Key Building Blocks for Sustaining and Improving S&OP Post-Transformation

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By Analysts Janet Suleski

Initiatives: Supply Chain Planning

When an S&OP improvement project is finalized, there is a risk that the new S&OP process could regress and diverge from new practices. Supply chain planning leaders can use this research to gain insights on the steps to take during project wrap-up to sustain and improve process quality and value.

Overview

Key Challenges

■ After sales and operations planning (S&OP) improvement projects are closed, companies may fail to assign ownership over or resources for maintaining newly established S&OP excellence. This, combined with employee turnover and lack of training for new employees, can lead to less disciplined approaches to S&OP emerging over time.

■ Because of this, S&OP maturity risks drifting downward post-S&OP improvements. This may result in a negative trend in the perceived value of S&OP, and significant action is required to stabilize and recover.

■ A lack of a mechanism for monitoring the S&OP process leads to declining process quality. Supply chain leaders are slow to catch and correct the problems, especially if clear governance for follow-up is missing.

Recommendations

To sustain improved S&OP process capabilities, supply chain planning leaders should:

■ Drive continuous improvement of S&OP by assigning clear ownership for S&OP excellence, assessing the vision against current process performance and validating process compliance to identify opportunities and make necessary adjustments.

■ Create a foundation and culture for knowledge sharing, training and continuous improvement by building a champion community to sustain process improvements and organizational engagement.
Introduction

After the initiation, planning and execution phases, the S&OP transformation is almost ready (see Figure 1). The process is running, the organization is changed, tools are deployed, behavior is changed and key performance indicators (KPIs) have been improved. Hopefully, everyone is happy with the business results the S&OP transformation has delivered. The next challenge is how to make sure that S&OP remains at the right level of quality, enthusiasm and engagement, and even improves to create ongoing business benefits.

At this point, the funding and organization to conduct the S&OP improvement initiative has been dissolved. Ongoing responsibility for and management of the S&OP process has been handed off to the standing organization. Many different people are working on S&OP, which creates the risk that process changes are made locally. Additionally, many S&OP transformation teams focus on implementing new meeting structures and cadences rather than on the quality of the discussions held in the meetings. Having an S&OP cycle doesn’t ensure that the company will produce the targeted outcomes. A

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Ensure continued support for S&OP improvements by providing leadership with key insights on S&OP’s value in maintaining engagement and obtain resources for further improvements.

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Figure 1: Project Management Phases and Deliverables

Project Management Phases and Deliverables

1. Initiation
   - Determine Project Feasibility (What)
     - Project Charter
     - Stakeholder Analysis
     - Project Organization

2. Planning
   - Establish the Project Plan (How)
     - Guiding Principles
     - Project Plan
     - Change Management Plan
     - Stakeholder Acceptance

3. Execution
   - Embed the Change (Do)
     - Documented Future State
     - Validated Future State
     - Embedded Future State
     - Transfer of Control

4. Monitor and Control

5. Closure
   - Project Completion and Handoff
     - Handover of S&OP responsibility to standing organization
     - Assurance that all work has been completed
     - Final acceptance of deliverables
     - Postimplementation review

Source: Gartner
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Gartner, Inc. | 3992929
substantial portion of post-transformation work often centers on maturing the quality of the content and the conversations in the meetings that ultimately lead to the plans that deliver business benefits.

These conditions can lead to gaps between the new, high-quality planning process and actual execution of the process, which in turn can lead to negative impacts on business performance. Supply chain planning leaders are challenged to find an efficient and effective way to manage continuous improvement through the organization and highlight the importance of the added value of a shared and matured way to conduct S&OP.

A typical project closure phase consists of four deliverables that should support sustained results, but they come with their own challenges for an S&OP transformation (see Table 1).

