Sales & Operations Planning Overview

Steen Sloth Christensen
Aggregated Planning Level

- Hierarchical Decision making
- Level of detail
- Time Frame

Sales & Operations Planning

- Multi-Site Demand Planning
- Multi-Site Supply Planning
- Multi-Site Production Scheduling
- Single-Site Production Scheduling

Tactical volume decisions
Operational mix decisions

Manufacturing Organizations
Finished Goods
Demand and Supply

Q1 2007:
Mountain bikes sales and production : 600
City bikes sales and production : 300
Demand and Supply not matched
What happens

- Increased inventory
- Low customer service
- Increased costs
- Profit suffers
The many plans in a company

Sales & Marketing
- Campaigns
- Market trends
- Competitors

Production
- Capacity
- Maintenance
- Vacations
- Lead Times

Finance
- Cash Flow

Management
- Strategy
Sales & Operations Planning Process

1. Data Gathering
   - Tim, IT Manager

2. Demand Planning
   - Kevin, Sales Manager

3. Supply Planning
   - Kevin, Sales Manager

4. Partnership Meeting
   - Ken, Controller

5. Executive S&OP Meeting
   - Vince, Operations Manager

- Charlie, President
- Julia, Marketing Executive
- Tony, Production Manager
- Sara, CFO
- Eduardo, Production Planner
Benefits

**Reduced Inventory**
- Arncor 40%
- Coca-Cola midi 56%
- EMS 62%
- Scotts 33% = $100 million

**Cost reduction**
- 5% to 30% distribution & transportation reduction
- Plant efficiency improved 2% to 33%

**Customer**
- Danfoss increased on-time delivery from 60% to 90%