



Case Study

Sales & Operations Planning
Development of an effective integrated supply chain

Development of an effective integrated supply chain through Sales & Operations Planning (S&OP)

Sales & Operations Planning (S&OP) is a continuous supply chain management process which balances supply with demand in accordance with a business strategy.

It requires strong cross-functional teamwork in both demand and supply planning in order to optimise the whole instead of the parts.

The objective of S&OP is to enable executive decision-makers to reach consensus on a single operating plan that allocates critical resources to reach corporate performance targets.



'We had many pockets of excellence within the chain, but nowhere were our systems completely pulled together. With increased demand, the supply chain began to falter and managers found themselves stopping to solve the same problems over and over again.'

James Neville
Managing Director
Volac International

The Client

Volac International is a manufacturer of nutrition products to the agricultural markets; meeting the changing needs of the livestock farmer. It is Europe's market leader in the specialist areas of animal nutrition, feeding systems, and feed ingredients.

Volac has an annual turnover of approximately £60m. They are a privately owned business, with a Head Office in Hertfordshire and manufacturing sites in the UK, Holland and Malaysia.

The Challenge

Supply chain performance had deteriorated following a period of sustained growth and business complexity, with significant levels of 'firefighting' required to maintain acceptable delivery performance. Volac recognized the need to simplify and reduce the cost of their supply chain.

The challenge for The Consultancy Company was to establish a single integrated supply chain process that would resolve supply and demand issues effectively at strategic level, without the need for constant micro-management by senior managers.

Our Approach

We approached these issues in a holistic way, recognizing the uniqueness of the Volac business while offering them our extensive knowledge on effective supply chains, planning processes and current best practice.

The primary objective was to develop a supply chain infrastructure to underpin the 'deliver' dimension of the Volac strategy map. In other words to implement a simplified operations management process that integrated sales and operations to ensure that things were done 'right first time'.



'A critical factor in the success of S&OP is a monthly executive meeting; these meetings should be strategic events where performance is reviewed at an aggregate level and linked into business plans.'

Fraser Geekie
Director, Industry & Supply
The Consultancy Company

The Solution

Following an intensive diagnostic study, a Supply Chain Improvement Plan was initiated covering the following:

- **Re-aligned Organisation Structure**
A revised supply chain organisation was implemented with more clearly defined roles for planning, procurement, production management and customer service. A key appointment was that of Master Scheduler, based at the corporate headquarters, to co-ordinate S&OP activity. Appropriate KPIs were developed for each job role, based on a defined area of responsibility and aligned to overall supply chain and business goals.
- **Executive Sales & Operations Planning**
A monthly executive S&OP process was introduced to take a forward look at demand, production capability and financial performance. This was the culmination of a revised, fully integrated monthly planning cycle involving all sales and production planning personnel.
- **Effective Implementation**
The S&OP process was owned and implemented by Volac and has been very successful, improving customer service and reducing costs significantly.
 - The focus of the monthly executive meeting has changed from an intense review of the previous periods' performance to a proactive, forward looking process designed to resolve identified issues.
 - The Master Scheduling function works effectively with all areas of the business to co-ordinate planning and implementation of production and sales plans.

'The Consultancy Company's work with us has had a transformational effect on the business'.

James Neville, *Managing Director, Volac International*

Resulting Benefits

- Significant overall supply chain savings.
- A joined-up supply chain process: increased simplicity, decreased errors.
- Enhanced customer service due to 20% increase in stock availability, and generally improved supply efficiency.
- 50% reduction in credit notes issued.
- A well understood link between sales forecasting and raw material buying.
- Reduced overheads and variable costs.
- A succinct, meaningful suite of management metrics now available to Senior Managers.
- Optimised factory efficiency through improved planning.
- 15% increase in profit from sales of by-product.

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