

Welcome to the RA Stahl Company Executive S&OP Newsletter

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Gaining Collaborative Consensus

While putting my thoughts together for this newsletter, I recalled the words of two masters of thought: Charles Dickens and Rudyard Kipling. Their famous words from the past are as relevant today (perhaps more) as they have ever been. Many years ago they said:

"It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness, it was the epoch of belief, it was the epoch of incredulity, it was the season of Light, it was the season of Darkness, it was the spring of hope, it was the winter of despair . . ."

Charles Dickens: 1859

"If you can keep your head when all about you are losing theirs and blaming it on you . . . Yours is the Earth and everything that's in it . . ."

Rudyard Kipling: 1910

Doesn't it seem like these guys were talking about today? I wish it weren't true but it sure does rock my boat. It makes me realize that correcting these problems in a lasting way requires strong actions which are a function of human behavior, supported by technology. Organizationally, strong actions are derived from gaining a collaborative consensus among people.

The challenge for our companies, however, is how do we bring about this strong collaborative consensus to act? To be sure, gaining this consensus involves a willingness to endure the *discomfort of disagreement* and to avoid the *cloud of complexity*. All too often our company's processes do neither. We often get caught in ugly unreconciled conflict and a blizzard of confusing data.

Fortunately, authentic eS&OP provides the opportunity to do things differently, and that's why I want to communicate the characteristics of The Human Side of eS&OP in this newsletter. Someone once said: *the hard stuff is easy and the soft stuff is hard*. What that means is that the technology part (the hard stuff) is necessary but not sufficient to bring about strong consensus built actions - the people (soft) part is what makes that happen. The question is, how do you do that - read on!



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The Human Side of eS&OP

Executive S&OP (eS&OP) - the high-level volume family planning part of Sales & Operations Planning - has been around for a long time and is still misunderstood for what it truly is. It is much more than a spreadsheet/graph and a set of meetings. Many years ago, Lora Cecere [\[1\]](#) observed that success with eS&OP comes from:

- 60% - Behavior Change
- 30% - Defined processes and discipline
- 10% - Technology

To be more specific, Sales/Marketing does not always see things in the same light as Operations...or Finance...or Engineering. To align human energy, any disagreement must be exposed and defined - that's what the mechanics of eS&OP do. These differences must then be resolved - that's the behavior change part. An authentic eS&OP process enables that resolution to be harmonious. We call this "getting the moose on the table," facing up to the tough issues rather than pushing them under the table. In other words, success with eS&OP comes from people exposing, defining, and reconciling their disagreement, which always raises some level of discomfort.

When eS&OP is working to its potential, here's what it feels like:

- The atmosphere in the sequential steps tends to be informal, comfortable, and relaxed, in spite of the serious conflict and decisions-making at hand.
- All departments understand that disagreement is not only OK, but necessary for good decision making, openly explaining why they disagree while other people listen intently.
- The resolution of this disagreement, avoids lasting conflict, bringing on positive, not negative, energy. People have learned how to disagree without being disagreeable. [2]
- Because of the defined and disciplined cross-functional practice of eS&OP, everyone begins to see the business through the other person's eyes, causing them to realize that this is a team sport
- The end result is that human energy is aligned, allowing a company to do things not before possible.

eS&OP remains one of the most highly leveraged things a company can do to increase its competitive advantage. It requires NO investment of money - only time to engage, understand, and adopt some principles requiring behavior change. That is why eS&OP represents one of the most significant things any company can do.

Top Management's Role:

Top Management's role in leading this change to the environment/culture/behavior is integral to the success of an eS&OP process. More specifically, Top Management must lead the change to:

- Create an environment that encourages and allows the *ugly moose* to be put on the table, avoiding a behavior characteristic of "shooting the messenger"
- Openly encourage and participate in the discussions that raise and reconcile conflict in a comfortable and productive fashion.
- This will allow the alignment of human energy so that issues of policy, strategy, risk, fiscal problems, and performance measurements can be harmoniously resolved before their absence becomes a crisis in the short term.

Many businesses, struggle with *conflict aversion*, even though they don't know nor acknowledge it. This prevents them from gaining comfortable and productive reconciliations to disagreement, which aligns human energy. These companies may benefit from the simple mechanics of eS&OP alone, but they are not using it to its full potential.

[1] A noted researcher in this field for many years.

[2] Everett Dirksen

For more eS&OP insights, refer to my web site for free downloads, and order one or more of our books at:

www.RAStahlCompany.com



Thanks for listening & Best Wishes,
Bob Stahl

Note: If you have questions, comments, please don't hesitate to contact me.

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Bob Stahl has spent 40-plus years as a practitioner and counsel to manufacturing companies.

He is a teacher, writer, and eS&OP coach. He has coauthored six books, including *Sales & Operations Planning--The How-To Handbook, 3rd Edition*, and *Sales & Operations Planning--The Executive's Guide*. Three of his books have been used for professional certification. Bob was the inaugural S&OP Editor for the International Institute of Forecasters' (IIF) *Foresight Journal*.

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