



# Quick Wins

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**“Crawl, Walk, Run” -Sales, Inventory & Operations Planning** – How far forward do you forecast your business? Do you forecast by dollars only? Do you start over every fiscal year preparing your budget from scratch? In a “Traditional” business or organization, SIOP, or SI&OP (Sales, Inventory and Operations Planning), is not a common process used by a leadership team. To begin a continuous improvement (CI) journey to “World-Class”, this tool will soon become your best friend. Many companies fail to fully implement a functioning SIOP process because they try to do too much, too fast. When this happens, the data preparation and SIOP meetings seem to have no value to those preparing data. Then the push back and complaining starts. Soon leadership becomes frustrated with the whole thing, abandons SIOP and starts a new initiative.

Using my Quick Wins approach to SIOP, you and your organization can begin to enjoy the benefits of a fully functioning SIOP process. I have put together a “Crawl, Walk, Run” approach to SIOP to help companies start the journey, or invigorate a sluggish implementation. It is not all-encompassing, but will help you get some traction on implementing a world-class SIOP process.

**SIOP Step One:** Business Development and Sales create an 18-month rolling demand (Orders) forecast by part number, quantity, and dollars. At the close of each month, add the next month to the 18-month rolling forecast, calculate the accuracy of the past month’s forecast, and Pareto the reasons for the misses. Leadership, expect some pushback from BD and Sales regarding the level of detail required to forecast by part number and quantity. Hold firm to this requirement.

**SIOP Step Two:** Operations, Finance and Supply Chain, use the 18-month demand forecast to create an 18-month rolling Sales forecast. The sales forecast will be linked to the Demand forecast and will also be displayed by part number, quantity, and dollars. The 18-month rolling sales forecast must take into account your capacity, an Inventory Plan, and the capacity of your supply chain. After a few months, BD and Sales will have enough Pareto data to begin applying root cause corrective action methodology to their top forecast misses. Start with the number one reason for misses on the Pareto. Apply a PDCA project with cross-functional team members to determine the root cause of the miss and implement a sustainable corrective action.

**SIOP Step Three:** Finance can now mature a full P&L of the 18-month rolling forecast. This will be used for planning and reporting purposes, including fiscal budget setting. Operations and Supply chain need to Pareto misses to the Sales forecast similarly to the way BD and Sales Pareto Demand forecast misses. It is very important to form cross-functional PDCA project teams to prevent future Sales forecast misses. Start with the top offenders and drive sustainable corrective actions to the root cause of the miss. Don’t forget to celebrate the wins.

**SIOP Step Four:** Your business or organization now has all the basic pieces to run a four-week SIOP process. This process concludes with a Week Four Executive Review. This meeting is chaired by the site leader and includes all functions of the organization. By this time, many actions have been created by the PDCA projects for all major misses to the both the Demand and the Sales forecast. You will discover that looking out 18 months or more into the future pulls input into the Week Four review from all functions in the organization. For example; Engineering will provide input on the timing of New Product Introduction (NPI), HR on recruiting plans, Supply Chain on supplier conferences and Quality on supplier development, just to name a few. Good Luck!

The Quick-Wins Newsletter will provide brief Quick-Win project ideas to kick-start, progress, or rejuvenate your Continuous Improvement journey to World-Class. In support of the Quick-Wins Newsletter, download and take my Leadership Self-Assessment survey.

My Leadership Self-Assessment can be downloaded at:  
[www.tangibleimprovement.com/quick-wins/](http://www.tangibleimprovement.com/quick-wins/)

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