

# Building a solid foundation for S&OP

3 critical building blocks to set you up for success



# The changing face of S&OP



## INTRODUCTION

# What worked in the past may not be the best path forward.

Sales and operations planning (S&OP) has long been the backbone of many businesses, helping drive success and stability through regularly scheduled decision-making activities. It's been a procedural staple in supply chain planning for more than three decades. But these are tumultuous times, and what worked in the past may not be the best path forward.

Gone are the days when sequential, isolated planning and monthly meetings based solely on satisfying revenue and margin goals, provided a solid recipe for success. End-to-end initiatives now span beyond the confines of a single company's supply chain, encompassing its extended supplier and customer value networks as well. The visibility to look beyond your own four walls is no longer a nice-to-have. It's a necessity to your supply chain's very survival.

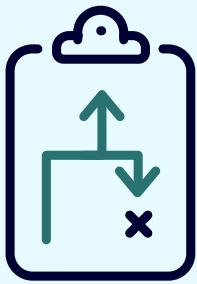
Digitization, sparked by the rise of the Internet of Things (IoT), the expanding number of connected devices, and big data, is driving a shift in consumerism. Your company needs to keep pace, or risk falling behind forever.

The reality of running a profitable global business now requires speed and agility in both strategic and execution planning. It's time to move beyond the siloed S&OP practices of the past and build a solid foundation that will easily carry you toward the future.



# Three foundational capabilities

Setting your business up for S&OP success means building the right foundation. This eBook outlines three foundational capabilities you need to power successful S&OP and achieve faster, more confident decision-making.



What-if scenarios

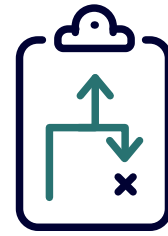


Collaboration



Record keeping

# What-if scenarios






Scenario simulation is nothing new. It's long been heralded as a sign of a mature S&OP process, but it should be a foundational building block for any modern supply chain. It lets you ask the "what-if?" question. But traditional simulations take time and often happen in silos, ultimately slowing down the time it takes to analyze data, model options, make a final decision and then get the necessary buy-in from other functional business areas.

What-if scenario simulation helps with making trade-off decisions between conflicting KPIs, divisions or business partners to find a situation that provides the best overall win for the company. But to get there, scenarios must be simple and quick to run, combine data from multiple sources, allow for simple side-by-side comparisons of options and support collaboration across the enterprise and extended supply chain. If it's not fast and easy, it won't happen.

When anyone has the ability to run a simulation using any data at any time – and then share the results with others in the supply chain – it means a more effective way to connect data, process and people within a single system. It creates the ability to ask the right questions of the data and provides a record of the answer and the decisions that led up to it.

## What-if scenario simulations help answer questions like:

-  What if sales of the new product are slower than we expect?
-  What if we run a promotion to clear out inventory of the older model?
-  What if a supplier unexpectedly shuts down – either temporarily or permanently?

# Collaboration



Organizations are now looking to involve as many people as possible in the decision-making process to put everyone's skills and expertise to best use. Gone are the days when planning for a single function happened in isolation. Collaboratively making decisions allows faster, more efficient understanding of the end-to-end impacts of potential choices.

It's very rare that you will run a simulation, decide it's the best course of action, and then commit to the change all on your own. Or if this does occur, you'll likely be dealing with some very angry colleagues.

The reality is you'll need to share your scenarios with those in other functional business areas to work out a compromise. You can't rob Peter to pay Paul without at least letting Paul know he's about to be shorted.

Collaborative decision-making is ushering in an era where informed trade-offs are being made. Instead of working toward individual objectives, the focus is on the same set of corporate-wide metrics.

It's less about what's easiest and best for your functional area, and more about what's the right decision for the entire company.



