



May 23rd-24th, 2016, Shanghai, China

Strategic Value Assessment (SVA)

Supply Chain Conference, Shanghai, May 2016

A Case Study

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Integrated Demand Management

S & OP Business Plan

Demand Planning

Our Services

- Training Programs
- Opportunity Assessment
- Business Transformation
- Package Selection
- On-Demand



Canadian based consulting company founded in 1998 with offices in Canada and Czech Republic.

Our Focus: Integrated Business Planning, Demand-Driven Forecasting and Supply Chain Optimization.

Our Reach: Canada, USA, APAC, China, Middle East, Central Europe.

Jaguar-APS Workshops in China and SE Asia

Workshops delivered:

PUBLIC & IN-HOUSE

- Sales and Operations Planning / Integrated Business Planning
- Statistical Forecasting and Demand Planning
- Data Mining and Advanced Statistical Forecasting
- Inventory Management and Optimization
- Cost Cutting for Supply Chain
- Supply Chain Risk Management





Strategic Value Assessment (SVA)

A case study of Food Supplements Inc.

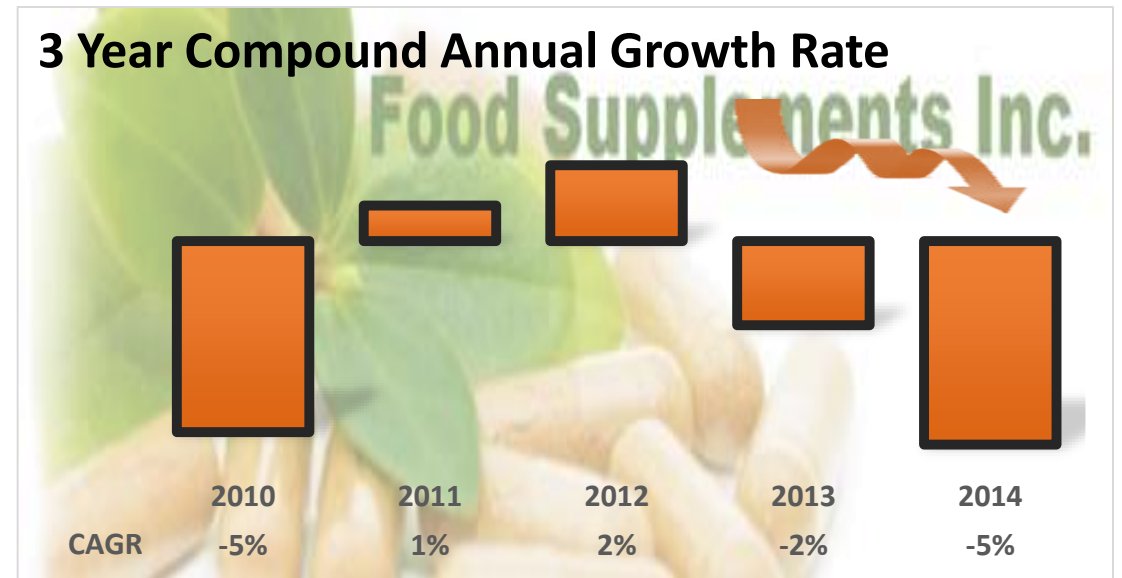
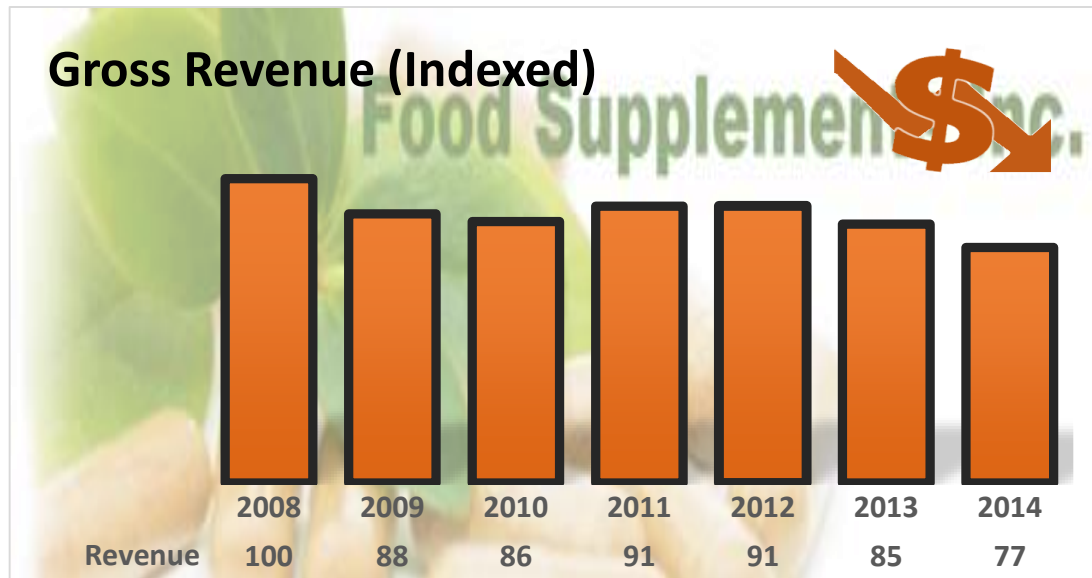
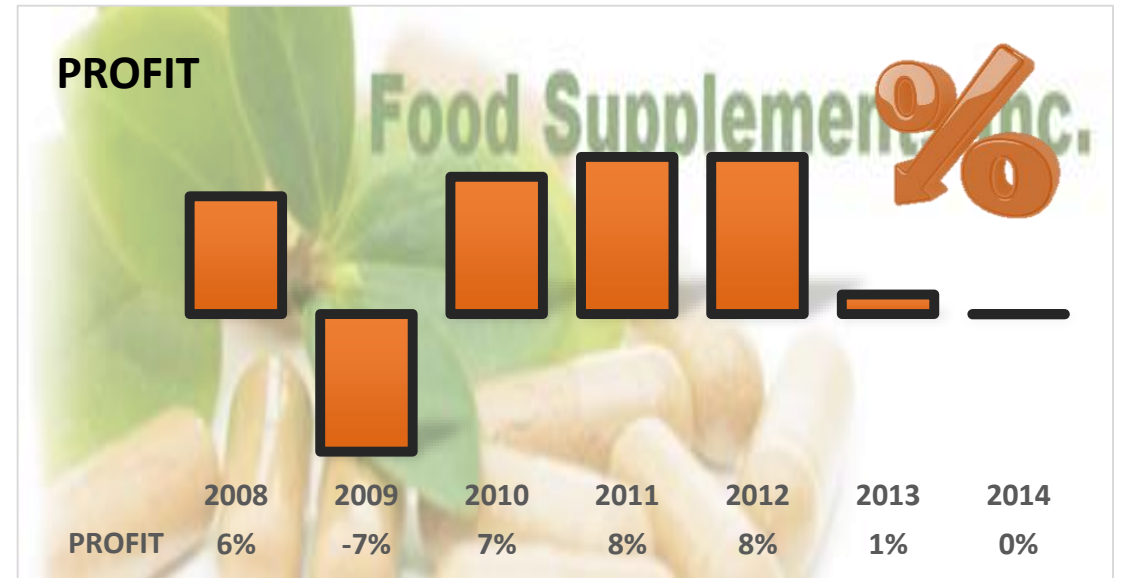
Based on Our Recent Project.

