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An S&OP Implementation Case Study @ SSW Holding Company

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Introduction

This article is about the implementation and use of eS&OP at the SSW Holding Company regarding their achievement of transformational success in how they managed their supply chain.

SSW Holding is a manufacturer of engineered products to a diversified customer base for the food preservation, cooking, and home comfort industries. They have nine (9) plants in the United States, two (2) in Mexico and employ about 1600 people.

We will use an *interview format* of Mark Gritton, President and CEO and Executive Champion for the implementation of eS&OP, to present and discuss the specifics of how SSW:

- Got started,
- How they organized,
- The role of executive leadership in their implementation and ongoing management
- The benefits they have experienced.

With that, let's get started:

Mark, how'd your interest in eS&OP begin?

In May/June of 2017 we wanted to sharpen our knowledge and use of S&OP in our business to increase our performance. We were doing quite well but wanted to do better.

A word about terminology

The term Sales & Operations Planning (S&OP) originally referred to an executive process for balancing demand and supply at the aggregate (family) level. Due to its popularity, the term has morphed to include tools at a lower and more detailed level.

To avoid confusion, we use the term executive Sales & Operations Planning (eS&OP) to refer to the originally intended executive portion of the S&OP process, where strategy, policy, risk, and fiduciary responsibilities are set and managed by the executive functions. (For a full discussion, please refer to the book, *Sales & Operations Planning – The Executive's Guide* by Wallace & Stahl)

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After some research, I found the 3rd Edition of your book on ***Sales & Operations Planning-The How To Handbook***. I found it to be a fantastic resource and gave you a call.

After several phone conversations, we put together an *executive briefing* that you facilitated in late 2017. Attending that meeting was the entire executive staff, along with other key members of our organization. The purpose was to develop a unanimous executive consensus about moving forward with an eS&OP implementation, and to specifically accomplish the following:

- Deepen and harden the executive commitment to an eS&OP implementation
- Identify a likely pilot family
- Gain an understanding and acceptance of the executive role in implementation
- Appoint an Executive Champion
- Appoint a Design Team Leader
- Appoint Design Team Members
- Identify a Kickoff date

At the executive briefing we learned that the experience of others was that success with eS&OP was more about cultural (behavioral) change than it was about technical application. While the technical stuff (process and data) were necessary for success, they were NOT sufficient.

Following that session we accomplished all the above and decided on a January 2018 Kickoff date.

Mark, how'd you plan the implementation?

At the Kickoff Session, we divided our implementation into three phases:

- I. **Parallel Pilot Demonstration** -- to convert our intellectual knowledge into meaningful pragmatic understanding, at low risk.
- II. **Expansion** – with our new understanding and experience, we would cut over to the entire business.
- III. **Financial Integration** – although finance is an integral part of the first two phases, this last phase would be to fully integrate into the ability to generate proforma P&L and Balance Sheet information for simulation and “what-if” analysis.

After gaining vertical alignment in understanding between the executives and the Design Team, we focused exclusively on the Pilot Phase in the Kickoff Sessions. We learned the principles and concepts upon which we would design the mechanics of eS&OP to fit our business. We then laid out a detailed plan, designating who would do what, and with whom, to achieve a live parallel pilot in 90 days.

Of major significance, we learned that the application of the generally accepted eS&OP concepts principles to our business was something WE had to do. Outside expertise could only guide or coach our efforts. In other words, we had to take the initiative to have our

“fingerprints” on the changes that had to be made. This is the only way that lasting change and success would happen.

Mark, before we get into the details of your implementation experience, could you share with us the benefits you gained?

Sure.

Going in, we learned that there were hard and soft benefits to success with eS&OP; and that the hard benefits were the direct result and consequence of the soft benefits. This surely turned out to be the case with us. Our **Soft Benefits** were:

- Enables a shared foundation of information that is used for joint decision making across the company
- Everyone is utilizing the same information to take actions.
- Recent examples include improved inventory planning and the management of seasonal hires at our divisions.
- Improved communication between Sales, Finance, and Supply organizations
- Transparent monthly planning process that provides an updated 18-month demand and supply outlook for actionable planning in terms of units and revenue, to mitigate risk and reduce firefighting
- Created and aligned volumetric planning
- Developed planning skills for materials teams
- Created accountability for production planning process
- Enhanced teamwork across plants at the operational and management level

These soft benefits brought on the very measurable and significant **Hard Benefits** of:

- Key enabler to gain visibility and manage the gaps between plan, budget, and actual.
 - YTD demand variance to plan is within -0.2% for sales dollars and -0.7% for quantities.
- Enabled repatriation of 2,000,000 annual pieces from offshore production (risk abatement through better inventory planning)
- Cost avoidance by extended planning horizon
- Proactive corrective action taken for Plant ‘A’ in a product family shortage resulting in avoidance of overtime and/or expedited freight spend

Mark, you’ve indicated to me that your success was “all about people.” Could you elaborate?

Absolutely! The first part of this is that you have to put your best and brightest people on the Design Team. They must be the informal leaders and enthusiasts within your organization.

This is especially important with the appointment of the Design Team Leader. This person must already have the credibility and respect of the organization and be an experienced “change agent.” They must also have project management experience working on a large cross-functional effort. This job can be up to 75% of this person’s time during the implementation. This person typically morphs into becoming the ongoing eS&OP “process owner.”

The balance of the Design Team needs to be made up of functional experts from the various departments and they need to have a history of being “team players.” Keep in mind that success is a function of cultural/behavioral change and not just technology. This could be approximately 25-30% of these people’s time during the implementation.

