[S&OP, or sales & operations planning](https://www.anaplan.com/solutions/sales-operations-planning-software/), is a monthly integrated business management process that empowers leadership to focus on key supply chain drivers, including sales, marketing, demand management, production, inventory management, and new product introduction.

With an eye on financial and business impact, the goal of S&OP software is to enable executives to make better-informed decisions through a dynamic connection of plans and strategies across the business. Often repeated on a monthly basis, S&OP enables effective  
[supply chain management](https://www.anaplan.com/blog/what-is-supply-chain-management/) and focuses the resources of an organization on delivering what their customers need while staying profitable.

## The 6 Steps of the S&OP Processes

## Independent Versus Dependent Demand

Another way to understand inventory is to separate it into two broad categories: dependent and independent demand. Understanding this difference is important as the entire inventory policy for an item is based on this. Independent demand is demand for a finished product, such as a computer, a bicycle, or a pizza. Dependent demand, on the other hand, is demand for component parts or subassemblies. For example, this would be the microchips in the computer, the wheels on the bicycle, or the cheese on the pizza.

* **Product Review:**In this first phase of the S&OP process, planners involved in R&D, product development, and new product introduction analyze the health of products in the market, examine product pipelines, and arrive at decisions about product planning. These decisions might include setting dates for new production or sunsetting to determine project prioritization and resource allocation. Other topics discussed in this phase may include the impact on existing products when a new product is introduced, also known as cannibalization, or supersession.
* **Demand Review:**The goal of this phase is an unconstrained forecast or consensus demand planning, incorporating a holistic picture of independent and dependent demand. Factors influencing independent and dependent demand may include marketing, new product introduction, consumer trends, product hierarchy, and interplant part demand. The consensus demand plan is based on a combination of sales, marketing, and product plans.The demand plan is measured either in units or revenue. Statistical forecasting is combined with input from customers and marketing plans to estimate, refine, and arrive at a consensus plan. Historic performance will be factored into the plan, and eventually the demand plan will be compared to the results of the finance review to find any revenue or demand gaps.