# Record keeping



There's still one fundamental problem plaguing companies that already have what-if scenario simulation and collaboration in place. It's that in many cases, data manipulation, what-if scenario creation, and collaborative discussions are taking place across multiple systems. In addition to the time it takes to circulate all the relevant information to decision makers, it's likely you're capturing only the end results, not the debate and trade-offs leading up to them. All those important details about trade-offs and compromises are lost, and that history can never be reclaimed. As George Santayana famously said, "Those who cannot remember the past are condemned to repeat it."

To learn and grow from past mistakes, we must understand why we made a particular decision in the first place. We need versioning capabilities. Looking at the past helps provide a clearer path for the future. That means capturing the context of decisions, as well as the outcome, to provide a better picture of cause and effect.

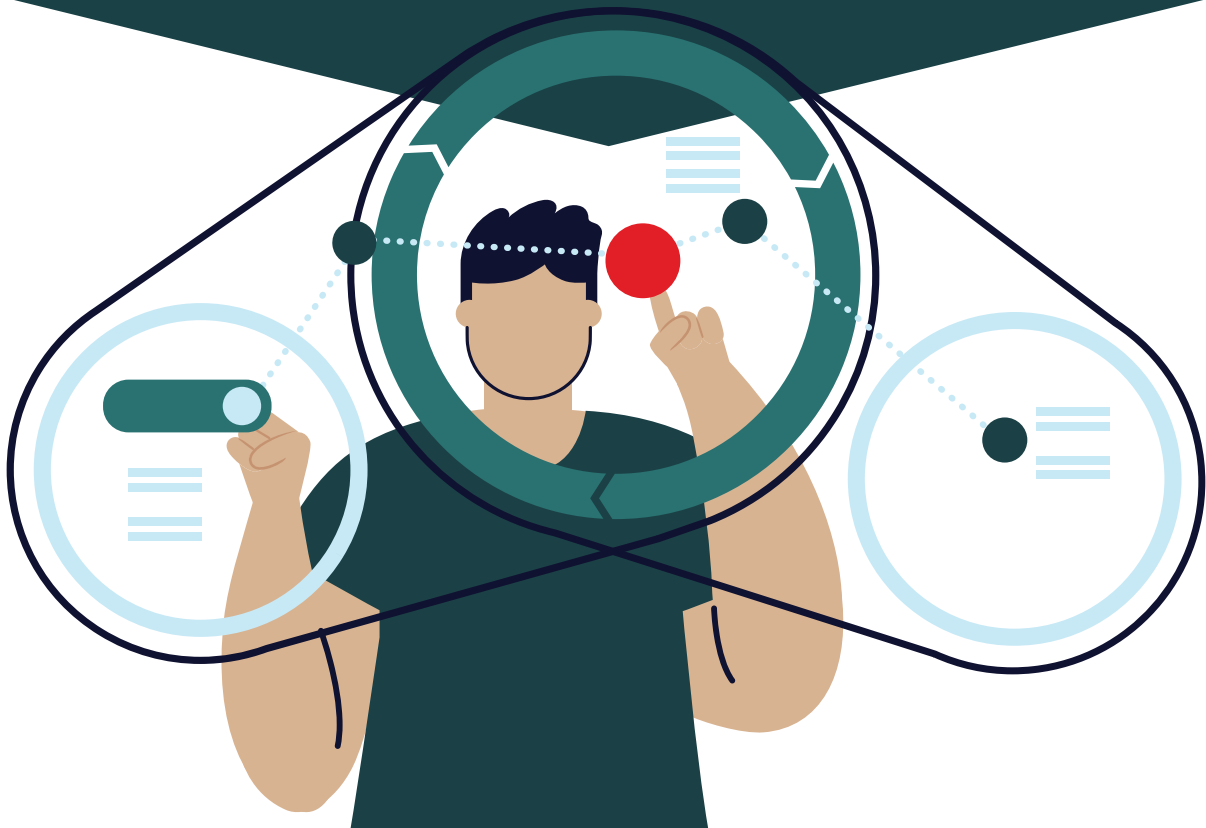
Ideally, this historical record keeping and versioning is happening within a single system of record, the same system where you created the scenarios and fostered the collaboration. Why? Because this allows you to quickly and easily retrieve past scenarios similar to your current reality.

