

Supply Chain News: Integrated Supply Chain Planning and Execution is Coming

SCDigest Editor Dan Gilmore gives CSCMP Presentation to Overflow Crowd; Moving towards Sense and Respond

SCDigest Editorial Staff

SCDigest editor Dan Gilmore gave a presentation at last week's CSCMP conference in Chicago to an overflow crowd of some 150 or more attendees.

That presentation and research was based on research and accompanying report from earlier this year on the topic of Integrated Supply Chain Planning and Execution, produced by Chief Supply Chain Officer Insights.

That report is available for download here: [Next Generation Supply Chain Management: Integrated Planning and Execution](#).

Below, we excerpt from the introduction to that report:

Most of us have moved through our supply chain careers with a model that divided the supply chain process and technology world into "planning" and "execution" domains.

It's interesting to consider that for many years, there was really not much discussion about how to integrate planning and execution. In fact, most of us have all seen various iterations of supply chain planning models that show, for example, strategic, tactical and operational planning phases – with "execution" not even on the printed page.

We are certain that this hierarchical, serial model of supply chain planning and execution is undergoing substantial changes, which will dramatically impact how we think about and practice the craft of supply chain management.

With time compression in the supply chain and the availability of real-time, multi-level supply chain visibility, planning and execution processes will become increasingly blurred. Real-time feedback loops will

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dramatically reduce the latency that exists for most companies today in terms of seeing and responding to the supply chain and market place results.

Companies will plan "only as far in advance as they need to" – and for most that will be far less further ahead than they do today. These conclusions are supported by our survey of over 300 companies, for which respondents clearly identified the need for better integration of planning and execution and the significant benefits achieving that integration can bring. For example, just 11% of our survey respondents said that planning and execution operated like a single integrated process in their companies today. In contrast, an amazing 92% of respondents say their companies need to get to a high level of integration of supply chain planning and execution in the next 3 years.

S&OP is Important – but not Enough

A growing number of companies place a high level of importance on the Sales and Operations Planning (S&OP) process, and rightly view S&OP excellence as an important component of integrated planning and execution.

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The Journey to Integrated Supply Chain Planning and Execution



S&OP excellence is essential to integrated planning and execution, but by itself is not enough. S&OP helps align the organization, perhaps even superbly, across a set of objectives and a common forecast, but S&OP alone will not get companies to the "Sense and Respond" supply chains that will ultimately define supply chain leadership and true integration of planning and execution.

We see four levels in this journey:

Baseline State: Mediocre sales and operations planning processes; planning and execution processes that are disconnected and operate largely in silos

Phase I - The Basics: Improved S&OP, a single view of demand, and enhanced feedback loops to planning from execution

Phase II – The Real-Time Supply Chain: Sensory networks, real-time visibility, intelligent alerts, and decision-support dashboards

Phase III - Sense & Respond Networks: Next generation supply chain technologies, changes to hierarchical planning models, multi-level visibility, and new organizational structures

As one survey respondent noted, "You have hit on a very good topic here. Better integration of planning/execution will be the next big trend."

We believe it is even more than that. For a period of time, those companies that can well integrate planning and execution will enjoy competitive advantage and superior operational and bottom line results. Soon, achieving a high level of integration between supply

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chain planning and execution will move to become a competitive necessity.

Ultimately, companies will significantly redesign existing processes and organizational structures to fully realize the opportunities that a sense and respond supply chain can deliver.

As never before, technology and information flow will be needed to power this transformation. Multi-level supply chain visibility, a synchronized view of demand, robust analytic tools to support enterprise S&OP, continuous use of network planning and optimization tools, supply chain dashboards – these are among the technology-enabled capabilities that will be deeply intertwined with the new integrated planning and execution paradigm.

We are excited about this analysis and the journey that lies before us all.

It's time to get started.
