

The 5 Most Common S&OP Mistakes and How to Avoid Them

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My 13-year-old daughter recently asked me what I do for a living. Answering was harder than I thought. She didn't have all the years of associations connected to certain industry terms. To make it simple, I used an analogy: "You know how GPS systems work, right? We put in a destination, and then it tells us the route. And if we make wrong turns, it'll help us get back on track. Companies' strategic goals are where they want to go, and Sales and Operations Planning is like a GPS. S&OP processes help companies get to their goals, and maybe more importantly, help them auto-correct ("recalculating, recalculating") if they get off-track along the way. I help companies do that." She got it, but then asked a really insightful question (out of the mouths of babes!): "Why do they need your help? That seems pretty straightforward, Dad."

She had a point. S&OP (also known as Integrated Business Planning or IBP) is based mostly on common sense, but it turns out *executing* S&OP best practices is hard. Planning without execution is hallucination — you simply don't get the benefits of S&OP without executing the process correctly, yet many things can get in the way. Most companies are organized along functionally focused departments, oftentimes with conflicting metrics. In addition, companies of all sizes are complex social environments with high volumes of data floating around. As a client once told me, "We are drowning in details, but can't see the important things."

As S&OP has become more pervasive, my role has shifted. I've moved from being

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an “S&OP evangelist,” and explaining *why* to do S&OP, to an “S&OP engineer,” and advising on *how* to do it successfully. Here are a few common mistakes I see over and over again. If you can avoid them, you’ll be well down the path of being able to execute S&OP best practices and consequently reap its well-publicized rewards.

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