

Getting to Integrated Planning and Execution Essential but Challenging, LaHowchic Says

Sales and Operations Planning is Part of the Answer, but not Enough; "Sense and Respond" Does Change the Game

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A few weeks ago, Chief Supply Chain Officer Insights released a new report on [Next Generation Supply Chain Management: Integrating Planning and Execution](#), which we summarized on SCDigest. (See [Time to Integrate Supply Chain Planning and Execution?](#))

Part of the research for the report included an interview with **Nick LaHowchic**, former head of supply chain for The Limited Brands and before that medical device company Becton Dickinson. He is also co-author with Michigan State's **Dr. Don Bowersox** of the 2008 book [Start Pulling Your Chain](#).

In this article, we summarize some of the excellent thoughts LaHowchic offered to **CSCO Insights** as part of that integrated supply chain planning and execution research.

LaHowchic agrees that there is clearly a need for better integration of planning and execution, and that the on the edges those traditional functions are in some ways starting to become much less distinct.

"In many areas, planning and execution should be blurring, but whether they are or not in most companies is still a question," he said.

A related need, he says, is for organizations to become flatter, and operate in more of a true team environment.

"A flatter organization has more people taking action rather than building plans or giving orders," LaHowchic says. As a result, operational planning and even some tactical planning processes start to merge with actual execution.

In the end, integrated supply chain planning is largely about making sure there are tight linkages between those adjustments in strategies and then the tactics and execution processes that should follow.

But that flatter, more collaborative environment, epitomized by how Spanish apparel retailer Zara operates, doesn't come naturally, he says.

"You have to create a play book together across disciplines. But that isn't how we were taught, and not how most companies traditionally operated," he said.

LaHowchic agrees with those who view the role of Sales and Operations Planning (S&OP) as critical to achieving alignment and better lineage of plans with execution. He was a pioneer in the supply chain industry in bringing S&OP to the position it now enjoys in many companies.

However, according to LaHowchic, "Excellence in S&OP is important – but it isn't enough" to optimally integrate planning and execution.

"Let's start with the fact that in many companies, S&OP develops because the companies are simply dysfunctional," LaHowchic said. "S&OP becomes a process where you at least get everyone to play well enough together."

But, he says, too often the real work is delegated down.

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"You have managers working with managers, and in the end they are in a sense often really making a lot of the decisions," he added. "But it takes the executive level to change production resources, or re-orient the sales force." He says that in some companies, the formal S&OP meeting skirts some of the really tough issues that the executive team needs to address.

He also said that the tactical nature of some S&OP processes will likely have change – because today there just isn't enough time in the cycle.



"Companies need to respond much faster tactically," he said. You can't wait for a monthly S&OP meeting to make most of those tactical decisions any more." S&OP will continue to become more strategic, he believes.

LaHowchic also says that retailers have been slow to adopt S&OP.

"The retailers naturally have a merchant mentality," he says, which sometimes isn't conducive to the formal disciplines of S&OP. But he says S&OP by whatever name it might be called in a retailer is in fact critical to their success today, especially for retailers that have rapidly changing product assortments (apparel, elec-

tronics) or that are moving to private label goods in a big way.

Tightening up the Linkages

Market dynamics are also changing the nature of strategic planning and S&OP.

"If you think about strategic planning, it is really becoming more navigational. This is direction we want to go, but recognizing there will be shifts based on market realities," he said.

That's why scenario planning is becoming so essential, he says. In today's world, no one can well predict the future. Strategy needs to set the overall goal and boundaries, and the degrees of freedom the team has in execution, but how you get there must constantly evolve.

"You don't assume that you have the right plan, you are assuming it is the wrong plan, and looking how you will respond if things turn out differently," he said.

He said too often, companies fail to consider, for example, the competitive environment.

"You can have the plan, but it doesn't get executed in a vacuum," he said. "You have to understand what is happening competitively against your plan, and make adjustments in the strategy and execution accordingly."

In the end, integrated supply chain planning is largely about making sure there are tight linkages between those adjustments in strategies and then the tactics and execution processes that should follow.

Our dialog with LaHowchic on integrated planning and execution will continue next week.