**Table 1: Elements of an S&OP Project Closure**

<table>
<thead>
<tr>
<th>Deliverable</th>
<th>Description</th>
<th>Problem Area</th>
<th>Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Handover of S&amp;OP responsibility to standing organization</td>
<td>When the project gets closed, the project team will be dissolved. S&amp;OP process ownership should be handed over to the internal customer and support organization. Resources that worked on the transformation are moved to new roles.</td>
<td>Clear ownership for performing necessary S&amp;OP tasks is lacking, and there is insufficient capacity to maintain S&amp;OP quality.</td>
<td>There is a risk of losing knowledge and engagement, and of having the quality of S&amp;OP decline over time.</td>
</tr>
<tr>
<td>Assurance that documentation has been completed</td>
<td>To maintain the knowledge of S&amp;OP, playbooks and process documentation should be available to people involved in S&amp;OP.</td>
<td>Clear ownership for document management is missing, documentation is not easy to access and update, and insight into current capabilities is missing.</td>
<td>There is a risk of losing knowledge and engagement, and of having the quality of S&amp;OP decline over time.</td>
</tr>
<tr>
<td>Final acceptance of deliverables</td>
<td>Deliverables must have met exit criteria to close the project.</td>
<td>Few or no mechanisms are put in place to.</td>
<td>The organization loses sight of the maintenance and</td>
</tr>
</tbody>
</table>

Source: Gartner (November 2020)
Supply chain leaders can use this research to help ensure the engagement and commitment of senior management and staff to deliver ongoing value from S&OP by taking three actions: continuously improving the S&OP discipline, building a champion community and providing leadership with key insights on the delivery of business value.

Analysis

Continuously Assess and Improve S&OP Processes and Outcomes

During the S&OP transformation, supply chain leaders created a vision of S&OP, developed insight into S&OP maturity, and built a business case for change. They then raised the bar by designing and deploying a new or improved S&OP process. At the end of the S&OP transformation, business value and benefits are measured and reflected against the initial business case. This requires asking the right questions to ensure that the S&OP vision remains aligned with business priorities and that it consistently delivers the planned benefits (see Table 2).

Table 2: Key S&OP Post-Transformation Questions to Determine Business Value

<table>
<thead>
<tr>
<th>S&amp;OP Transformation</th>
<th>Key Post-Transformation Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vision of S&amp;OP, gaps and business case</td>
<td>Do we have the vision, ownership and compliance needed to support ongoing commitment to S&amp;OP excellence?</td>
</tr>
<tr>
<td>S&amp;OP deployment and continuous improvement</td>
<td>Do we have an engaged community of S&amp;OP champions to sustain improvements and continuously generate new value?</td>
</tr>
<tr>
<td>Business value and benefits</td>
<td>Are S&amp;OP’s sponsors and champions consistently updated on delivered benefits and committed to sustaining and growing excellence?</td>
</tr>
</tbody>
</table>

Source: Gartner

Are Changing Business Expectations or Priorities Leading to Required Adjustments of S&OP?

S&OP is designed and deployed to address specific business challenges. These challenges and priorities are always shifting and will change over time due to developments such as the company launching new value propositions or deciding to enter new markets. These changes may impact the effectiveness of the existing S&OP process. It’s necessary to maintain line of sight to evolving business strategies and priorities, incorporate these changes into the S&OP design and deploy them to the planning organization.

Do We Adhere to the Standard Way of Working to Continuously Deliver Business Benefits Through S&OP Excellence?
To keep S&OP excellence at the forefront, supply chain planning leaders need to assess and evaluate the effectiveness of the process. There are different ways to measure S&OP excellence, with each having different levels of granularity and frequency (see Figure 2).

**Figure 2: Key Methods to Measure S&OP Excellence**

<table>
<thead>
<tr>
<th>Method</th>
<th>Level of Details</th>
<th>Question it Addresses</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;OP Maturity Assessments</td>
<td>Enterprise or Organizational S&amp;OP Maturity Assessments</td>
<td>What does the organization need to do to reach the next level of maturity?</td>
</tr>
<tr>
<td>S&amp;OP Cycle Evaluations</td>
<td>Process Adherence</td>
<td>How well is the organization sustaining the post-transformational level of S&amp;OP discipline?</td>
</tr>
<tr>
<td>S&amp;OP Meeting Effectiveness</td>
<td>Meeting Quality</td>
<td></td>
</tr>
</tbody>
</table>

**S&OP Maturity Assessments**

The impact of S&OP investments needs to be evaluated on a regular basis to measure the results. That’s why companies need to perform an S&OP self-assessment on a regular basis (for example, every 18 to 24 months). The assessment will provide an objective view of the current state and will provide insight into what steps to take to reach the next level of maturity. An S&OP transformation can be undertaken at any stage of maturity. The results of this assessment should be discussed with senior management to manage priorities and safeguard funding for supporting the improvement roadmap over time.

