

Author's note: I wrote this in response to requests for help in explaining the relationship between Lean Manufacturing and Sales & Operations Planning. I patterned it after Phil Crosby's famous Elevator Speech of several decades ago

Lean Manufacturing and S&OP: You Need 'Em Both

by Tom Wallace

They work best when they work together. They do different – and very necessary – things, and you need 'em both.

Lean Manufacturing is a powerful approach whose objective is to eliminate waste, reduce costs, cut lead times, improve quality, and it does these things superbly. Sales & Operations Planning is a set of forward planning tools to help people balance future demand and supply, and it does this superbly.

Lean is strong on execution; S&OP is strong on decision-making for the future.

The scheduling tools within Lean look most closely at the plant, and its immediate suppliers. S&OP, which includes Sales Forecasting and Capacity Planning – along with its companion tool, Master Scheduling – can extend its future vision out in both directions along the Supply Chain: to the customers and the suppliers – and in some cases, beyond.

Some of the “leanest” companies in the world use the Sales & Operations Planning and Master Scheduling tools – or variants of them under different names. They do this to balance demand and supply out into the future. Thus the plants and suppliers have good visibility into the future, and are positioned to meet that demand – with material and capacity – effectively and economically.

These companies recognize that “they need 'em both.” You probably do too, because they work best when they work together.