In short, it enables a management team to become the “masters” of its own destiny and not allow itself to become the victim of circumstance.”

## It seems that no company could go without eS&OP, yet many do. Are alternative options available?

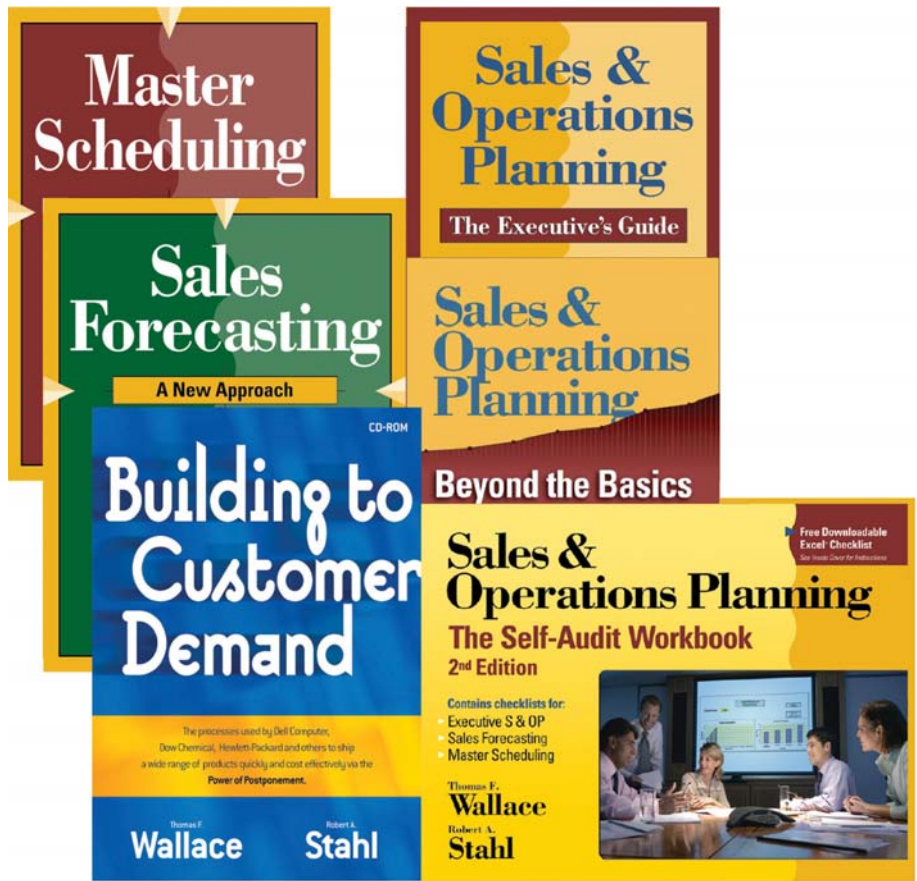
“There are no real alternatives to the eS&OP process in an organisation, there are just other actions that are being taken by management. Often, they conflate those other actions and processes



with eS&OP, in error in my opinion. eS&OP is about a set of principles and defining policy. This is strategy: doing the right things. People often focus on execution, which is the day-to-day activity of running a business including supply chain planning, production and procurement among other tasks. Execution is about doing things right. If you are only doing things right, you need to apply extra resources to make up the shortcomings of not doing the right things. Don't get me wrong, some companies can be successful without eS&OP. This applies if they are in a market that is not very competitive where you can succeed by simply outperforming your nearest competitor. That's like two people being chased by a cheetah. To succeed, one of them only needs to be faster than the other, not faster than the cheetah."

**Who should drive eS&OP within an organisation and how should it be implemented ideally?**

"I address this issue in an article I wrote for Foresight Journal of the IIF called 'Overcoming the Catch-22 of Implementation'. In this article, I describe two approaches to implementing eS&OP within an organization. I call them the Field of Dreams and Holding the High Ground. In the Field of Dreams approach, the organization decides to build the process with the intention of getting the (senior) leadership team on board later. The motto is: 'build it and they will come'. The problem with this approach is that without top management involvement, the organization doesn't address the cultural or behavioral changes that are required. This is, to some extent, because the leaders haven't been involved enough to have their fingerprints on the initiative which already is lacking true ownership. This approach has



a low probability of success and typically yields low benefits. The other method, Hold the High Ground, starts by getting the most senior leaders of the company involved from the very beginning in order to initiate a path towards implement a transformational success with eS&OP. The step begins with education, using an Executive

*“It's like two people being chased by a cheetah. To succeed, one of them only needs to be faster than the other, not faster than the cheetah.”*

Briefing. With education (learning why and how come?), the leadership team will realize that success does not come from doing what you did better, but by doing things differently to be better and understand there is risk in not having a solid eS&OP process. 'Doing things in a different manner translates into personal and/or organizational discomfort, which in turn translates to risk. That's why the step-by-step process Tom Wallace and I developed includes the second step - a low-risk pilot demonstration (in full parallel with current practice) using live (real) data. By working through the pilot, the team can mute possible discomfort and subsequent fears. The remaining two steps - Expansion and Replication,

and Full Financial Integration - round out the process. To answer your question specifically, at the end of the day, it is the leadership team that must drive eS&OP. It needs not only support, but commitment and, more importantly, have hands-on participation."

**About Bob Stahl**

After 12 years in manufacturing industry and being awarded Oliver Wight's Class "A" recognition for supply chain excellence, Mr. Stahl founded the R.A. Stahl Company in 1982, joining Oliver Wight as an Associate. For over 48 years he has been helping executives and managers acquire superior decision-making processes. "These skills are essential in a complex, rapidly changing environment that puts a premium on high customer service, wide product variety, quick response, and low cost", Stahl says. Stahl has traveled the world over working with companies big and small implementing Sales & Operations Planning. "At the moment, I restrict my endeavours to organizations where I am working directly with the top leadership (Presidents and/or CEOs, ed.). "Along with co-author Tom Wallace, Stahl has published six books, including Sales Forecasting--A New Approach, Sales & Operations Planning--The How-To Handbook (now in its 3rd Edition), and Sales & Operations Planning--The Executive's Guide.