The three levels of tools to measure S&OP excellence, as well as roadmaps for continuous improvements, should be maintained by the business process owner. This person also needs to maintain an overview of S&OP maturity per location, improvement plans for each location and improvement plans managed centrally with the champion community to maintain and improve S&OP excellence over time.

**S&OP Cycle Evaluation**

The next level of S&OP excellence to evaluate is adherence to design. What do we need to do to remain at the current level of S&OP excellence? What are the best practices and what are the key gaps that need to be improved upon? Are there still local differences?

The business process owner (BPO) or leader (BPL) typically performs this evaluation on-site on a regular basis to create an independent view of S&OP and insight into local differences. The level of detail goes
deeper into the process, tools and organization compared to the overall S&OP maturity self-assessment. Adherence is measured against the key processes and decisions outlined in the S&OP documentation or playbooks. The objective is to have an internal benchmark and generate themes for S&OP teams to improve upon.

The outcome of the evaluation will be discussed with local management to define an action plan if required. The general themes will be brought into the improvement roadmap and will be followed up by the champion community.

S&OP Meeting Effectiveness

A pragmatic way to maintain S&OP excellence is to evaluate every S&OP meeting at the end of the meeting. Block five to 10 minutes to measure meeting effectiveness and efficiency. Then define actions to improve and follow up in the next meeting. A checklist can be helpful for this. Gartner provides the following checklists for leaders to use:

- **Tool: Evaluate the Effectiveness of the Monthly Product Portfolio Planning Step of S&OP With a 10-Point Checklist**
- **Toolkit: Evaluate the Effectiveness of Monthly Demand-Planning Meetings With a 10-Point Checklist**
- **Tool: Evaluate the Effectiveness of the Monthly Supply Planning Step of S&OP With a 10-Point Checklist**
- **Toolkit: Evaluate the Effectiveness of Monthly Executive S&OP Meetings With a 10-Point Checklist**

The owner of the meeting evaluation can be the meeting chair or a business process expert. If possible, rotate the role of the evaluator to create engagement and collect new perspectives and insights. Analysis of the meeting effectiveness should point to general improvement topics that should be part of the continuous improvement approach sponsored by a champion network supporting S&OP excellence.

Are Benefits of the S&OP Transformation Delivered in a Consistent Way?

S&OP is not an end unto itself, but a means to business benefits. Continuously measure the impact and relationship between S&OP excellence and business objectives. Communicating this value and, more importantly, success stories, will have a positive effect on the level of engagement with S&OP across the entire organization (see [Quantify the Value of S&OP to Engage Cross-Functional Leaders](#)). Examples of companies that have conducted S&OP transformations and created new business value can be found at [Video: Transforming S&OP in a Global Organization](#) and [Video: GE Appliances, A Haier Company — Our S&OP Journey](#).

Build a Champion Community to Create a Culture for Excellence

When a project team is dissolved and the project closed, people are assigned to new roles in the organization or return to existing roles. This poses a risk that knowledge will be lost and support for
ongoing S&OP excellence and investments will be weakened over time. The quality and results of S&OP — and return on the investments — have a very real chance of decreasing.

To sustain the current quality and continuously improve, supply chain planning leaders need to build a champion community network that:

- Maintains, improves and shares S&OP knowledge
- Creates support for local teams
- Continually examines the discipline and target ongoing improvement opportunities

Leaders should aim to transition people from the transformation project to roles in the champion network to safeguard knowledge and provide a landing spot for team members. Champion networks can be created for each of the S&OP steps (product portfolio planning, demand planning, supply planning and executive S&OP) because different people are often involved in each.

