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DOES AGILE WORKING HELP DELIVER EFFECTIVE & SUSTAINABLE S&OP?



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Agile working revolutionized software development. Can it help S&OP too?

Neil James (<https://demand-planning.com/author/neil-james/>).

Neil has 20 years' experience in the pharmaceutical industry, with an extensive track record of delivery in a range of commercial roles. He has wide leadership experience both in operational roles as a General Manager, and in strategic transformation programs. In addition to experience of strategy development, he has successfully led numerous cross-functional implementation and change programs at local, regional and global levels to drive growth and profitability. As VP, Integrated Business Planning for GlaxoSmithKline, he was responsible for the recent global deployment of S&OP/IBP, building cross-functional collaboration and partnership across Commercial, Finance and Supply Chain functions. He is now a partner at Camelot Management Consultants providing expertise to client organisations in S&OP/IBP deployment and development, with a particular focus on cross-functional change management.

The complex, cross-functional nature of S&OP and the cultural change required for effective execution mean that many organizations struggle to deploy and sustain high-maturity S&OP processes. The scale of the change involved often means that business outcomes are not realized for 1-2 years.

However, deployment of S&OP has been positively influenced by evolving change management approaches. S&OP deployments have typically adopted a linear approach to execution and successful S&OP change programs have included the following elements:

- Development of a clear and specific vision for the role of S&OP in the overall business

- A roadmap to execute the S&OP process with defined benefits expectations and milestones
- Senior leadership support and advocacy
- Cross-functional support for adoption of S&OP to drive key strategic objectives
- A development plan in which the process building blocks of S&OP are built in sequence (e.g. demand planning, supply planning, reconciliation and financial management approaches)
- Longer-term enablers of process sustainability are developed and introduced over time (e.g. aligned reward & recognition systems, role specs, cultural changes)

The Usual Linear Approach To S&OP Deployment Usually Doesn't Work

These approaches have been effectively applied by businesses since S&OP was introduced in the mid-1980s. However, research continues to show that only 25-30% of deployments result in mature and sustained S&OP processes. One reason for this is that the traditional linear approach to transformation requires several critical enabling elements to be in place including;

- a clear and practical definition of the key benefits *that engages and activates key leaders across functions*
- senior leader attention and engagement to drive the discipline and standardization required for S&OP (as these are often significant changes)
- acceptance of sequential delivery of business benefits over an extended period

Many businesses find that, despite a sound deployment and change approach, these critical elements are sub-optimal or not present and this undermines the change management efforts to adopt S&OP. For this reason, organizations are now starting to explore new approaches to S&OP deployment, inspired by the growing use of agile working principles.

Agile Working In S&OP Deployment

Agile project management (<https://www.apm.org.uk/resources/find-a-resource/agile-project-management/>) was developed and proven in the field of software development but is now widely used in a range of applications. Agile provides a framework, including tools, structure, culture and discipline which allows project planning and execution to be integrated and creates an incremental and flexible approach to delivering project benefits.

This way of working can meet the needs of S&OP deployment very effectively as it addresses the fundamental challenges of S&OP change programs.

Agile Means Securing Early Benefits Than Can Be Extended

S&OP is a complex process with numerous components and inter-dependencies. This can mean that creating the foundation for the process across an enterprise takes time and project teams can be distracted and overly-focused on the technical complexity of the project. However, the agile approach ensures an immediate focus on business priorities and outcomes and seeks to deliver early benefits which are then incrementally extended.

Agile working delivers early benefits which are then incrementally extended

A practical example of this might be to deploy S&OP in one business unit or region (rather than across a whole enterprise) in order to rapidly create a practical process which delivers value within 6 months. The learnings from this approach can then be readily applied to a wider deployment.

Agile Is Collaborative

Agile is also built on a collaborative approach in which technical and functional specialists work alongside prospective end-users in order to develop solutions and ways of working. In S&OP, this could mean engaging participants from the Commercial and Finance functions as well as Supply Chain specialists. This allows the deployment initiative to recognize and address the range of needs across the business from the outset. This early influence of cross-functional stakeholders is often seen in the most effective linear S&OP change management approaches but in the agile approach this is a core element of the project management framework.

Agile working creates widespread commitment and accountability

A key benefit of agile working is that the collaborative approach referred to above creates widespread commitment and accountability in the proposed deliverables of the program. This is especially helpful in S&OP where a broad range of participants is critical to the effective operation of the S&OP process.