Background of the Food Supplements Inc.(FSI)

- European company, founded in 1990 with business units in eight markets directly serving eleven countries with exports world-wide.
- 90% of product ships to large distributors who ship to retail.
- Retail managed by own field sales, distributors by own KAMs.
- First ten years were 'supplier' market and the company experienced continuous double digit growth.
- Over past decade, there have been multiple international entries in the market, retailers became more sophisticated and consumers have many more choices.
- 5 years ago, FSI implemented SAP APO DP & BW.



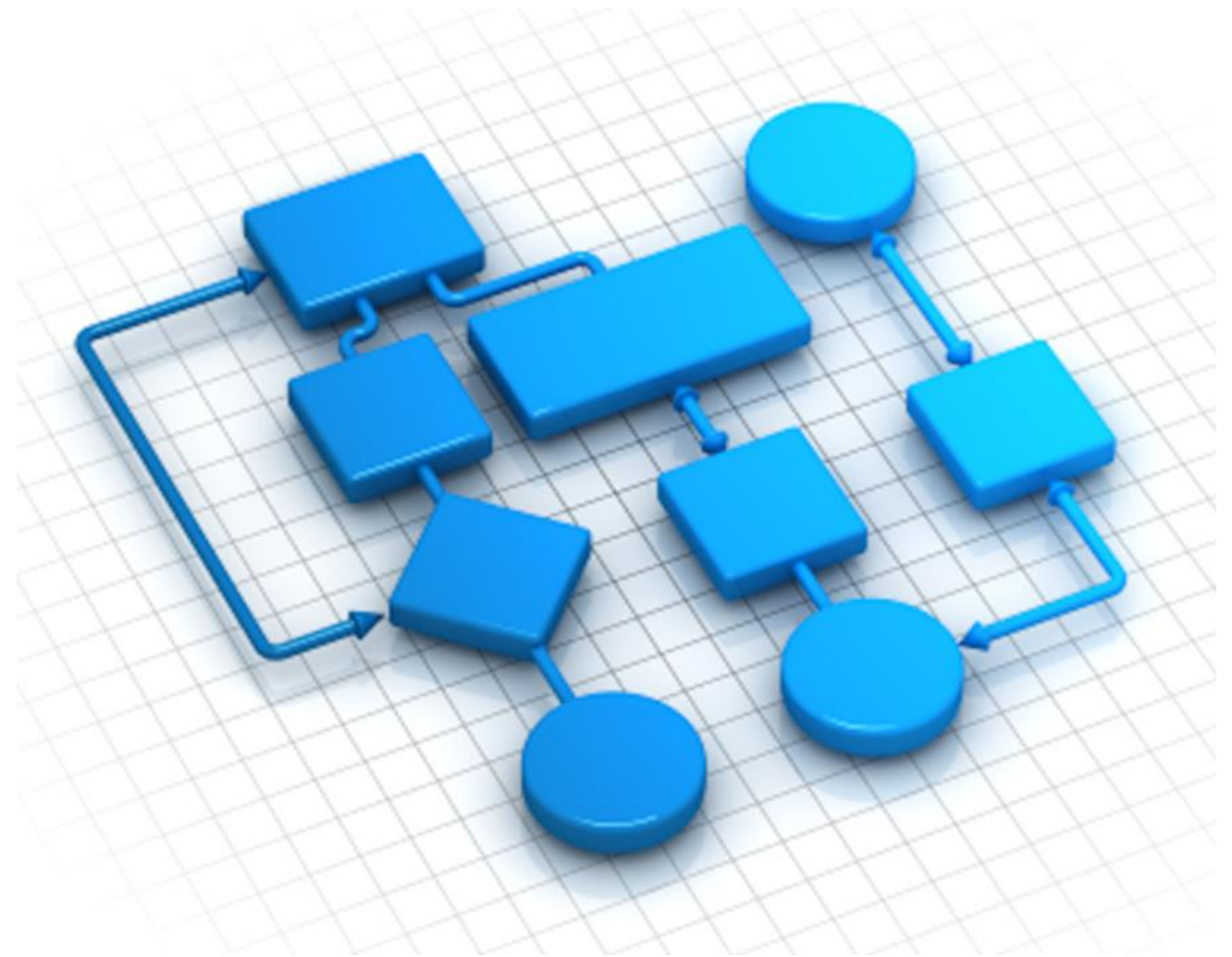
Why did FSI management decide there was a need for a detailed process analysis?