The objectives of the champion community are to:

- Realize business value by adjusting S&OP to changing business requirements and priorities
- Continuously update the ways of working, including best practices benchmarking
- Scout for S&OP innovations to introduce to the discipline
- Establish connections between people and teams working in different places in the organization
- Own and maintain standards and documentation
- Maintain and develop capabilities within the network

The roles and responsibilities within the champion network are depicted in Figure 3:

- **Sponsor.** Typically, the sponsor is the chief supply chain officer (CSCO), the head of planning at a lower S&OP maturity level or a profit and loss (P&L) owner at a higher maturity level. The sponsor is responsible for and provides guidance to the champion network in terms of business priorities. The sponsor receives input from the network on the status of process and required improvements. The sponsor also needs to provide the appropriate funding for improvement and takes away resistance in the organization, playing an active role in engaging people by communicating requirements for and benefits of S&OP.

- **Business Process Owner.** The process owner functions as the chief architect, teacher and conductor of the S&OP process, facilitating the champion network and owning the S&OP process overall (see Toolkit: Job Description for the Sales and Operations Planning Process Owner). The BPO supports
Figure 3: Champion Community Roles and Responsibilities

Champion Community Roles and Responsibilities

<table>
<thead>
<tr>
<th>Responsibility</th>
<th>Sponsor</th>
<th>Responsibility</th>
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</thead>
<tbody>
<tr>
<td>development and priorities</td>
<td></td>
<td>value,</td>
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<tr>
<td></td>
<td></td>
<td>development</td>
</tr>
<tr>
<td>2. Updates standard</td>
<td>Business Process Leader (BPL)</td>
<td>2. Updates</td>
</tr>
<tr>
<td>ways of working and</td>
<td></td>
<td>standard</td>
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<td>tools</td>
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<td></td>
<td></td>
<td>tools</td>
</tr>
<tr>
<td>3. Local improvement</td>
<td>Business Process Expert (BPE)</td>
<td>3. Local</td>
</tr>
<tr>
<td>plan/roadmap</td>
<td></td>
<td>improvement</td>
</tr>
<tr>
<td></td>
<td></td>
<td>plan/roadmap</td>
</tr>
<tr>
<td>4. Training/retraining</td>
<td>Subject Matter Expert (SME)</td>
<td>4. Training/</td>
</tr>
<tr>
<td></td>
<td></td>
<td>retraining</td>
</tr>
</tbody>
</table>

Source: Gartner
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- Bottom-up feedback
- Sharing best practices
- Updating process standards
A monthly meeting is typically run by the BPO to provide the community with input about what is going on and to offer short training or retraining sessions. It also provides a platform to get feedback on new developments and concerns. Increasingly, companies create virtual engagement forums to keep individuals continuously in contact with S&OP colleagues in a setting other than the formal monthly meeting. Organizations may also hold face-to-face meetings or workshops once or twice a year. These workshops provide a forum for more in-depth discussions, jointly design improvement roadmaps and offer additional training.

The community should evaluate these inputs at the monthly meeting:

- **Evolution of the business and its priorities** — Changes to the business environment that impact S&OP and prompt action to modify or improve S&OP. An example would be the integration of a new business or product portfolio that was out of scope earlier.

- **Status of improvement projects** — Updates on the status of improvement actions decided on at previous meetings. These projects sometimes lead to changes in the standard way of working or adjustments to IT tools that might require training or retraining.

- **S&OP maturity assessment, S&OP review results and S&OP meeting evaluations** — New insights from the latest assessments and reviews that require action to maintain or improve S&OP capabilities.

- **Capability measurement** — Assessment of the competency of planners and people involved in the process as measured against standards. Gaps may trigger training or retraining activities or development of new training materials.

- **BPE/BPL observations** — Insights from daily work that might be beneficial for the full community. These could be best practices, or issues that might need broader follow-up and improvement steps.

Supply chain planning leaders may also be tasked with both developing a champion community aligned with organizational needs and sustaining ongoing community of practice (CoP) member collaboration and knowledge transfer. They should also see [Ignition Guide to Creating a Community of Practice in Supply Chain](#) for additional insights.