You'll be able to step into the past and see what bias may have been in place. You can then compare the past state of your supply chain to where it stands today and look into the future to see where it's going.



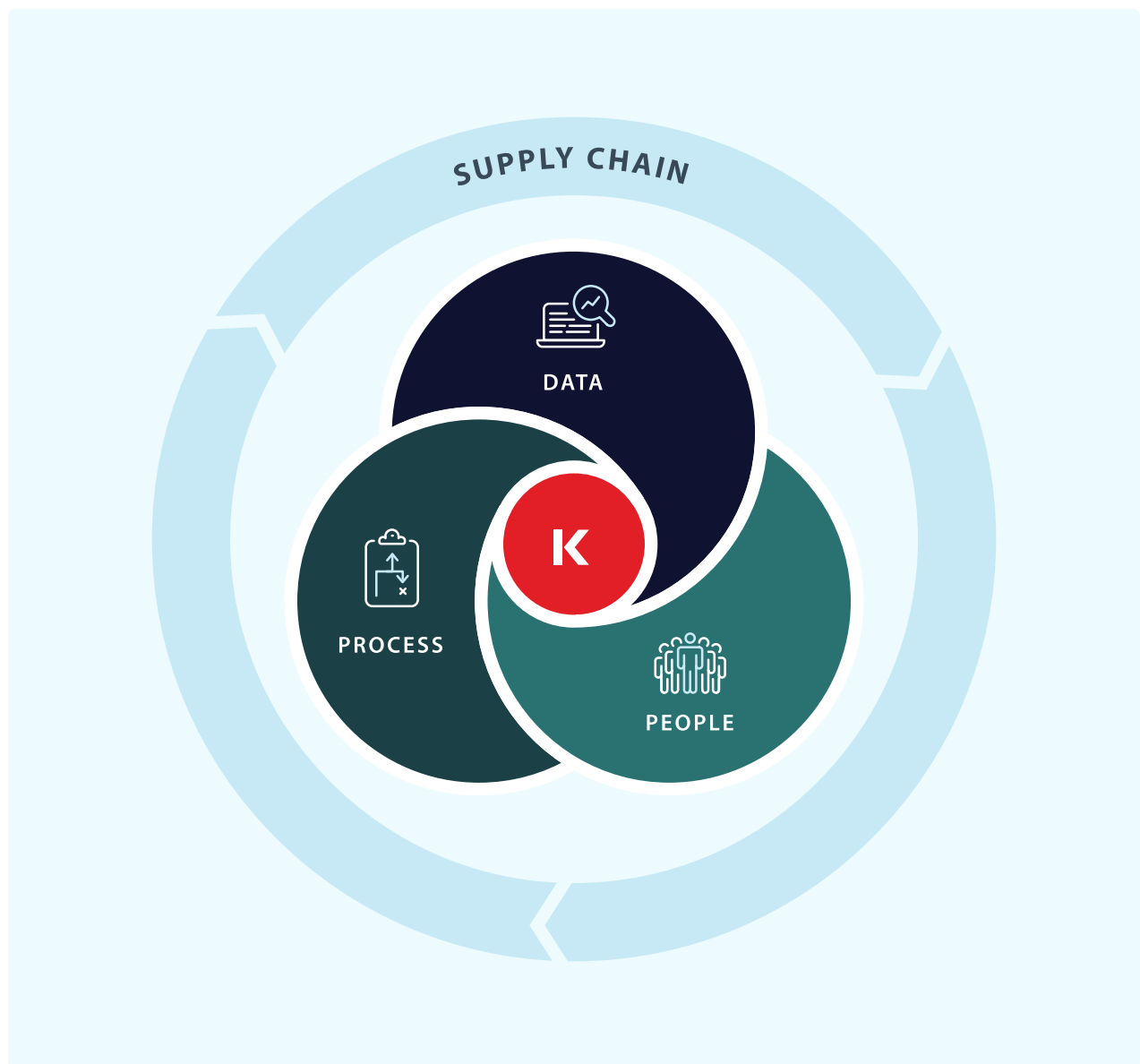
# Say hello to the world of **concurrent planning.**