Theme behind the SVA

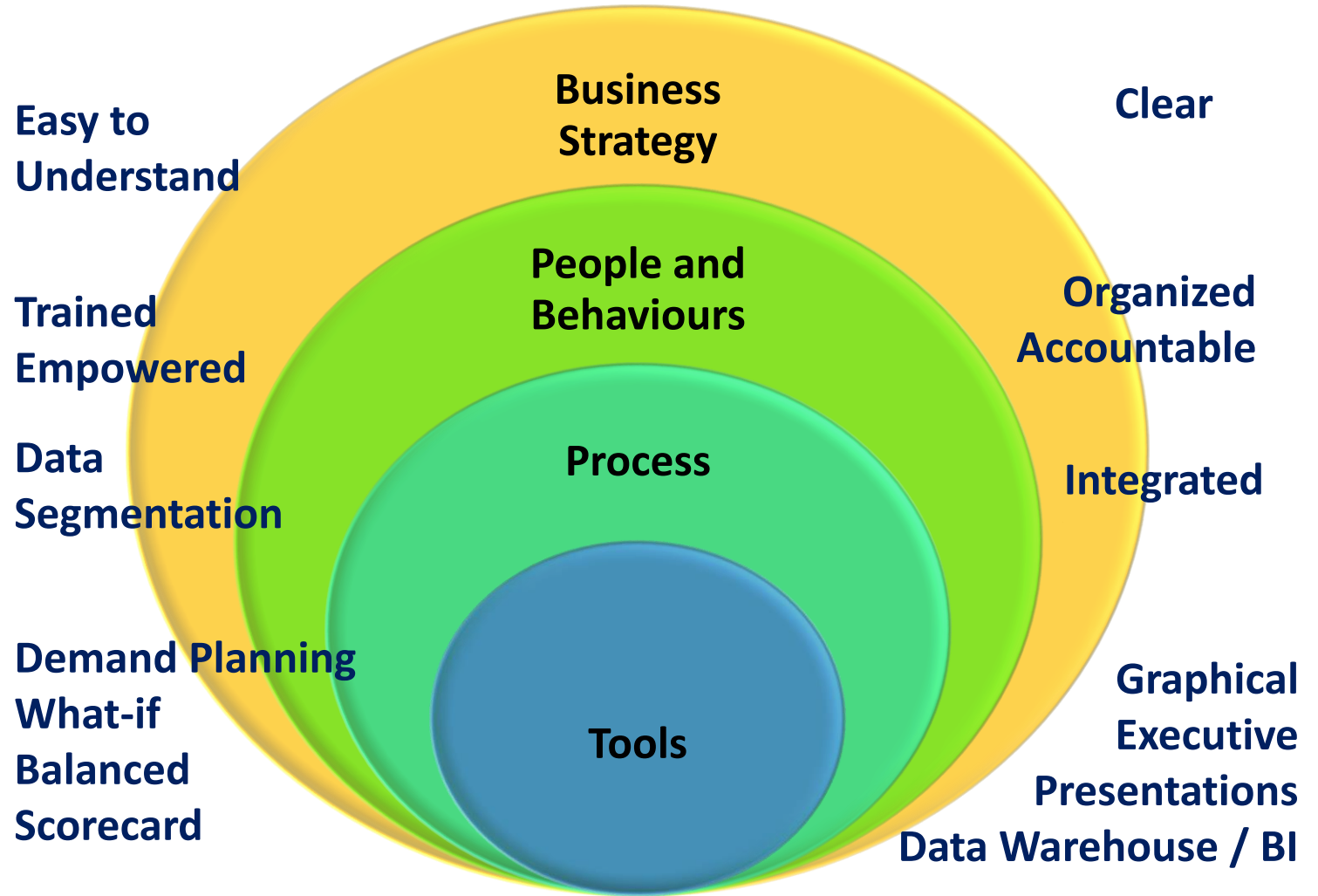
“If you can’t describe what you are doing as a process, you don’t know what you’re doing.”

W. Edwards Deming



Primary Elements of S&OP / IBP and Demand Planning

SVA covers all of these critical elements.



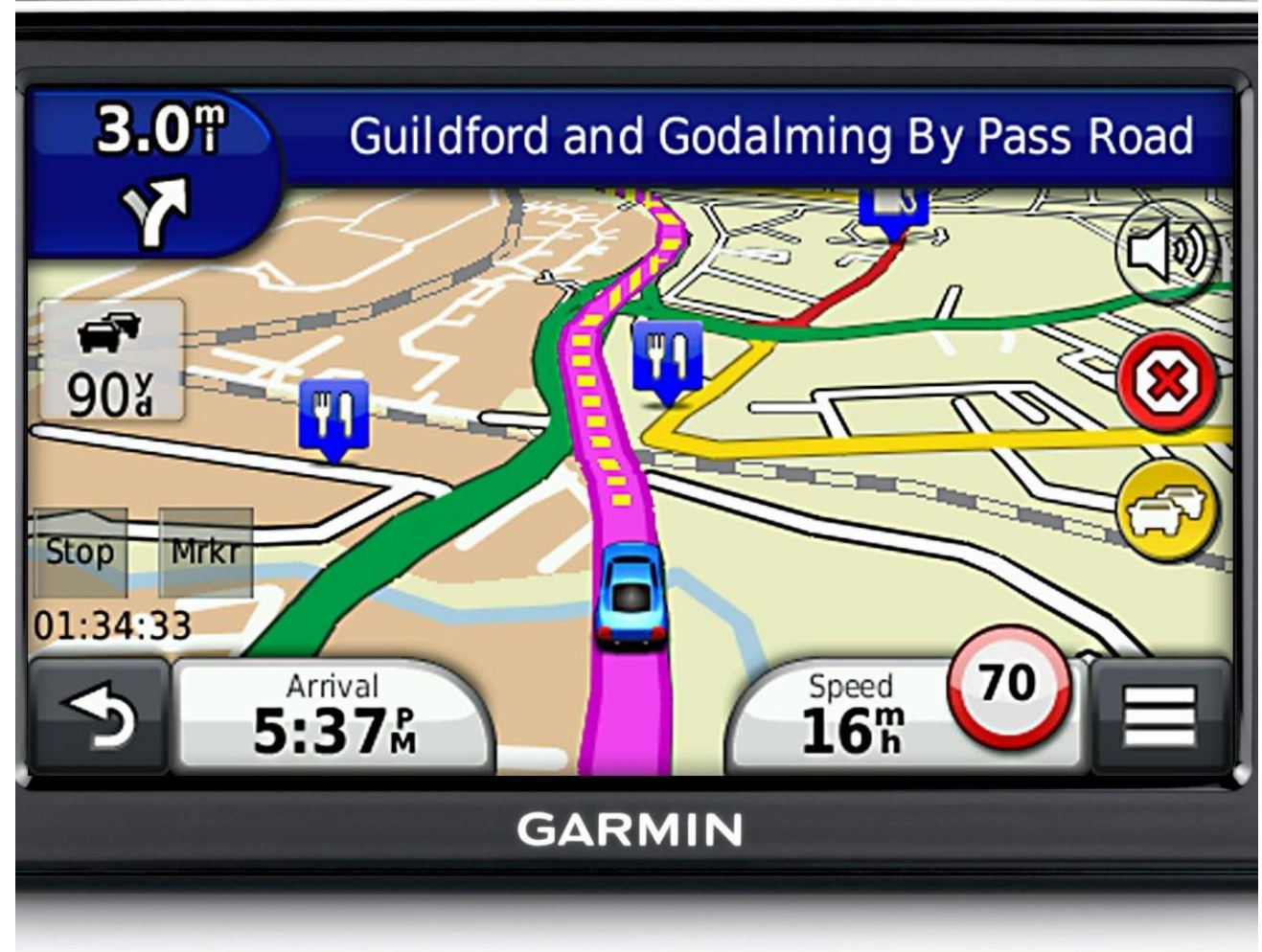
Source:  JAGUAR-APS
Advanced Planning Services Inc.

Source:  Chia Wright
CHIA WRIGHT

Why So Much Focus on Strategy?