**Quantify Business Value to Sustain Commitment to S&OP Excellence**

The active role of a senior cross-functional sponsor is key to driving success for maintaining and improving business value from S&OP (see [Supply Chain Brief: How the Best Executive Sponsors Make S&OP Succeed](#)). This role is foundational in driving the right actions and culture to drive improvements. Supply chain planning leaders should create a forum with sponsors to discuss the S&OP excellence roadmap, drive a continuous improvement culture and communicate needed investments or improvements. This could be a quarterly or biannual meeting that’s augmented by an online discussion forum for continuous collaboration. The forum can play a particularly important role in engaging new functional leaders in the business, such as a new marketing or finance leader, to share business value and maintain S&OP’s cross-functional traction.
This platform essentially functions as an ongoing steering committee with these objectives:

- Inform sponsors on the current status (business benefits, level of engagement and S&OP excellence), creating insight into issues and developments that might impact S&OP performance.
- Agree on action plans and budgets to secure and resolve these issues, and to raise the bar on overall planning quality.
- Remove barriers for improvement by addressing topics where senior stakeholder support is required to overcome resistance and ensure a focus on business value and benefits.

Cross-functional sponsorship is needed because S&OP reaches across the functional boundaries such as the lines between sales, finance, supply chain and operations. The platform could be updated in a separate meeting, sometimes combining the status of other key organization processes. The update could also be made part of the executive S&OP meeting, such as on a quarterly basis, extending the meeting to discuss the status of S&OP excellence.

As inputs, sponsors should use both output and process KPIs to manage performance:

- Encourage people to participate in S&OP assessment, process and meeting reviews, and set an example by being an active participant.
- Play an active role on performance gaps identified in assessments and reviews, demanding that those responsible for following up on the actions and making progress.
- Allow for time to learn and improve, balancing short-term benefits with mid- to long-term improvement.
- Acknowledge the importance of talent management by providing enough time in training, coaching and career paths.
- Make necessary improvements by allocating budget and resources, such as training, tools, traveling and resources, and keep the COE relevant and alive.
- Evaluate and manage the potential impact of specific functional improvement projects, such as changes made to the commercial planning process, on S&OP performance and ability to deliver the desired business benefits.
- Empower BPOs to perform their roles to create a positive impact and provide BPOs with clear expectations and input on business developments that serve as guiding principles for achieving S&OP excellence.

**Acronym Key and Glossary Terms**

...
### Project charter
Statement of the scope, objectives and participants in a charter. The charter also describes the mandate of the project team.

### Gap analysis
This gap analysis, using the Gartner S&OP maturity assessment, provides insight into the current state of S&OP, gaps between the current and desired level of maturity and offers a high-level roadmap for next steps.

### Stakeholder analysis
Description of the characteristics of all the stakeholders directly or indirectly involved with the S&OP evolution, to engage with them in the right ways at the right times.

### Project organization
Roles and responsibilities that facilitate the coordination and implementation of project activities (steering committee, project team, etc.).

### Guiding principles
Rules or value statements that help project teams make trade-off decisions among conflicting objectives of stakeholders.

### Project plan
Typically includes a scope of work, definition of activities, a timeline, a budget and a team.

### Change plan
Part of the project plan that specifically considers the activities required to adopt change in the organization and to engage key stakeholders.

### Stakeholder acceptance
Formal commitment from key stakeholders to execute the plan.

### Design and development of project deliverables
Deliver the outputs and outcomes defined in the project plan.

### Documentation of project deliverables
Playbooks and process documentation to support deployment and continuous improvement.

### Implementation of project deliverables
Deployment of new ways of working and required changes to behaviors.

### Formal solution acceptance
Formal commitment to deploy the newly developed S&OP way of working.

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**Document Revision History**

**Key Building Blocks for Sustaining and Improving S&OP Post-Transformation - 22 March 2019**

**Recommended by the Author**

**Supply Chain Transformation Guide**

**Project Planning and Change Management Are Essential for a Successful S&OP Transformation**

**Use Change Management Discipline to Drive S&OP Transformation**
Build Stakeholder Engagement for Successful Execution of an S&OP Transformation

Focus on Project Initiation to Set a Strong Foundation for Successful S&OP Transformations

Supply Chain Brief: How the Best Executive Sponsors Make S&OP Succeed

Effective Change Management Starts With a Stakeholder Analysis

Toolkit: Stakeholder Analysis for an S&OP Communications Roadmap