

CASE STUDY:

Building Materials Supplier Lays Groundwork with SLOP



The Client

A supplier of aggregates and heavy building materials with multiple plant locations across several states.

The Challenge

The client was implementing a new approach to link their sales forecasting and production planning processes. They needed to optimize their plants across the region in order to ensure they were making the right decisions around production and sales to drive value for the company as a whole. They were struggling to demonstrate value with this new approach to planning, and not seeing the intended benefits of having a fully integrated planning process. Additionally, they were not taking full advantage of reviewing their previous performance against the plan in a way to allow them to make changes to their future plans to increase accuracy.

Planning software transition. Historically the client relied on Excel spreadsheets, word-of-mouth and their own customized planning software solution(s) to tie together plans for the following year. When we began, they were in the process of rolling those plans into a semi-customized software solution, which used the production capabilities of each plant to adjust monthly production to match planned demand.

Data timeliness. At the beginning of each month, the client would begin their planning for the following month, using the information from the



Quick glance at results:

1. Put SLOP into practice, defining ownership, roles and responsibilities
2. Worked with key stakeholders to implement more robust sales forecasting
3. Implemented long and short range plans
4. Developed and implemented an audit process ensuring the changes would stick

previous month's plan. They would then take most of the month to plan for the next month. This caused the new plan to be based upon data that was over a month old when the new plan was finalized. Having such a gap caused the plan to be inherently less accurate than it could be.

Data uniformity. Despite similar processes and equipment at each location, the plants used different methods to calculate their efficiencies and capacities — there was no consistency; no single source of the truth. The customized



software solution being implemented was receiving inconsistent inputs that drove flawed production plans. Since the plans were flawed, each plant was adjusting the parameters for their production to match what they were expecting to produce, NOT what they were able to produce based on their plant setups in the software. This caused a disconnect between the sales and inventory considerations and the operations plan.

Planning focus. Key stakeholders were focused on building the “perfect” 24-month plan, causing the planning process to be more time and effort intensive than necessary. Since the plan was a guide for mid-term strategic decision-making and only needed to be fully accurate for the first quarter, the hours of iterations being invested to solve every issue identified in the full 24 months were not providing the intended benefit. This was exacerbated by the fact that the plan changed every month in response to the results of the previous months, which caused a never-ending cycle of iterations and “solving” the same problems month after month.

COVID-19. Since the project kicked off during mid-2020, the protocols and precautions necessary to address health concerns prevented the project team from full in-person engagement with the client. Not everyone from the client or our project team was able to be onsite.

The Solution

Sales, Inventory and Operations Planning (SIOP).

Our focus with this client was on the development and implementation of a process that integrated customer-focused demand plans with production, sourcing and inventory plans that drove improved tactical and long-term business decision-making capabilities. A foundational tenet to a robust SIOP process requires that the right conversations occur about the right topics at the right time. Core components of a successful SIOP process include:

- Sales forecasting and accuracy measures
- Strategic inventory considerations
- Consistent operational capability analysis (capacity and efficiency)
- Cohesive plan with stakeholder collaboration
- Ability to execute the plan or pivot
- Report and review plan versus actual
- Analyze and implement corrective actions

Consistent operational capability analysis.

Working with representatives from each of the plants we conducted a deep dive on their equipment capabilities and operating hours to identify the true capabilities and efficiencies of the plants. A core component of this work was the implementation of a standardized, repeatable process across the sites to track their capabilities. This new baseline of capabilities and efficiencies formed the basis of fully utilizing the plan as intended.

New calendar structure. We worked with the client to implement a new way to approach planning. Our solution was to develop a monthly structure and cadence to the planning process. Each month would consist of:

- The first third of the month was devoted to reconciliation. We looked to answer the question: “How did we perform last month in relation to the plan, and how can we get better?” Part of this was to begin holding a meeting to review the previous month’s performance. We also began assigning reasons for variance to plan so that common solutions could be found across the company.
- During the middle of the month, we focused on continuous improvement. Completing action items that were generated during the planning and reconciliation phases of the month was the main goal, but it also provided the SIOP team a chance to conduct more detailed evaluations of the plan to solve pressing issues or identify creative solutions to demand or production challenges.
- The planning for the next month was compressed into the final third of the month. This served a dual purpose: to reduce the amount of time between when planning began and the plan was implemented, as well as to focus the business on planning at the appropriate time.

COVID-19. Working with the client, we were able to remotely begin the project. The first 4 weeks were entirely remote. Following that, the next 13 weeks of the project were conducted on site. We employed a staggered schedule, with two of our people visiting the various plant sites weekly and one of our other two people in the office with the client. The employees working with the office personnel switched weeks to be on site. This enabled us to continue working with on-site and remote client personnel, as well as reduce the risk of an infection stopping the entire project.



Results

Project Deliverables.

1. Worked collaboratively with the client to:

- Define ownership, roles and responsibilities of the organization to support the SIOP process
- Define the appropriate strategies to support the business goal and objectives
- Finalize the input and outputs for the SIOP and “analysis of scenarios” to support business goals and objectives
- Define the process to deliver the SIOP on a routine basis for the business based on agreed upon SIOP calendar
- Define the tools, metrics and reports for SIOP process including output to the BU and the tracking of “actionable items” as a result of the SIOP process

2. Worked with the key sales team stakeholders

to help implement more robust sales forecasting inputs to the SIOP model.

3. Developed a hierarchy of key performance indicators, at all levels of management, with reports that highlight the areas of focus within the plan versus actual. Support with BI dashboards which will improve accuracy and timeliness of information being reported for decision-making.

4. Developed and implemented an audit process ensuring:

- Perpetuation of the improved practices and procedures
- The SIOP is self-reporting on process failures or the need for current process modification

Sales, demand and inventory. The new calendar successfully re-focused the stakeholders’ time. Additionally, we were able to work with the sales and demand planners to ensure that they were able to utilize past performance to guide their future plans.



Long- and short-range plans. Splitting the focus between the 3-month timeframe and the rest of the plan enabled more acceptance of the plan and better use of the insights that the plan was able to provide. Since the plants would be held accountable for what was in the next 3 months, getting the details right was paramount. The longer range plan could then be utilized to identify issues that would need to be addressed in the future. Those issues would then be assigned to the appropriate departments, which could spend the appropriate amount of time identifying solutions.

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