These foundational capabilities – what-if scenario simulations, collaboration and record keeping – are driving successful S&OP for companies like Coty, Schneider Electric and Ford. Combined, they provide the backbone for a game-changing concept known as concurrent planning.



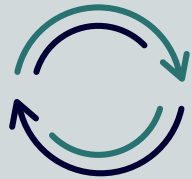


Concurrent planning is the process of making and managing synchronized plans across time horizons, business processes, and organizational boundaries at the same time. It bridges functional silos and connects all nodes in the supply chain, enabling cross-functional coordination and faster, more effective decision-making. It allows you and your peers to perform seamless scenario planning across multiple time horizons, providing improved performance and profitability.



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**With concurrent planning, you'll be able to achieve the following,  
all from within a single system:**



Instantly synchronize demand,  
supply, product, capacity and  
inventory management



Rapidly evaluate and compare  
alternative scenarios and impacts  
across multiple functions



Actively monitor  
current and projected  
business results



Quickly collaborate cross-  
functionally for faster trade-off  
decision-making



Easily see a detailed view of  
past states of your supply chain,  
including context and historical  
record keeping for future events



Continuously orchestrate your business  
activities and coordinate course  
corrections that optimize overall  
corporate performance and profitability

Concurrent planning helps solve the planning horizon challenges many organizations now face – namely, bridging activities for short-term planning (low impact, high frequency) with long-term planning (high impact, low frequency), and accounting for high impact, high frequency events. The cadence and scale of these planning activities makes it difficult to synchronize them across multiple horizons.

In most organizations today, short-term planning is a result of distributed and siloed decision-making. Long-term planning decision-making is usually centralized and hierarchical. Concurrent planning allows for a seamless approach to short- and long-term planning with a networked and democratized approach.

Concurrent planning allows you to overcome supply chain challenges by radically shrinking planning cycles and response times, while improving the accuracy of analysis and the profitability of actions.

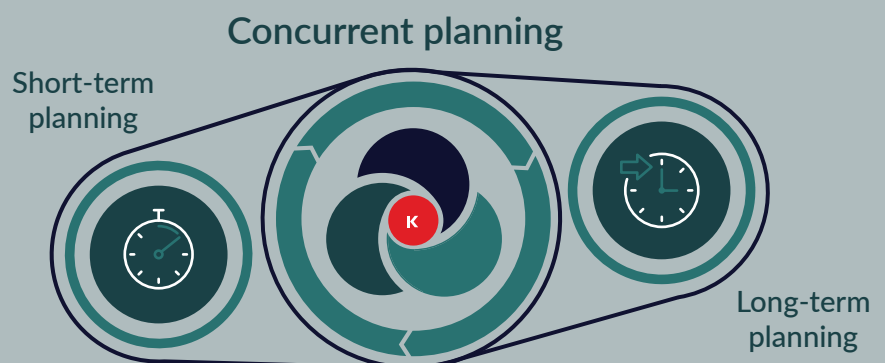
To be successful, S&OP needs to focus on collaborative decision-making and perpetual planning. Concurrent planning shifts business processes and supporting organizational structures. Frequency no longer becomes a limiting factor, and the resulting faster scenario analysis and simulation enables efficiency and cost savings.



**Technology giant Cisco is proof positive of the results of concurrent planning. In one use case, backlog was reduced by an estimated US\$500-800 million per year and expedited sales orders were lowered by more than 10%, resulting in cost avoidance of more than \$10 million annually.**



**Leading biotechnology company Amgen has also experienced supply chain success thanks to concurrent planning. The company has transformed its planning capability, increasing collaboration across business functions and ultimately driving greater profitability and growth.**



# Say goodbye to scheduled decision-making

Transitioning to this new way of looking at S&OP requires more than just combining foundational capabilities. It requires a big, bold move – saying goodbye to scheduled decision-making.