In typical linear S&OP deployments, change management approaches attempt to engage commercial and finance leaders in the outcomes of S&OP. However, as these leaders often have little experience of S&OP it is very challenging to bring theoretical benefits to life for these cross-functional stakeholders. The agile approach however engages them practically to consider how S&OP supports their strategic objectives and how to design ways of working to realize this.

Agile Is Iterative & Adaptive

Finally, the agile approach emphasizes an iterative and adaptive approach to both the development of the solution but also the delivery of benefits. This is particularly helpful in S&OP where traditional deployments focus very heavily on creating the S&OP solution and getting this 'over the line' into routine operation but often focus less on the need for concerted work to sustain and enhance the process over time. Again, the most effective traditional S&OP deployments build this element into their programs, but the agile approach ensures that this ongoing, iterative mindset is present from the start.

As organizations strive to implement S&OP as a core business process alongside the wide range of pressures and demands in their daily business, new insights and approaches to S&OP deployment are increasingly valued. Over the next few years, the learnings from the application of agile working to S&OP deployment is sure to have a role to play in this.

Learn about S&OP methodology from renowned leaders at at IBF's Business Planning, Forecasting & S&OP Best Practices Conference (<https://ibf.org/events/orlando2019>) in Orlando from October 20-23, 2019.



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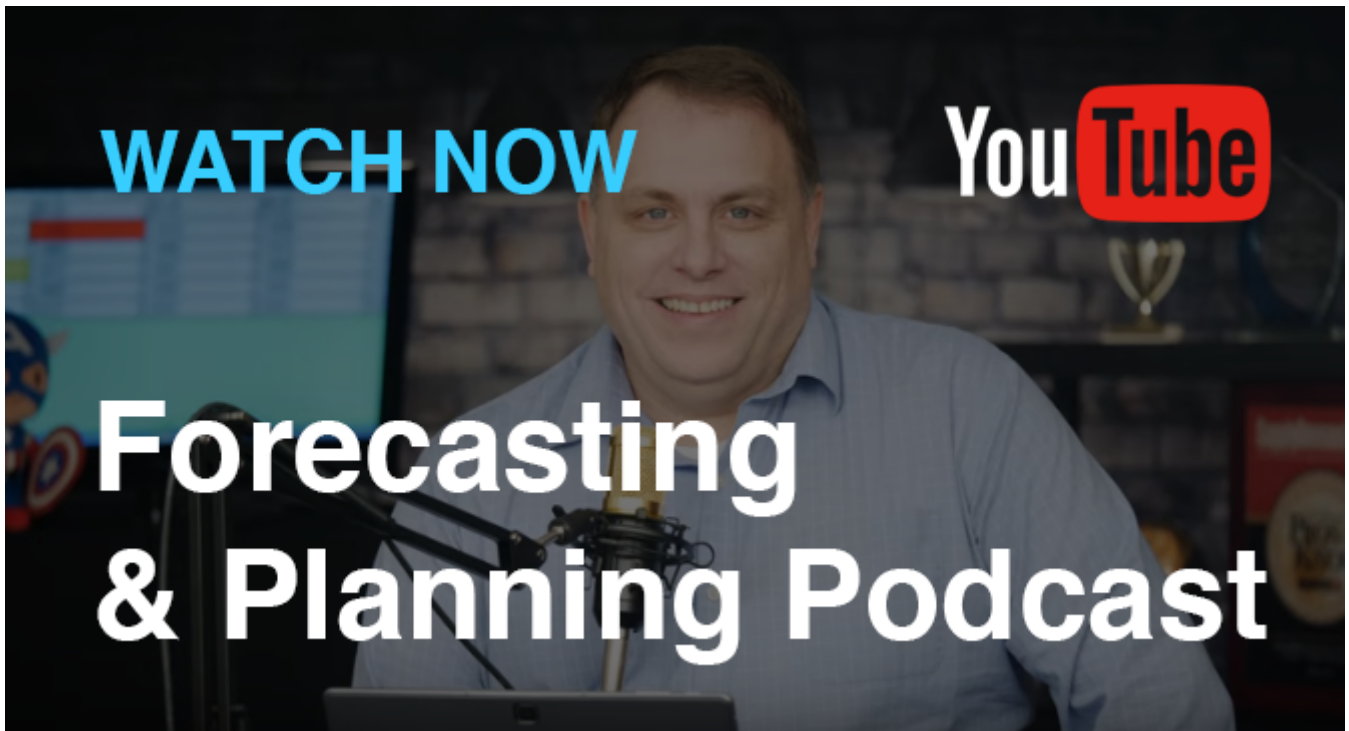
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