S&OP/IBP process linked to Strategy is the GPS for the Business:

PLAN AND REPLAN

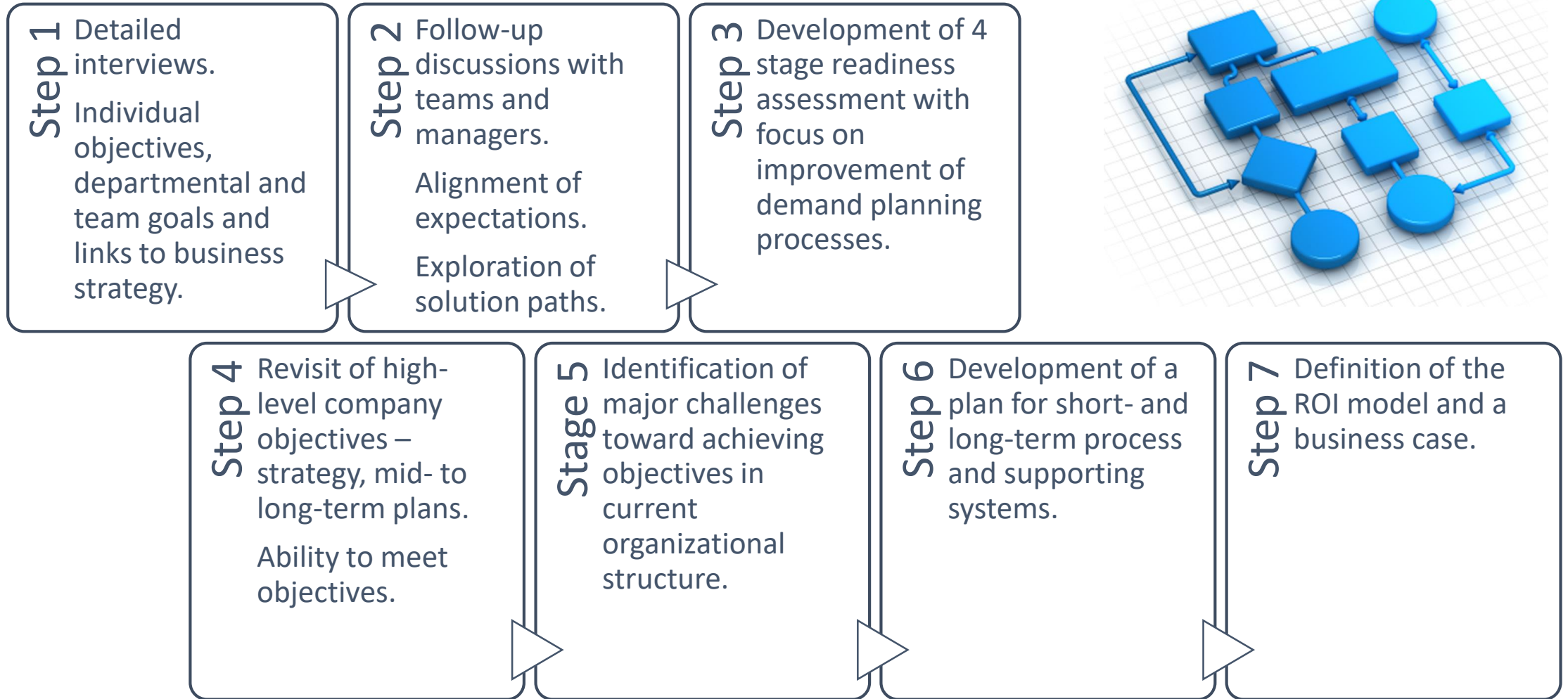
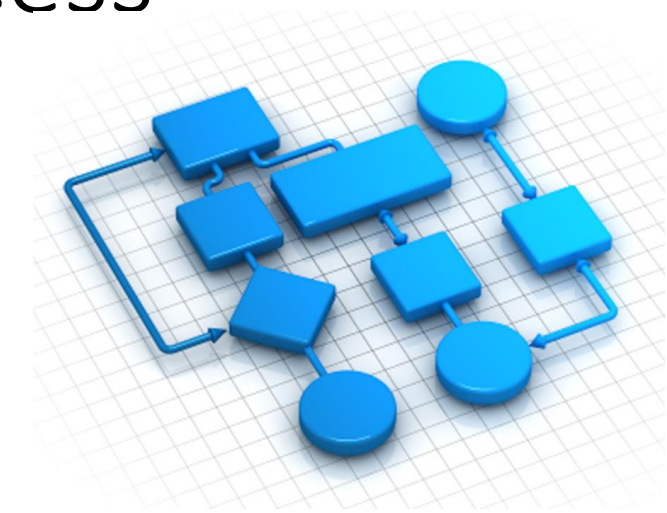


Strategic Value Assessment (SVA) Framework

- Purpose of SVA
 - To review a company's current demand planning and forecasting process and integration with existing business strategy and enabling systems to recommend process improvement opportunities.
- Deliverables
 - List of preliminary recommendations and technology proposal outlining recommended improvements and opportunities.
- Final result
 - Detailed business case and recommended road map that will lead to improved demand planning and forecasting process design supported by existing (or minimally increased) resources and enabling demand planning and forecasting technology.

Source:  sas

Strategic Value Assessment Process



Strategic Value Assessment Framework

Focus on four **KEY CRITICAL INTEGRATION AREAS** and their links to **BUSINESS STRATEGY**:

Strategy Integration

- | | |
|------------------------|----------------------------|
| 1. Process Integration | 3. Systems Integration |
| 2. Methods Integration | 4. Performance Integration |

A company can be in one stage of development in a certain integration area, but it can be in a completely different stage in another integration area.

Each area rates development stage between 1 and 4

- | | |
|---------------------|-------------------------|
| Stage 1 = Beginning | Stage 3 = Improving |
| Stage 2 = Evolving | Stage 4 = Best Practice |

The ratings are based on a set of predetermined conditions.