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For many, that may seem like an impossible step. How can you let go of the security of regular meetings planned weeks in advance? Or the safety of knowing those big decisions only come around once a month? Given the complexity of business and packed calendars, it seems to make sense to schedule these executive S&OP meetings so far ahead.

But the reality is, supply and demand waits for no one – not even your executive team.

Linear planning models are often the result of siloed business functions, disparate data and technology limitations. Traditional S&OP planning typically has monthly cycles, or at least that's the goal. It's not uncommon to hear teams say things like, "My monthly S&OP cycle takes six weeks to execute," or "the process to gather the data is time-consuming, and by the time we present our S&OP to our leadership, the world has moved on and our plans are no longer valid."

Current S&OP processes are often sequential and rigid, creating inefficient functional silos of demand, supply, and production planners. In turn, this breeds an inability to make rapid adjustments like short-term promotions, price changes, or deal with unexpected interruptions outside of regularly scheduled planning cycles.

These disconnected approaches also fail to allow for cross-functional collaboration, a vital component to effectively managing unanticipated supply chain risk, or last-minute changes. The time it takes to analyze, model, and make informed decisions increases exponentially with every silo that needs to be part of the decision-making process or be informed of the resulting action's impacts.

Another issue is how long it takes to capture data from extended supply chain partners, and customers. If your data is housed in multiple systems with little to no integration, it's likely going to take a lot longer to get the most up-to-date information to support analytics, and decision-making. Real-time data integration using a single system of record is key.

It's a case of plan, then execute. Plan demand, then plan supply, then plan capacity, then plan inventory, and so on. If an unexpected event interrupts one of those steps, it's back to the beginning to start over again with a new plan – and that's assuming you even notice the problem before execution, which unfortunately isn't always the case.

# Next steps to a brighter S&OP future

Decisions you make now could have long-term implications. What you do in the supply chain affects more than just on-time delivery. It affects relationships – with colleagues, suppliers and customers. It affects brand integrity. It affects profitability. It affects the entire planet.



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The rapidly increasing pace of business demands changes to current S&OP practices, and advanced technology is making it possible through concurrent planning. It's time to step away from siloed, scheduled decision-making, and move toward collaboration and parallel planning.

You need to shift the S&OP paradigm to embrace the future. That means developing the ability to plan, monitor, and respond to supply chain changes simultaneously and within a single supply chain management solution. It means bridging functional silos and connecting all nodes of the value chain with end-to-end visibility.

Developing capabilities today that will support your supply chain planning processes tomorrow is critical to your future S&OP success.



# S&OP done differently.

The way Kinaxis® does S&OP is different – really different. But don't be scared. Since it's way less complicated and time-consuming, and actually based in reality thanks to the power of concurrent planning and continuous reconciliation, after just one cycle you'll be wondering how you ever ran S&OP the old-fashioned way.





