MHD Supply Chain Solutions
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ITP: TACTICAL PLANNING, EFFECTIVE EXECUTION

PART 2.: MANAGING THE INTEGRATED TACTICAL PLANNING PROCESS

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The quorum managing Integrated Tactical Planning will vary from company to company, and by size and industry type, so this section uses generic roles.

Each of the four major elements of planning execution requires at least one formally defined role to identify and manage changes to plans inside the planning time fence as follows:

Figure 4. shows how each of the roles and responsibilities interact. The objective is to ensure the many potential influencers for each element are channelled through a small number of key roles, and thereby managed effectively.

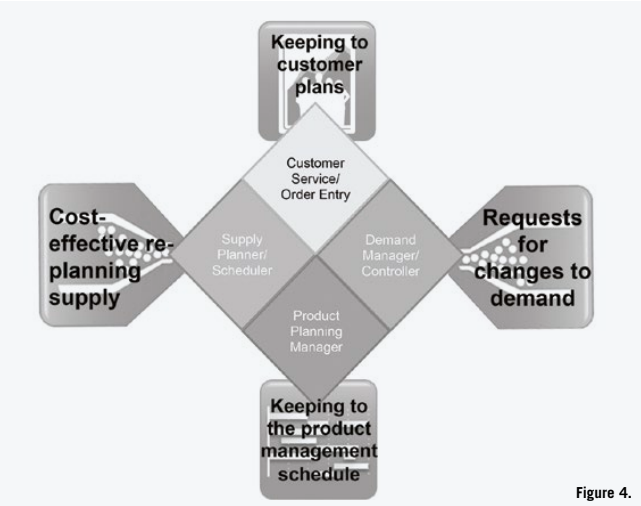

Figure 4.

Demand

The senior role for governing this element is the demand manager. In smaller companies the demand manager may also be responsible for demand planning and control. In larger companies responsibilities might be split into demand manager, demand planner, and demand controller. However the demand controller aspect of the role is the most important here. It is the responsibility of the demand controller to be 'all over' the difference between incoming sales orders and the progression to meet the monthly forecast/ demand plan. They play a pivotal liaison role in identifying and managing potential abnormal demand, and liaising with Order Entry and Order Promising, Supply Chain, Production, Distribution and so on, to fully understand the impact and what can be done about getting back on track.

Supply

As with the demand manager the supply planning role may also be performed by one person or a number of people, depending on the size of the company. Unlike the demand manager role, however, there is a plethora of different job titles and descriptions, so for the purposes of this document, we will use the title 'supply chain planning manager' to describe the most senior role.

In smaller companies the Supply Chain Planning Manager is directly involved in both supply planning and supply scheduling. In larger companies however, there might be a number of other roles, such as a category supply planner, and even a factory, supply or distribution scheduler. The scheduler and supply planner are the ones who are most engaged in the Integrated Tactical Planning process. Their primary responsibility is to cost-effectively meet the changes in demand, and since this is inside the planning time-fence commitment zone, they will zealously guard the stability of the plan – unless the benefit of the change can be demonstrated to outweigh the cost.

Customer service/order entry

Often overlooked for its insight into customer buying habits and demand levers, customer service can play an extraordinary role in maintaining stability of supply plans inside the planning time fence. Again, in smaller organisations, customer service, and order entry and order promising, are likely to be a single role; in larger organisations it could be several individuals with specialist category or channel responsibility. It is, however, the order entry and promising role that is most relevant to integrated tactical planning: promising to the forecast and communicating wherever this is not the case.

Product

This role is more straightforward in most organisations, and is typically at the heart of the product development project management function. It involves coordinating changes to the plan, especially where it intersects with demand and supply requirements and capabilities. The product planning manager is therefore the champion of identifying and managing any changes to the product portfolio plans.

Decision making

The working hypothesis is 'silence is approval'. This means that as plans are signed off through the monthly integrated business planning cycle, the executive and other senior managers, can safely assume that plans are on track. This includes assuming the weekly plans out to the planning time-fence are also on track or being appropriately managed.

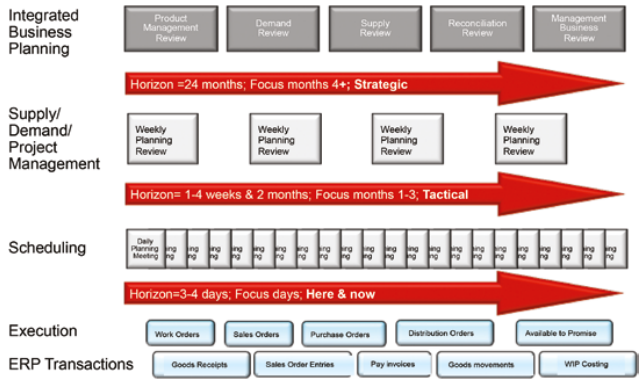

Figure 5.

The cascade of plans is depicted in Figure 5. The important characteristic of this hierarchy is that it relies on key roles at each level understanding their responsibility, and knowing when an issue should be escalated. This saves many people-hours and truly empowers individuals to make the right decisions, at the right time, throughout the organisation.