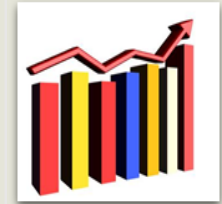
Source: 

STRATEGY



Process

Methods



Systems

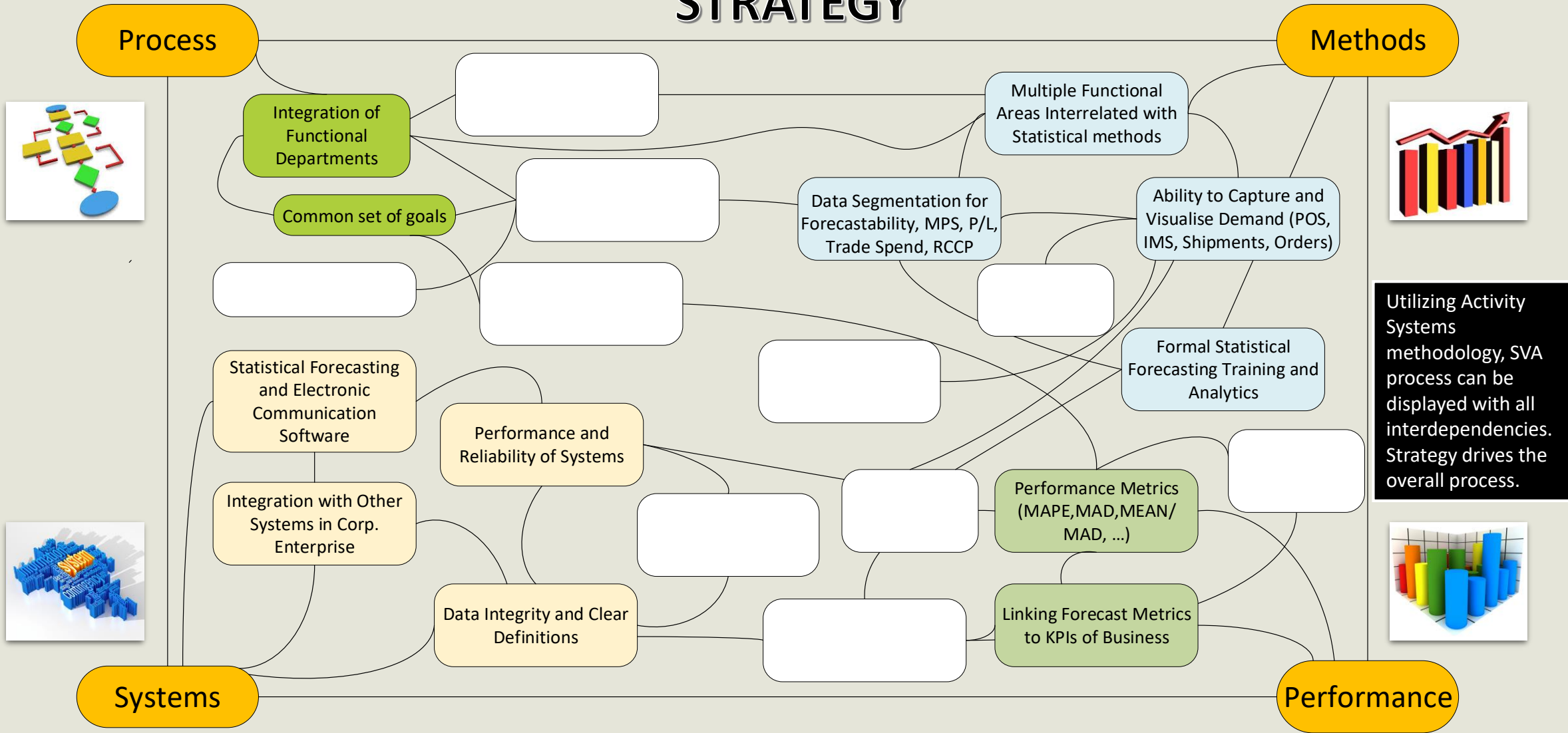


Performance



Each Key Critical Integration Area (KCIA) has a number of tasks directly supporting it.

STRATEGY



Each supporting task has a number of additional tasks supporting one or more tasks and KCIA(s). These supporting tasks can tie in more than one KCIA.

What did we do...



- we interviewed 50 business professionals (some several times) in HQ, all existing markets, production planning and purchasing, using the SVA matrix as a common baseline to ensure integrity.
- we collected various data sets from all markets.
- we analyzed the data to understand their overall quality, segmentation, forecastability, dynamics, trends, etc.
- we analyzed tools and spreadsheets deployed in the demand planning and forecasting meetings in individual markets.
- ... we analyzed distribution channels and retail data.

What did we do...



- ... we analyzed the configuration of SAP APO Demand Planning and BW.
- we calculated forecast error for three largest markets and compared it with the benchmark data.
- ... we analyzed the MPS and MRP planning process, systems and parameters.
- we looked at links between markets and international marketing (NPD), production planning and purchasing (both Finished Goods and Materials).
- ... we looked at the current business strategy and its understanding and linkages to day-to-day decision making processes.
- ... and other as required

