

The following is a list of “deal breakers” – things that can get in the way of successful implementation. To ensure success, you’ll need to eliminate myths in order to get all the key people on the same page.

Myth #1: “We don’t need S&OP in our department; that’s a ‘supply chain thing.’”

Reality: Yes, it is a supply chain thing – and a sales & marketing thing – and a manufacturing thing – and a finance thing – and an R&D thing – and, last but not least, it’s a *top management* thing. S&OP is a company-wide, collaborative decision-making process, reaching up to the top levels in the business.

Myth #2: “We’ll never get S&OP to work – we don’t have enough teamwork.”

Reality: you’ve got it backwards. S&OP doesn’t require teamwork before you get started; S&OP *engenders* teamwork once it’s operating properly. It enables people to view the business holistically and thus see the other guys’ problems. A company implementing S&OP and not getting improved teamwork means just one thing: they didn’t do it right.

Myth #3: “We don’t need S&OP; we’re doing Lean Manufacturing.”

Reality: S&OP and Lean are two very different things. S&OP is a medium-to-long term planning tool that provides visibility into the future, thereby avoiding surprises when demand shifts – up or down. People who know both S&OP and Lean say, “They work best when they work together.”

Myth #4: “S&OP is too rigid. It won’t work for us because our business changes too quickly.”

Reality: S&OP is all about change. It provides a “window into the future”, so that companies can 1) see problems months ahead of time 2) take corrective action and 3) thus prevent potential problems from becoming a real ones.

Myth #5: “We can’t use S&OP because we are don’t have any manufacturing. We use contract manufacturers solely.”

Reality: S&OP doesn’t care who owns the factory. Actually, companies heavily outsourced probably need it more, because they will generally have less control over the supply side of the business. We also see S&OP being used in banks, retail companies, engineering organizations, and IT.

Myth #6: We’re a large company. I think we’re too big for S&OP.

Reality: Are you bigger than Microsoft for example? Or bigger than Procter & Gamble? We see these companies, and a growing number of others, using S&OP very successfully in their operating businesses. Further, in these companies, the results from the operating units’ S&OP processes are rolled up, communicated to the corporate CEO, and form a key component of the corporation’s earnings calls to Wall Street.

Myth #7: “We have to get our forecasts a lot better before we think about S&OP.”

Reality: Here also you’ve got it backwards. Almost always, implementing S&OP helps to improve the forecasts. One reason for that is, for the first time, people start to view forecasting as a *process* rather than a pain in the neck. They see that it plays a vital role in the overall S&OP process and hence they see it as much more important than before.

Myth #8: “ S&OP is really simple. We’re just going to get the spreadsheets working and then we’ll have S&OP.”

Reality: The spreadsheets, graphs, and the data they contain are necessary, but not the most important elements. Of greater significance are the mindsets of the people – all the way up to the president – who will use it. Implementing S&OP successfully is largely a matter of change management. It’s people intensive, and that’s where the emphasis needs to be during implementation.