So, as each day, week and month passes, the model allows for proactive gear changes to shifting circumstances, rather than costly uncontrolled reactivity or fire-fighting. Often during Oliver Wight coaching and change management programs it becomes apparent the client organisation is erroneously treating all its customers, and SKU, the same.

It is vital that once the value proposition or unique selling benefit has been agreed, the decision making and escalation criteria are defined based on a customer versus SKU Pareto. While this really forces people to think hard about the trade-offs, once done, it also gives them direction on how to make decisions as plans change, which all functions in the business have agreed with in advance. Figure 6. is an example of how this might be set out. It is recommended that two tables be created: the first table is a 'business as usual' condition, and the second is anticipating or modelling what we want to do as a company if a supply constraint occurs.

The integrated tactical planning sequence

Weekly review meeting

Integrated tactical planning operates continuously through the established quorum - every hour, every day. It is important to conduct a weekly review of the regenerated plans, to formally agree that the re-cast plans resulting from changes, which have occurred during the week, are valid and doable. Whilst all business environments are different, the generic flow for

this weekly meeting might look like this:

01. Key issues to be resolved at this week's meeting.
02. How did we do last week?
    (a) Demand variance to forecast.
    (b) Portfolio changes to plan.
    (c) Supply schedule attainment.
    (d) Supply delivery.
    (e) How close to the monthly signed off plans?
    (f) Data integrity misses.
03. How are plans going this week?
04. Significant demand variance implications on next week and out to the planning time-fence.
05. Significant impacts on the supply plan next week and out to the planning time-fence.
06. Agreement on the daily supply schedule for the next two weeks.
07. Agreement on the rough-cut capacity plans out to the planning time-fence.
08. Progress with significant initiatives – value engineering, new product launches etc.
09. Agree that core plans are doable based on the knowledge we have to date.
10. Hedging and flexibility plans.
11. Minutes.
12. Critique.

To facilitate the review meeting, it is important to formally map each step and activity in the preparation cycle, as shown in Figure 7.

The SIPOC

The next step is to define the SIPOC (supplier of input to a process with outputs going to a customer), for what happens every day, and whose responsibility it is, in order to continue the weekly cycle. Figure 8 outlines an example of a simple daily routine.

Daily review meeting

The final step is to define the daily meetings, which are usually site- or facility-based. Their purpose is to maintain the ability to supply to the agreed weekly supply plan. A daily meeting closes the loop and ensures that all levels of the process are continually synchronised. An example of a daily meeting agenda is:

01. How did we do yesterday?
02. What is on for today?
03. Any issues with doing the plan for tomorrow?
04. Will we meet the weekly plan as agreed at last week's integrated tactical planning meeting?
05. What is to be escalated, and to whom?

This meeting should be no more than 15 minutes and may contain other items, such as safety performance. The important part is that it is about plans and performance, not just performance, as occurs in most organisations.

Figure 6.	'A' SKU	'B' SKU	'C' SKU
'A' Customers	We will maintain ... 98% DIFOT	We will ... ??	We will ... ??
'B' Customers	We will ... ??	We will ... ??	We will ... ??
'C' Customers	We will ... ??	We will ... ??	We will ... ??

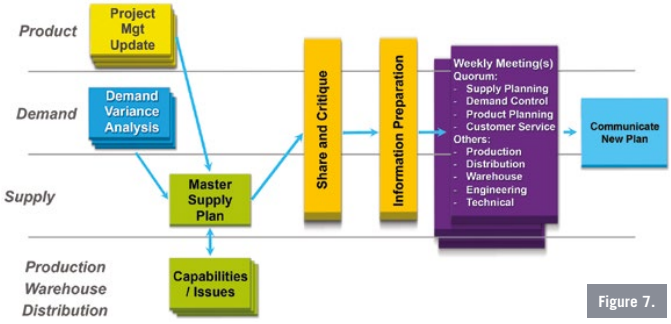

Figure 7.

Conclusions

If your integrated business planning process is not delivering all you think it should, then it may be lacking integrity in terms of what is being done week-to-week, day-to-day. Integrated tactical planning formalises the weekly and daily execution processes and aligns them with goals signed off in the monthly integrated business planning cycle. Thus, key operational metrics see a step change in improvement, and time is released for people to spend on longer-term activities, so both long-term and short-term business goals can be achieved.

Part 1. of Rod Hozack's article appeared in the July-August issue of MHD magazine. If you wish to read that online visit mhdsupplychainsolutions.realviewdigital.com.

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Figure 8.	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7
Input							
People							
Process Activities	Exception Reports Past-due Reports	Weekly Demand Review Weekly Supply Review	Change Request	Weekly Demand/Supply Review	MPS Planning Dependent Planning	Weekly MPS	Communication to Suppliers and Customers
System files / Data locations							
Measures							
Outputs							
Timing	Monday	Monday	Tuesday	Wednesday	Thursday	Thursday	Friday
Daily	Demand-Supply Exception Management		Demand-Supply Exception Management	Demand-Supply Exception Management	Demand-Supply Exception Management		Demand-Supply Exception Management