Strategy



Process



Methods



Performance



Systems



Our Findings

By individual SVA integration areas

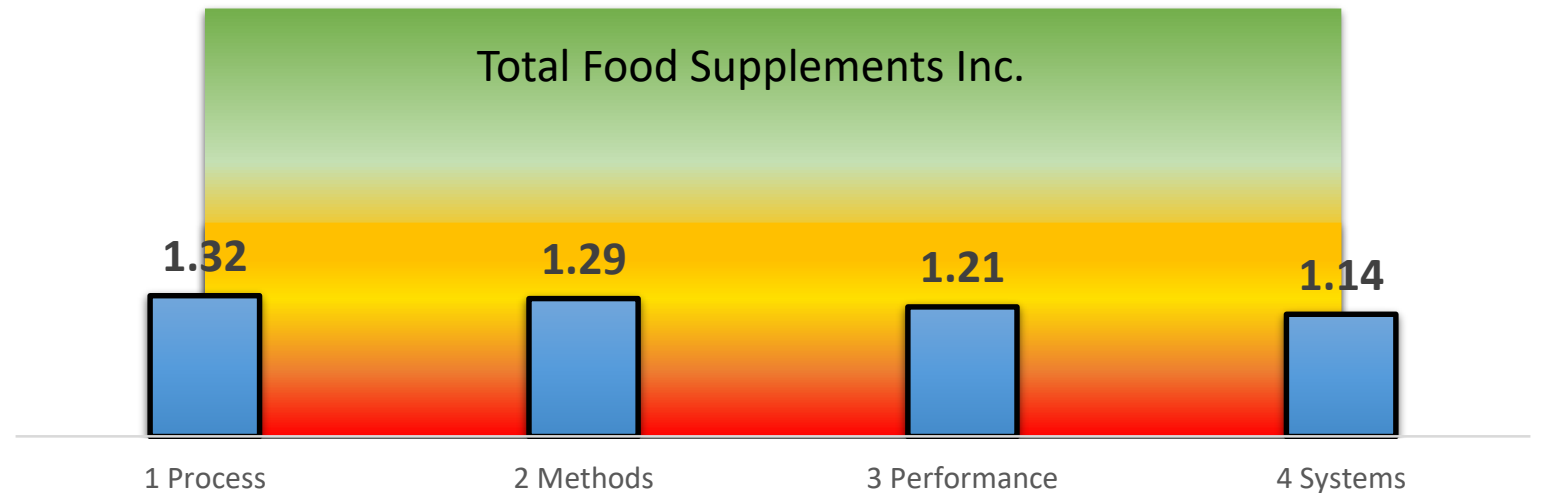
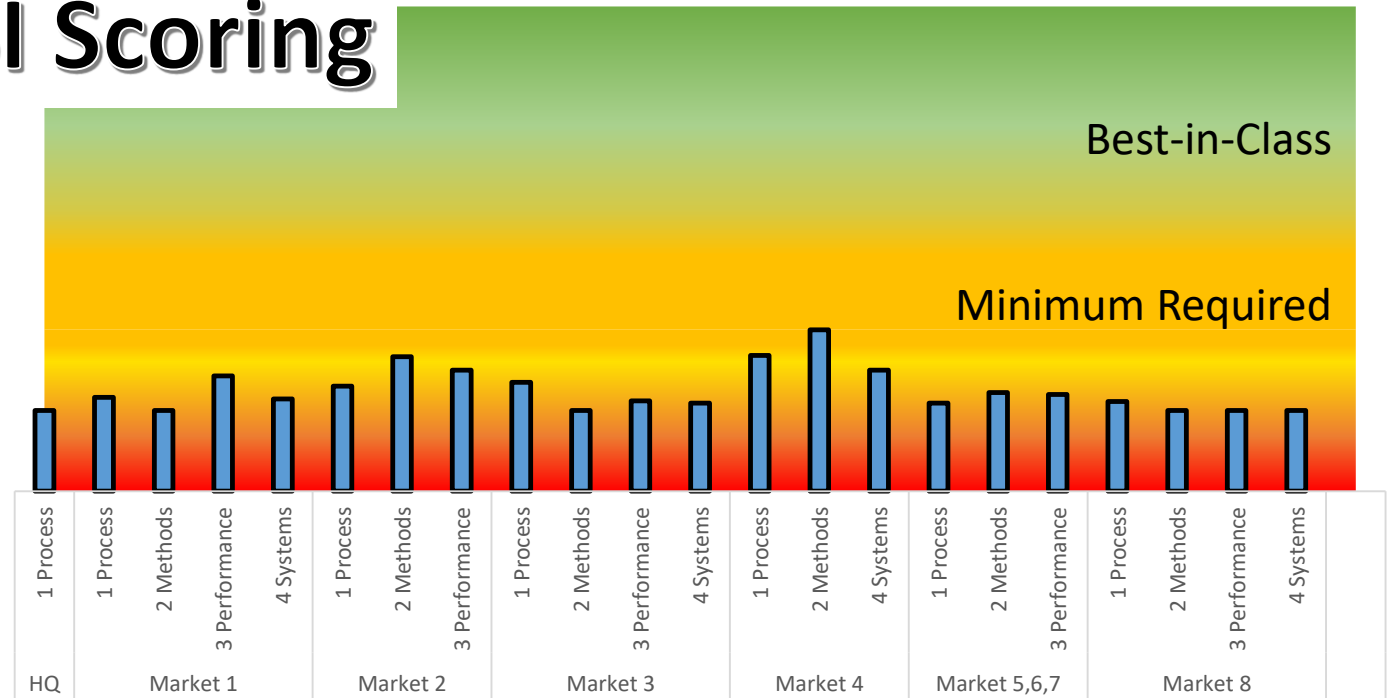
Count of Supporting activities		
Integration type	Critical activity	Total
1 Process	1.1 Integration of Functional Departments	55.00
	1.2 Common set of goals	66.00
	4.2 Integration with Other Systems in Corp. Enterprise	1.00
1 Process Total		122.00
2 Methods	2.1 Multiple Functional Areas Interrelated with Statistical methods	5.00
	2.2 Ability to Capture and Visualise Demand (POS, IMS, Shipments, Orders)	36.00
	2.3 Data Segmentation for Forecastability, MPS, P/L, Trade Spend, RCCP	7.00
2 Methods Total		48.00
3 Performance	3.1 Performance Metrics (MAPE,MAD,MEAN/MAD, ...)	9.00
	3.2 Linking Forecast Metrics to KPIs of Business	24.00
3 Performance Total		33.00
4 Systems	4.1 Statistical Forecasting and Electronic Communication Software	2.00
	4.2 Integration with Other Systems in Corp. Enterprise	18.00
	4.3 Performance and Reliability of Systems	1.00
	4.4 Data Integrity and Clear Definitions	1.00
4 Systems Total		22.00
5 Strategy	1.1 Integration of Functional Departments	3.00
	1.2 Common set of goals	12.00
	2.2 Ability to Capture and Visualise Demand (POS, IMS, Shipments, Orders)	1.00
	4.2 Integration with Other Systems in Corp. Enterprise	1.00
5 Strategy Total		17.00
Grand Total		242.00

Number of times we had input into individual KCIA



Row Labels	Average of SVA Rating
HQ	1.00
1 Process	1.00
Market 1	1.16
1 Process	1.16
2 Methods	1.00
3 Performance	1.43
4 Systems	1.14
Market 2	1.39
1 Process	1.30
2 Methods	1.67
3 Performance	1.50
Market 3	1.18
1 Process	1.35
2 Methods	1.00
3 Performance	1.12
4 Systems	1.09
Market 4	1.74
1 Process	1.68
2 Methods	2.00
4 Systems	1.50
Market 5,6,7	1.16
1 Process	1.09
2 Methods	1.22
3 Performance	1.20
Market 8	1.06
1 Process	1.11
2 Methods	1.00
3 Performance	1.00
4 Systems	1.00
Grand Total	1.28