# Here's how we do control towers differently... and how you stand to benefit

## 1. Do a reality check

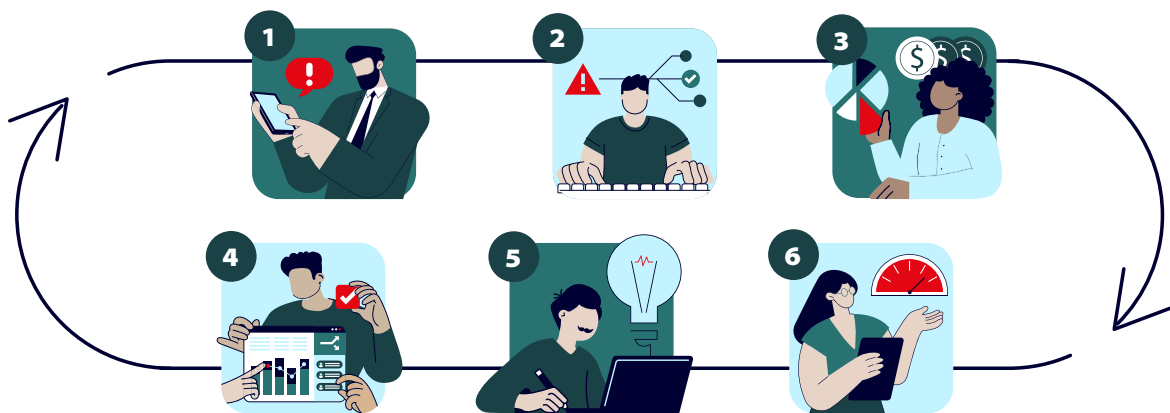
Check annual and current integrated sales and operations plans to see if life's thrown any curveballs your company's way.

## 2. Adjust plans to reflect real life

Close the gap by making any needed changes to your plans – demand, supply, inventory, capacity.

## 3. Watch the magic of concurrent planning happen

Blink and you'll miss it! Your entire supply chain automatically rebalances in seconds, alerting you to any exceptions that need your attention.



## 4. Sit back, relax and wait for life's next curveball

Rest easy knowing no matter how fast or frequent things change across your supply chain, you've got the agility to respond quickly and confidently.

## 5. Get the head honchos' approval

Secure signoff, push the chosen scenario live with a single click and head down the path to execution glory with short- and long-term plans that are completely aligned.

## 6. Weigh your options with unlimited scenarios

Spin up any number of scenarios in real-time to evaluate trade-offs and options, comparing them all to each other, the current plan and critical KPIs.

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Why wait weeks or even months to complete a single S&OP cycle? With Kinaxis, you don't have to. Our S&OP application eliminates data silos for fast, easy collaboration across functions. Synchronize demand and supply planning, inventory management, capacity planning, finance, sales and marketing to get

quick, clear insights into each team's changes and their impacts. No more wasting time reconciling spreadsheets or aligning email chains. Instead, teams work in parallel to set financial targets, measure progress and optimize outcomes. The final product is better results for the entire business.

### **With Kinaxis, you'll be able to:**



#### **Increase efficiency**

Improve accuracy while shortening the S&OP cycle with fast, collaborative plan development.



#### **Take control**

Increase consensus and reduce surprises with contributions from and vetting by cross-functional stakeholders.



#### **Improve business outcomes**

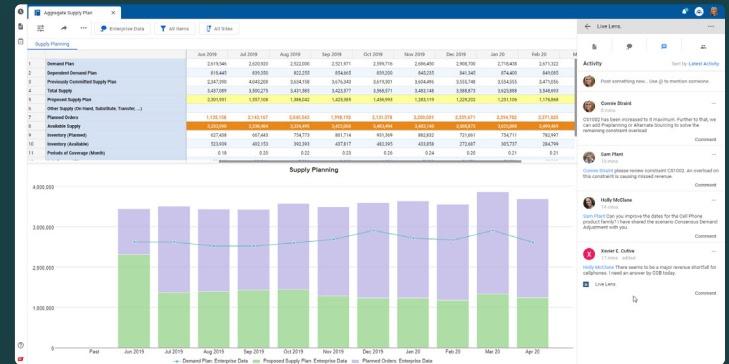
Reduce risk and maximize business opportunities with superior ability to set financial targets and acceptable levels of variability.



#### **Align with financial goals**

Easily scale and align your S&OP processes as your company's objectives change without sacrificing efficiency or precision.

With our cloud-based Kinaxis Maestro™, you'll be able to develop plans faster and more reliably, drastically reducing the S&OP cycle while producing more accurate results. Easy collaboration and scenario simulation means increased consensus and fewer surprises.



