

SALES & OPERATIONS PLANNING FOR THE

PAPER AND PACKAGING INDUSTRY

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SUMMARY

Inigo Bridle answers the following question: “Is Sales and Operations Planning Process Implementation all about changing business processes, changing people’s behaviour or changing the supporting Information Technology Software?” The effortless response is “yes!”. However, it is not always that easy and we need to answer each of the points in the question as individual discussion topics.

ORGANISATIONAL MATURITY

If an organisation is mature enough, (Figure 1) to have realised the value of implementing Sales and Operations Planning (SOP) to maximise the profitability of the business, then it is probable that this journey has started by creating the supporting organisation within the business (1). This is often a new function with a clear set of goals to achieve. These goals will be to create the business processes to operate in a new way and begin to review the supporting IT infrastructure. The new organisation will be seen as a separate function by the rest of the business who will be continuing to operate in the ‘old’ way until the behaviour

change begins. Once the new organisation has been constructed and the SOP process design completed, there is often a period where the new processes are explained to the existing business and a behaviour change process might start. This change might also be accompanied by IT implementation but more often than not, the IT solution decision is later in the timeline.

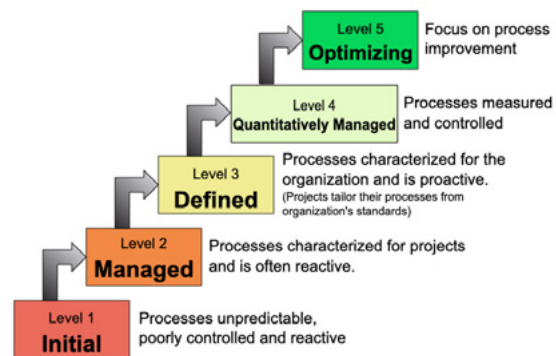


Figure 1. Characteristics of the maturity levels

The organisation is now at a point where the SOP processes (Figure 2) are defined and with some goodwill from all parties, the organisation can now start to have a complete business-based view and outlook rather than just for individual markets or operational units (2). However, this is only possible with the acceptance of the changes by the whole organisation. This leads us to the second part of the question; peoples' behaviour.

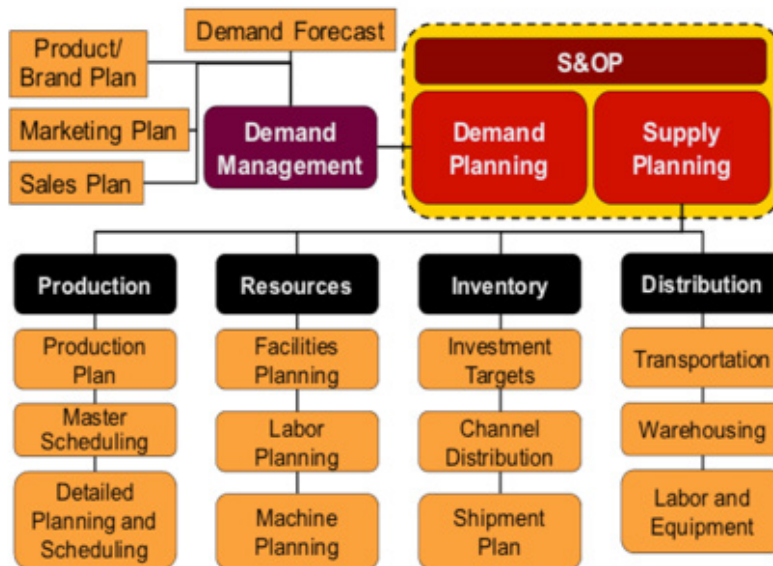


Figure 2. Willingness for change

People's behaviour towards change is a huge area of research and generates many articles, publications and much discussion. There is always resistance to change within organisations even by the people who say they 'like change'. The skill of any organisation is to manage the change by providing the correct leadership. The leadership must understand that for all individuals their viewpoint about the change is completely rational. These viewpoints may also be a valid set of comments and thoughts about the change and how it could be improved, so this should never be ignored. The whole process of behaviour change can only proceed at the speed of the person who is slowest to accept the change. This situation can lead to frustration for the change implementors and the complete organisation if not addressed in a timely manner.