Within the workings of the Design Team’s tasks, the appropriate culture/behavior begins to emerge. They learn how to disagree without being disagreeable and blur the boundaries between departments. In other words, they all realize that success is a “team sport,” more than ever before.

Mark, how important is having a “formal plan” for these people to work to?

Having picked the best and brightest from our organization, these people were already busy and sometimes already overloaded. The purpose of a formal plan is to assure that the workload is understood in detail, and that necessary and sufficient “offloading” could take place to allow this work to get done. This is the only way we could avoid conflicts as things unfolded.

This is critically important in Phase II (Cutover), because these people are doing three things: Implementing new families, running the Pilot Family for real, and doing the other duties of their job. Factoring in other projects and initiatives is also essential to avoiding delaying and derailing conflict.

Mark, how did you keep the entire executive team engaged?

This is NOT an easy challenge. Any executive team is made up of very busy people with much on their daily agendas. The key is “education.” That is, to build understanding as to why and how eS&OP is a strategically important process to achieve an improved future. We had to make the benefits explicit, up front, and repeat them often.

One of the primary tasks of the Executive Champion is to keep these people continually participating. Otherwise, they will view the implementation of eS&OP as a distraction. Additionally, the Executive Champion needs to have hands-on involvement in many of the Design Team meetings. In this way s/he can quickly troubleshoot and help solve problems that will inevitably appear and potentially impede progress.

Mark, what involvement does the Executive Champion have to demonstrate during the implementation activities?

As I just said, the Executive Champion needs to have a “hands-on” involvement in the Design Team meetings. In this way s/he can quickly troubleshoot and help solve problems that will inevitably appear and impede progress – whether they be conflicts in time, priorities, or disagreement between departments.

In addition, once operating, the President needs to actively participate and manage the monthly Executive eS&OP meeting. If the CEO is not the Executive Champion, it is part of the Executive Champion’s responsibilities to lead the CEO to this understanding. This is the only way that lasting behavior change will take place.

Without this level of executive leadership, both during the change and then thereafter, the implementation and use of eS&OP will become a “flavor of the month.”

Mark, were there any organizational changes that you made as a result of successfully implementing eS&OP?

If the implementation is truly making process change, it will surely impact the roles and responsibilities within the organization – changes will inevitably have to be made. You must set your organization up for ongoing success.

One of the most significant changes we made was to promote our Design Team Leader to be the Corporate Director of our Supply Chain. We additionally hired a person to fill the role of eS&OP Manager, a subordinate position, to manage the monthly rigors of putting together the data and agendas for our monthly 5-step process.

Mark, what were some of the “global” lessons you learned about the effective implementation of eS&OP?

The primary lesson we learned was that making eS&OP work to its potential is really all about people. It is indeed more cultural/behavioral than it is technical.

Secondly, setting up the Design Team and its Leader with the right people, having the necessary time to do the work, will determine the outcome. Done properly it is truly transformational.

Along the way you must continuously educate and demonstrate the benefits throughout the organization. Executive visibility and engagement is critical to this result. Don’t let it become a “program of the month.”

Having done this properly, our company has gained a sustainable competitive advantage that we are excited about. It was definitely the right thing for us to do!

Conclusion

First, I want to thank Mark for taking the time to put together his thoughts on how they achieved success with the implementation of eS&OP. He headed up a first-class organization at SSW before eS&OP came along, and the implementation of fully authentic eS&OP only adds to the sustainability of their excellence.

As Mark has presented, success with eS&OP requires a behavior change that results in a collegial, cross-functional, collaborative, and consensus building practice which aligns human energy. When this process does indeed align human energy, an organization can achieve things not before possible as they have experienced. This alignment of human energy cannot be achieved without the hands-on participation and leadership of top management, as Mark's organization has demonstrated.

I congratulate Mark and his team on their work and I wish them continued success.

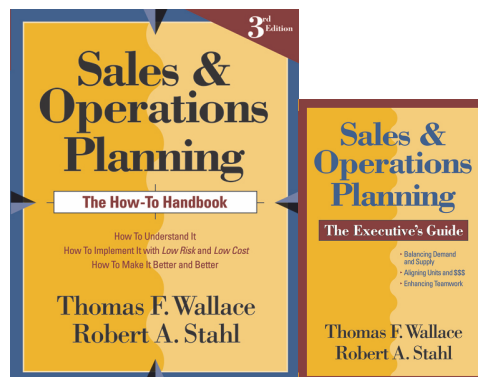
About the Authors:



Bob Stahl has spent nearly 50 years as a practitioner and coach developing leading edge processes for supply chain management. He has worked with many of the world's leading corporations and has authored six (6) books – including: *Sales & Operations Planning-The How To Handbook, 3rd Edition*, *Sales & Operations Planning-The Executives' Guide*, and *Sales Forecasting-A New Approach*. He was the inaugural S&OP Editor for the *Foresight Journal* of the IIF (International Institute of Forecasters) and wrote a quarterly column on S&OP.



Mark Gritton is President and CEO of SSW Holding, LLC, and is a 25-year company veteran. He guided the company's strategic growth and successful expansion into several markets including commercial refrigeration, cooking products, HVAC and glass refrigerator shelving. He led the company's development of ground-breaking new technologies including Spill Smart™ Hydrophobic Shelving and Self-clean Oven Racks. Mark also served as the company's Executive Champion for the implementation of eS&OP. Prior to joining SSW, Mark held positions of increasing responsibility in manufacturing management with General Electric, Federal-Mogul Corporation and Cooper Industries.



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