



S&OP Position in Supply Chain Planning & Overview

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LESSON NO 1 – Part 01

In this course of sales and operation planning. In lesson one, I will go through S&OP position in Supply Chain planning and generally what is the overview of S&OP as a process within the organization? So let's dive into the definition of S&OP. S&OP is a process to help you deliver better customer service, lower inventory, shorter lead time, more stable production rates, better management control of the overall business and a team building mechanism across the whole of senior management organization. It is a cross-functional planning process designed to keep demand and supply imbalance. This is achieved by continually monitoring external market demand changes through the sales Department and communicating these changes to the internal organization. Personal in supply chain, Finance, Production Department utilizes this information to optimize purchasing and production planning decisions. So in this definition, which is quite mouthful, there are few things which I want to highlight where you should remember. If you remember nothing. The first thing is essentially S&OP is a process and this is how it should be treated as a process. So what is the process? A process is a set of activities in the box for example. So there's the input and there's the output. So what do you need to control to have the best out of any process is what you are inputting. So the better the input to a process, the more control the output. The second important thing you should remember from this definition that it is a cross functional process. That means all the functions in your business, that is sales, marketing, finance, supply chain. Sometime engineering and sometimes HR should be participating in this process. It is not a supply chain process. The third thing you should always remember the main purpose of S&OP is to find a balance between demand and supply. I teach in University generally and once I ask my students please tell me the main purpose of a supply chain professional. And she said our main purpose is to find a balance between demand and supply so it doesn't really matter what product you are producing, what services you are supplying. Our job as a supply chain professional is to find the balance between demand and supply, provide our customers best possible customer service with finding the right balance of the inventory and optimizing our production. S&OP is the process to help you achieve that regardless of the size of your business, regardless which vertical you are, regardless wherever

you are in the world right now, S&OP works and the main purpose of S&OP is to find the balance between demand and supply.