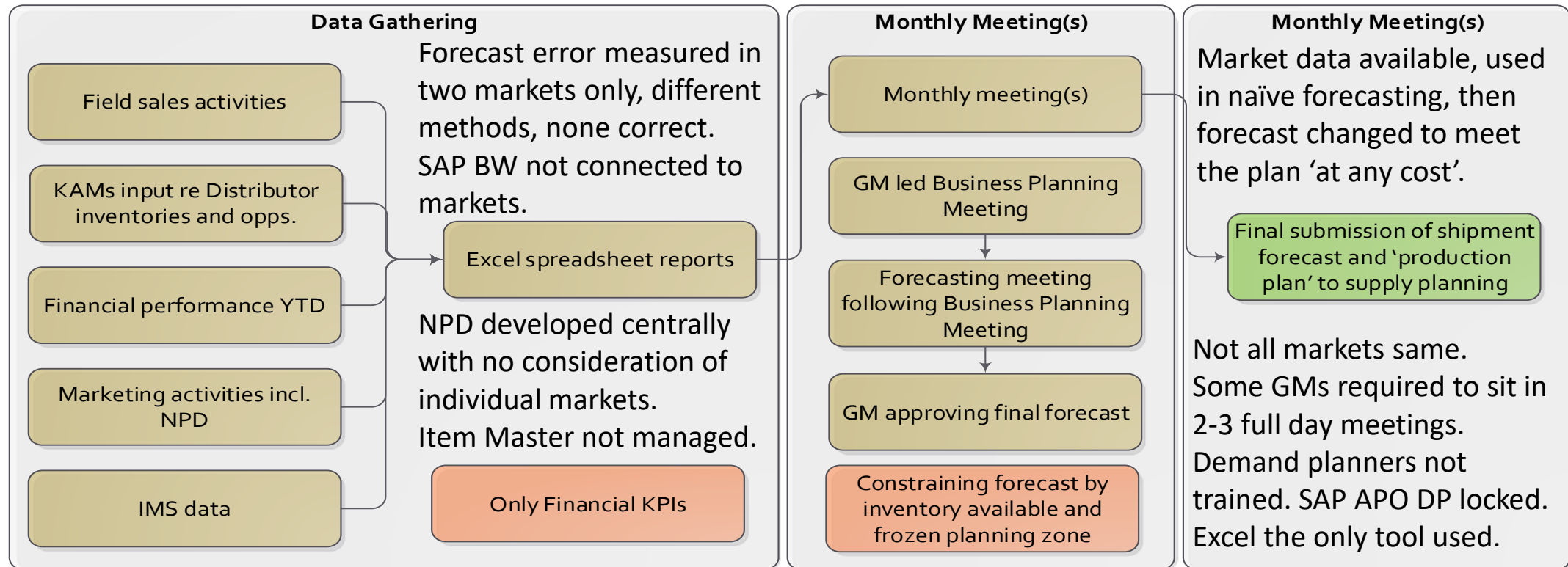
FSI Scoring



Current HQ & Market Demand Planning Process

HQ Independent Financial Planning – Focus: Last Month, Quarter, YTD, Fiscal Year @ Global Level.

HQ Independent Master Schedule – Focus: Optimization of Factory Runs, Volume Discounts from Third Party Suppliers of FG and Materials.



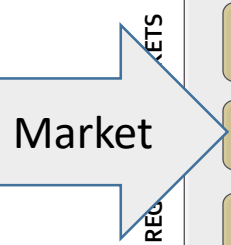
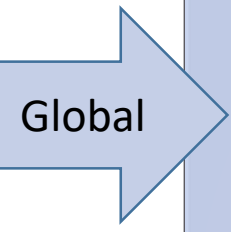
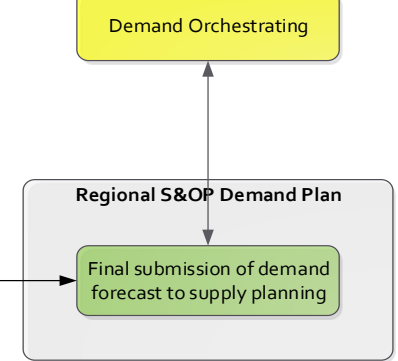
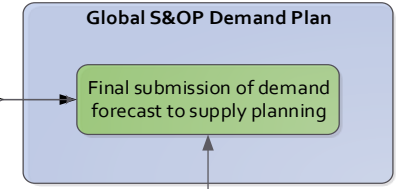
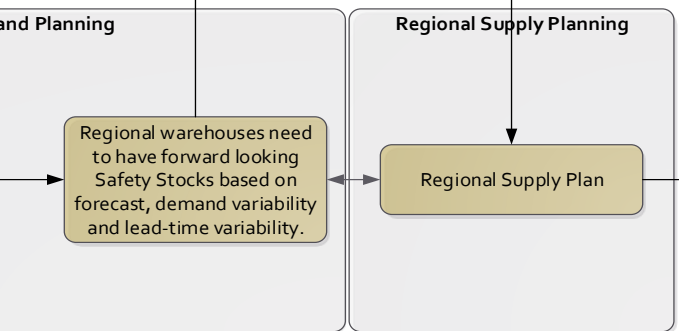
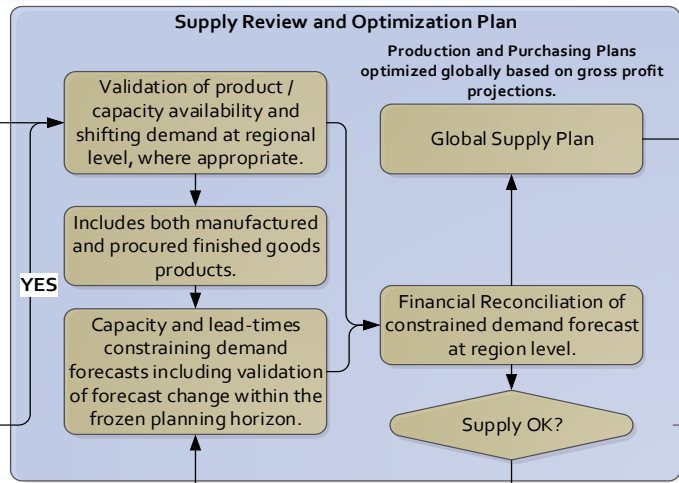
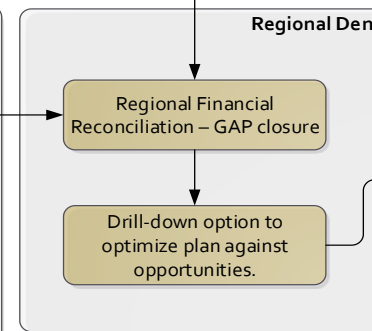
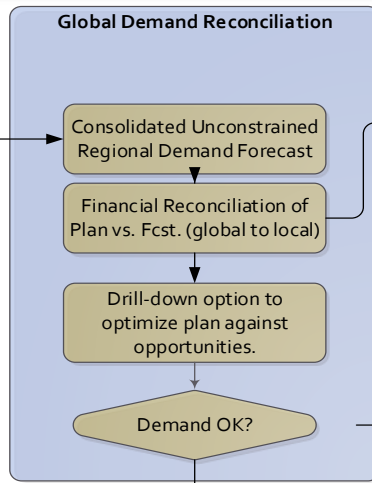
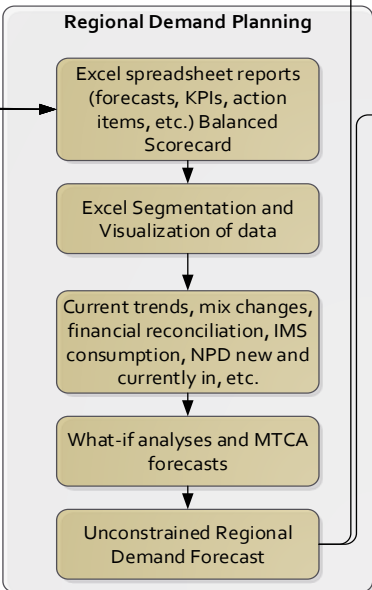
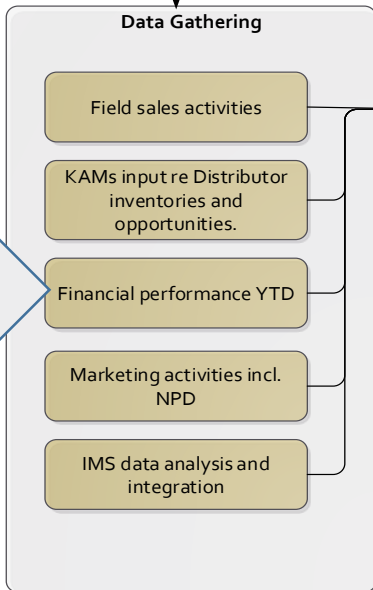
Step 1: Strategy & Product Review