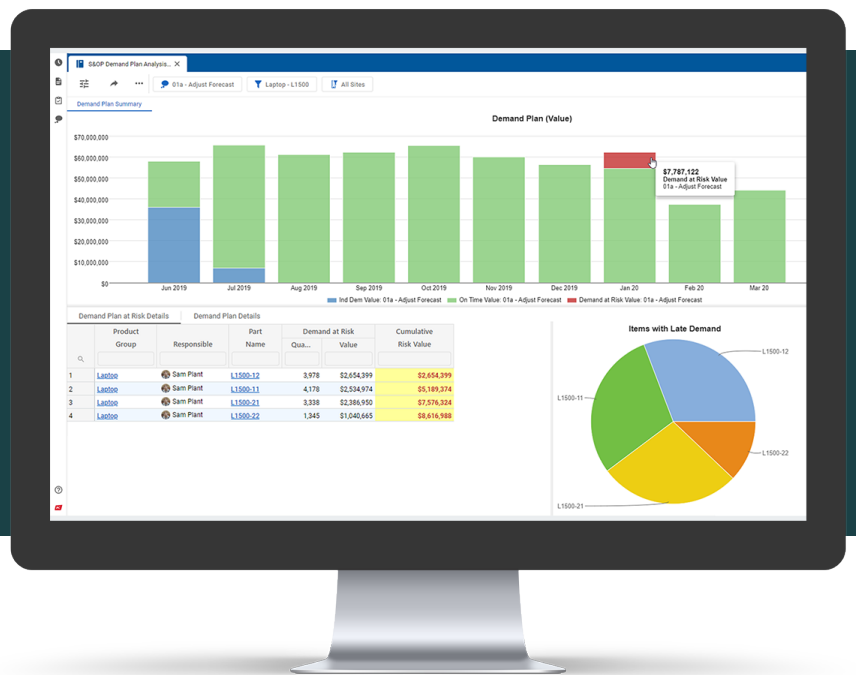
***“The speed in which scenarios can be created and analyzed has gone from 24-48 hours to 10-30 minutes in our S&OP process. Planners use scenarios to hone in on a solution that may involve changing and recalculating the scenario multiple times – that would take 24 hours for each cycle in our SAP planning tools.”***

OPERATIONS MANAGER,  
S&P 500 ELECTRONICS COMPANY

*“Maestro has improved the confidence of company leaders that our S&OP process is dependable and that we can quickly provide reliable data for decision-making purposes.”*

OPERATIONS MANAGER,  
MEDIUM ENTERPRISE ELECTRONICS COMPANY

Support collaborative planning and decision-making with user-friendly, comprehensive visualization tools designed to help you understand what the data's telling you in seconds.



## CONCLUSION

With Kinaxis, your entire S&OP cycle can be completed in just a couple of hours. But hey, if you love sitting in extra-long S&OP meetings and spending six frustrating weeks just to get the wrong answer, that's your call. You do you.

With the fastest end-to-end go-live process on the market, Kinaxis Maestro can quickly and effectively provide a solution tailored to meet the specific needs of your business, no matter how complex your supply chain.

[Learn more](#)

## About Kinaxis Inc.

Everyday volatility and uncertainty demand quick action. Kinaxis delivers the agility to make fast, confident decisions across integrated business planning and the digital supply chain. People can plan better, live better and change the world. Trusted by innovative brands, we combine human intelligence with AI and concurrent planning to help companies plan for any future, monitor risks and opportunities and respond at the pace of change. Powered by an extensible, cloud-based platform, Kinaxis delivers industry-proven applications so everyone can know sooner, act faster and remove waste.

Don't believe us? Ask us to prove it.

Learn more at [Kinaxis.com](https://www.kinaxis.com).

## Here's more to discover on this topic:

- › **Navigating volatility:** Connecting finance to the supply chain through S&OP
- › Thinking differently about supply chain planning
- › **IBM:** Innovating the S&OP process and beyond

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