

SALES and OPERATIONS PLANNING

Executive Perspective

Do you know if your Sales and Operations Planning is effective?

Many executives want to know if their Sales and Operations Planning process is effective as it should be to support superior business performance. After all, it is a process by which executive management can influence the numbers and maintain a good hold on demand, supply and financial performance.

To assist executives to conduct their own top-level evaluation of Sales and Operations Planning we have prepared 10 self-diagnostic questions for the management team to answer. Each participating executive should carefully answer the questions and candidly rate the organization's performance on a scale of 1 to 10. We suggest using the following: 1 = Poor, 3 = Fair, 5 = Good, 8 = Very Good and 10 = Excellent for performance rating.

After comparing the compiled scores for each question, the result may show some divergence of beliefs as to how effective your Sales and Operations Planning process is perceived.

Study the questions and apply a score that represents exactly what you believe the status of each "benchmark" question is.

	Score
1. Does your Sales and Operations Planning process provide visibility and effective collaboration between Marketing, Production and Finance?	_____
2. Does your Sales and Operations Planning process provide vendor supply planning?	_____
3. Are you able to plan for new product introductions within the Sales and Operations Planning process?	_____
4. Do you have the ability to perform fast "what-if" simulations to see the impact of demand and supply plan variances on the balance sheet and income statement?	_____

R. Michael Donovan & Co., Inc.

Executive Advisors

TAMPA, FL

TEL: 727-474-5455

EMAIL: RMD@RMDONOVAN.COM

	Score
5. Does the Sales and Operations Planning monthly middle-management pre-meetings resolve most issues?	_____
6. Do you follow a thorough and rigorous process that results in supply and demand plans for which appropriate people are accountable?	_____
7. Does your top management team meet monthly and follow a strict agenda for evaluating performance, influencing the numbers, resolving conflicts and approving the final Sales and Operations Plan?	_____
8. Does your Sales and Operations Planning process result in consensus and an executable plan that matches supply to demand?	_____
9. Does your Sales and Operations Planning process provide for demand, supply and finance plans into one comprehensive plan?	_____
10. Has your Sales and Operations Planning process reached (or will it reach) a level of maturity that accurately reflects the projected supply, demand and financial plans?	_____

Regardless of the total score if one or more benchmark questions has a score 3 or less there is a Sales and Operations Planning process problem that requires correction. Scores of 80 or higher would indicate a well-developed and consistently executed Sales and Operations Planning process that would be considered best-in-class performance. Scores in the range of 70 to 79 would put a company into the area of a Sales and Operations process that is maturing. However, it is essential to reach best-in-class performance. The required improvement actions should be started and put on a fast-track.

A score of less than 70 would indicate that serious issues exist with planning and therefore execution is poor which means performance in the areas of: revenue, profit, inventory, customer service and cost are less than they should be however, the situation also presents a significant opportunity to improve total business performance.

If the evaluation of your Sales and Operations Planning effectiveness presents a less than satisfactory result, then executive management should initiate the corrective action needed. There are three imperatives for executive management in order to significantly improve Sales and Operations Planning:

- First, mandate effective process change – it has to come from the top;
- Second, develop a structured Sales and Operations Planning process – you have to know something about the state-of-the-art; and,
- Three, make your process improvements permanent - this may take some investment, but it will pay off dramatically.

Take the first step

We know very well how to develop and implement an effective Sales and Operations Planning process. But the initiative to start must come from you.

Should you want to discuss your situation with us, please telephone Mike Donovan at 727-474-5455 or email him at rmd@rmdonovan.com.