Step 2: Demand Review

Step 3: Supply Review

5. Management Business Review

4. Value Planning

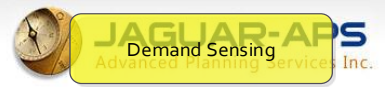


Demand Shaping

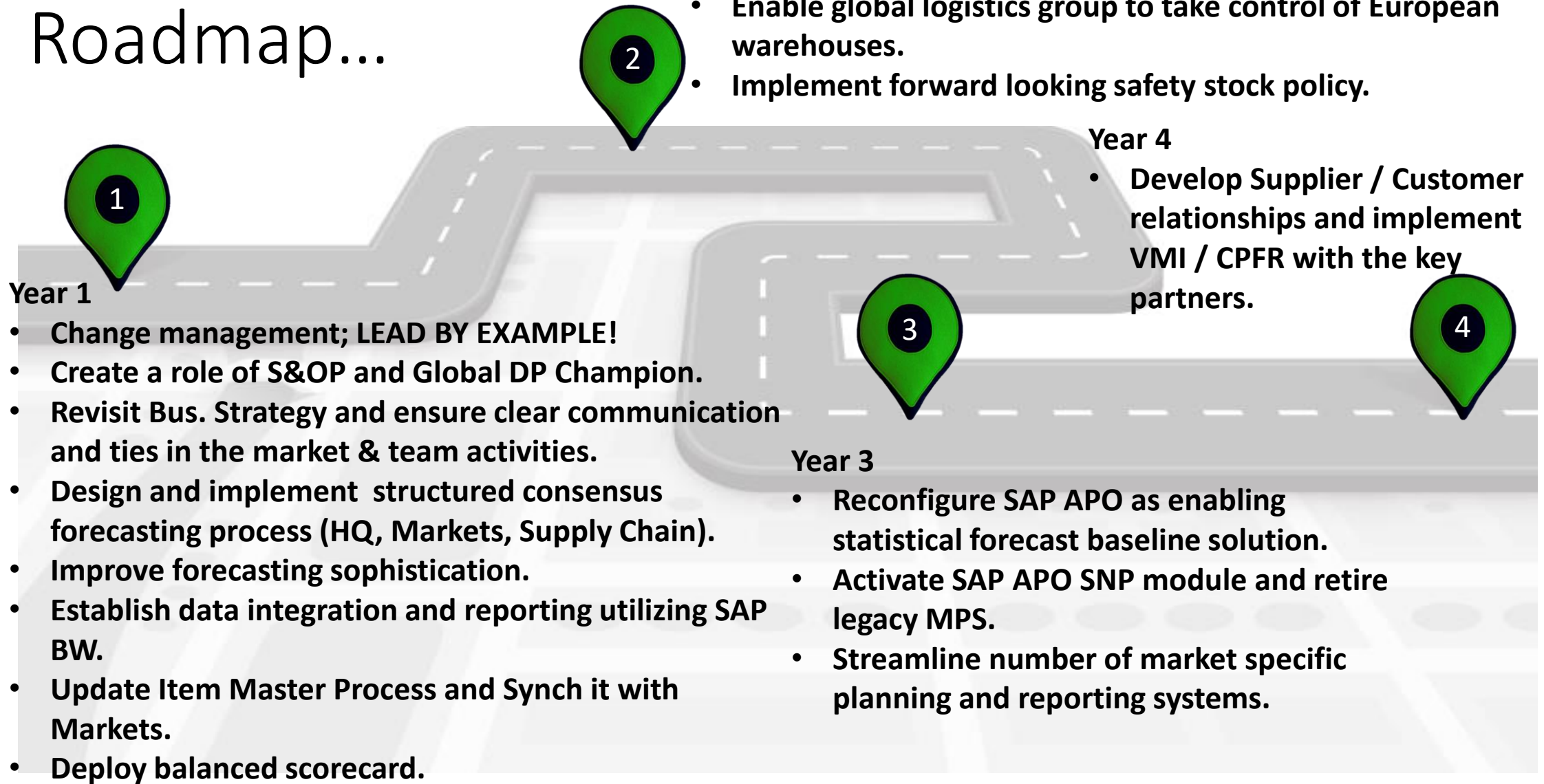
Demand Steering

The S&OP does not run on regional level only. It needs global Supply Review validation and Global MBR as well.

Proposed Demand-Driven Forecasting Process



Roadmap...



Projected Return on Investment (ROI)

- End of Year 1:
 - Improved moral, employee satisfaction and cross-functional teamwork.
 - Cost of project and additional staff (minimum expected).
- End of Year 2:
 - Revenue and profit growth.
 - Regained credibility with top distributors and customers.
 - NPD taking advantage of market knowledge.
- End of Year 3:
 - Revenue and profit continues to grow. CAGR in positive territory.
 - Cost of reconfiguring SAP APO DP fully covered.
 - FSI ready to deploy VMI and CPFR programs with Key Distributors and Customers.



LEADERSHIP
AN ELUSIVE ATTRIBUTE
CRITICAL TO BUSINESS SUCCESS



問題嗎？



謝謝

The screenshot shows the top portion of the Jaguar-APS website. At the top left is the logo, which consists of a golden compass icon and the text "JAGUAR-APS" in blue, with "Advanced Planning Services Inc." in orange below it. To the right of the logo is the website URL "www.jaguar-aps.com". Below the logo and URL is a horizontal navigation bar with the following links: Home, About Us, Services, Partners, Resources, Forum, and Contact Us. The main content area has a dark blue background with a central graphic of a globe. The globe is labeled "Integrated Demand Management" and is surrounded by four smaller spheres labeled "S & OP", "Business Plan", "Demand Planning", and "Demand Planning". To the right of the globe is a list of services under the heading "Our Services": Training Programs, Opportunity Assessment, Business Transformation, Package Selection, and On-Demand.

Thank you.

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