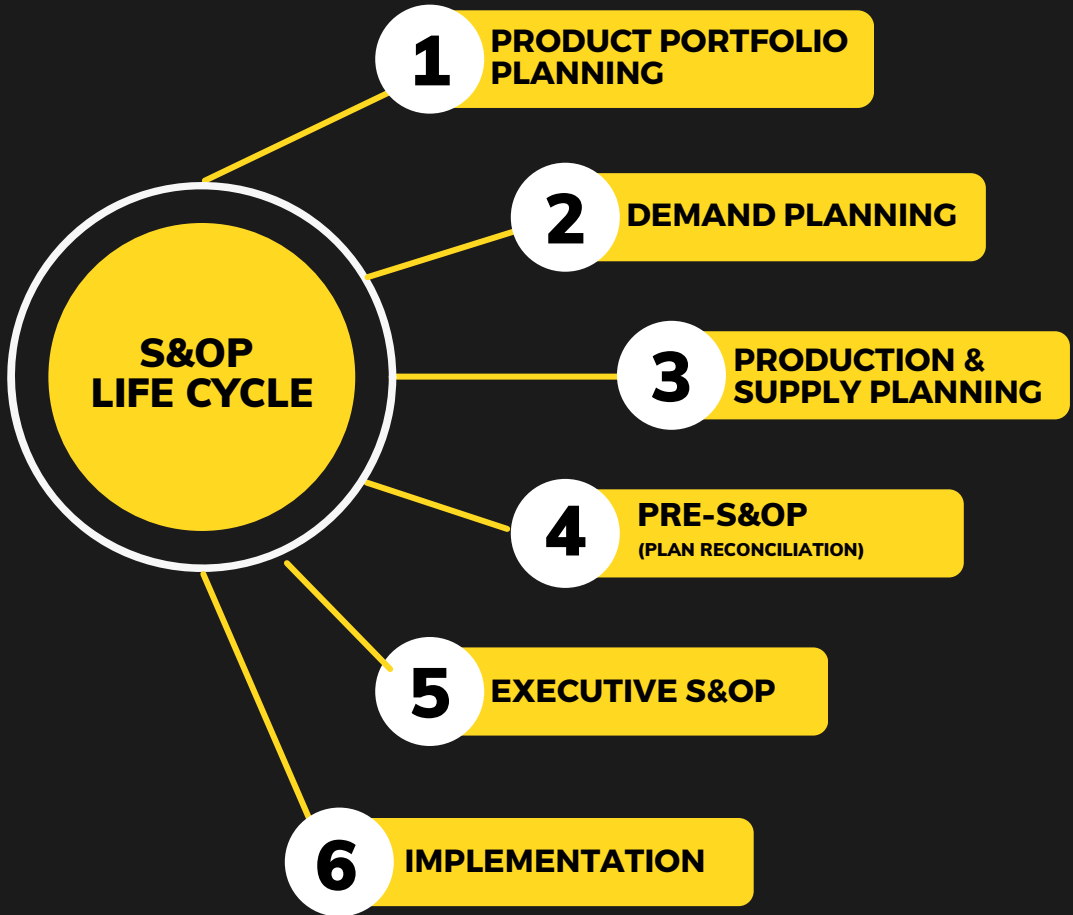


6-STEP OPTIMISATION APPROACH



STEP 1 - STATISTICAL FORECASTING

At this stage of the S&OP process, data is gathered about prior sales, and forecasts are made for future sales. It's important to consider any internal and external factors impacting sales (e.g., industry, customers, competition). Any trends will be identified and analyzed.

Initial demand forecasting is usually computed using traditional statistical models based on past sales and does not take into consideration, existing inventory, financial goals, marketing plans and other criteria

STEP 2 - DEMAND PLANNING

Demand planning is when cross-functional collaboration comes into play. The forecasts are analyzed, and adjustments are made to inventory and customer service policies based on the product demand and sources of demand. The demand can be measured in either revenue or units of a product.

Sense, analyze and shape the demand forecast. Identify products that are outpacing demand projections, review exceptions to forecast accuracy thresholds, and introduce risks and opportunities to close gaps and meet financial plans. Confirm / review cross-functional inputs affecting the consensus demand forecast.

STEP 3 - PRODUCTION & SUPPLY PLANNING

During supply planning, representatives from finance, operations, and materials to evaluate capacity. They'll determine if there are any constraints on people, machinery, and suppliers. From there, a supply plan is created that will account for any capacity constraints.

Balance unconstrained demand against supply including inventory, production, and sourcing capacity. Resolve exceptions and escalate action plans needed to meet demand.

STEP 4 - PRE-S&OP

During this stage of the S&OP process, leaders from finance, sales, marketing, operations, materials, product management, and human resources meet to collaborate. They'll compare the forecasts to the demand and supply plans, and they'll consider the financial impact of the plans.

Compute multiple demand scenarios considering different risks and opportunities. Objective is to identify optimal scenarios to meet demand based on corporate goals and strategic initiatives. Submit scenarios for executive review and approval.

STEP 4 - EXECUTIVE S&OP

In this stage, executives meet to analyze all the forecasts, plans, and recommendations from the pre-S&OP meeting. By the end of the executive S&OP meeting, a final sales and operations plan will be approved.

Review different scenarios submitted by teams in perspective of financial targets. Approve selected scenario and route the inputs to team for operational execution.

STEP 6 - IMPLEMENTATION

Once the sales and operations plan has been approved, it is time for implementation. After implementation, the S&OP should be evaluated on a regular basis to ensure success.

Team executes upon the approved scenario. Multiple analytics use cases are used to track the effectiveness of the plan with respect to actual real-life results. Feedback and inputs post implementation are incorporated in the next monthly cycle to improve planning

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