SOFTWARE IMPLEMENTATION.

Let us now consider that the organisation has made great progress on its journey to a fully implemented SOP process. The business processes are operational, and the people are fully supportive of the new processes and are behaving in the ways required to move to a more holistic understanding of the organisation. As time progresses it becomes clear that the existing IT infrastructure is blocking the ability of the organisation to make the next step in a full understanding of its profitability. It might be that the level of granularity is not fine enough or the ability to adjust to a changing market or supply situation is too slow for the business to maximise opportunities. It is likely the organisation has many IT systems providing various useful information to support the SOP process, but one single SOP system would be the best solution. This was probably understood at the beginning of the transformation process, but not implemented immediately due to the organisation not wanting the transformation to a SOP process to be seen as an IT project. Now the time has come to make the change to the supporting IT.

"IS SALES AND OPERATIONS PLANNING PROCESS IMPLEMENTATION ALL ABOUT CHANGING BUSINESS PROCESSES, CHANGING PEOPLES' BEHAVIOUR OR CHANGING THE SUPPORTING INFORMATION TECHNOLOGY SOFTWARE?"

It is another change management project to implement a new system, create the interfaces to the existing systems, train the system users in the new ways of working whilst minimising the impact to the established and understood business processes. If these steps can be achieved without major disruption to the existing business operations, then the supporting IT implementation could be described as a success. The best implementations result in better business profitability for the minimum disruption to the business operations. These occur where the processes are well defined, mature and followed by people who understand the rationale behind the processes, see the value to themselves and to the business and are accepting of the likely improvements to their daily tasks with the more suitable IT system.

The success rate of IT project implementation is improving, however there is still a risk to any project at the point of the IT implementation. Some statistics for large IT projects is that 45% are over budget, 7% are over time and deliver 56% less value than was expected (3). Managing the strategy, managing stakeholder expectations, understanding the technology and the content and having the effective team ready are some ways to mitigate the risk of failure.

So, to summarise, the answer to the question: "Is Sales and Operations Planning Process Implementation all about changing business processes, changing people's behaviour or changing the supporting Information Technology Software?" is still 'yes', but with the need to understand that all the elements have a role to play and to achieve success all must be considered by an organisation wanting to become a mature SOP organisation.

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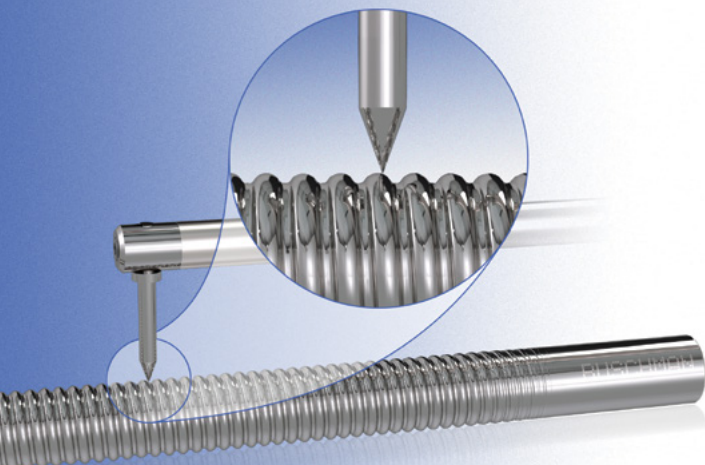
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Inigo Bridle has been involved with the paper and packaging industry since graduating from the University of Manchester with a B.Sc. in Paper Science in the Mid 1990's. After working in the production environment, he moved into the supply chain area, firstly with responsibility for supply chain execution. He was then responsible for a Sales and Operation Planning Implementation for a major European paper manufacturer. After time spent in other global paper and packaging companies with varying supply chain responsibilities, he has brought that knowledge into the consulting world, working with the I-Plan team on major project implementations, supporting customers through the transition to Demand driven companies, balancing sales and operations to achieve the best results for the business.

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