

SUPPLY CHAIN PLANNING AND EXECUTION

Building Resiliency into the Supply Chain

KEY REMINDERS

- ▶ Riveron webcasts – past and upcoming – www.riveron.com
- ▶ 4 polling questions must be answered to obtain CPE
- ▶ If you have questions, feel free to ask in Q&A option in Zoom
- ▶ On demand video is not eligible for CPE
- ▶ You will receive a follow up email including:
 - ▶ CPE certificate & webinar evaluation form
 - ▶ Access to this webinar recording and deck
 - ▶ The ability to join our Webinars Opt in list to receive future invites
 - ▶ Presenter contact info

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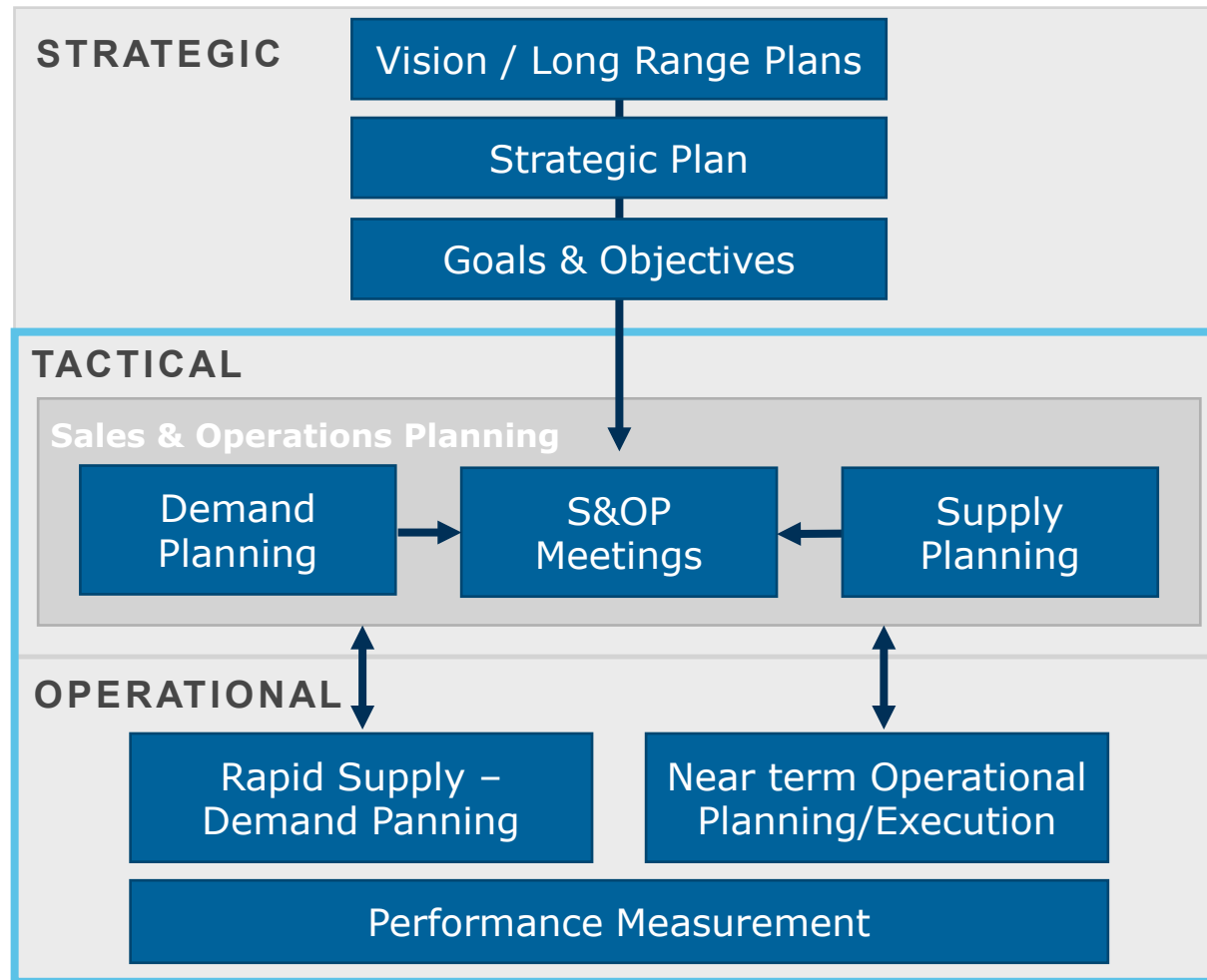
SALES AND OPERATIONS EXECUTION

POLLING QUESTION #1

WHICH BEST DESCRIBES HOW YOUR
ORGANIZATION THINKS ABOUT
SALES AND OPERATIONS
EXECUTION?

- A Understanding impact of **supplier performance**
- B Visibility and expediting around **logistics bottlenecks**
- C Real-time integration to changes in **customer demand** patterns
- D Monitoring **adherence to plan** for internal operations
- E Executing on **market growth** initiatives

FRAMING TODAY'S DISCUSSION



POST-PANDEMIC ECONOMIC RECOVERY IS SHIFTING TO THEMES OF HIGHER UNCERTAINTY AND DISRUPTION



How China's lockdowns are taking a toll on global companies



The baby formula supply problem is getting worse



ESG investing has a sustainability blind spot: supply chains



Global electronic component shortages continue



Ukraine war to cause biggest price shock in 50 years – world bank



America's labor shortage is bigger than the pandemic



Target warns of weaker profit as it faces overstuffed stores, inflation-weary shoppers



Labor negotiations scheduled as west coast port congestion increases...

MACROECONOMIC UPDATE Q2 2022

- ▶ Most economic indicators remain positive, but predict slower expansion due to increasing headwinds
- ▶ Personal consumption expenditures in the US increased 0.9% in April despite increasing inflationary pressure ^(a)
- ▶ Bond markets are driving recessionary fears, although debate remains about geo-political vs economic drivers
- ▶ Reported earnings for the S&P 500 continue to beat consensus estimates in most sectors, but are being revised downward ^(b)

(a) US Bureau of Economic Analysis
(b) <http://insight.factset.com>

“... everybody’s pessimistic... but when I ask them how their business is doing, the picture is wonderful.”

Standard Chartered Chairman José Viñals, 2022 Davos Economic Forum

Yield Curves are Signaling Caution

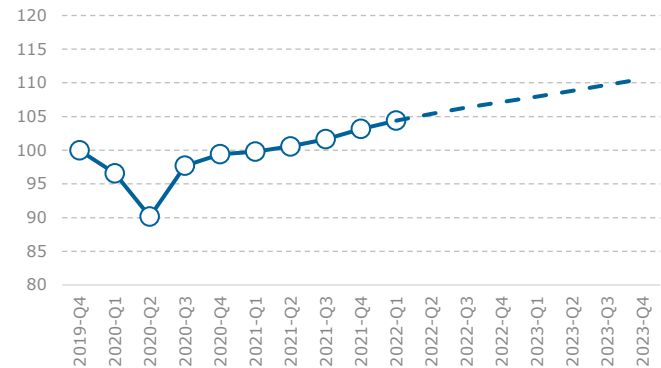
10-Year Minus 2-Year Treasury Yields (Constant Maturity)

Percentage



Global GDP Forecasts Remain Positive

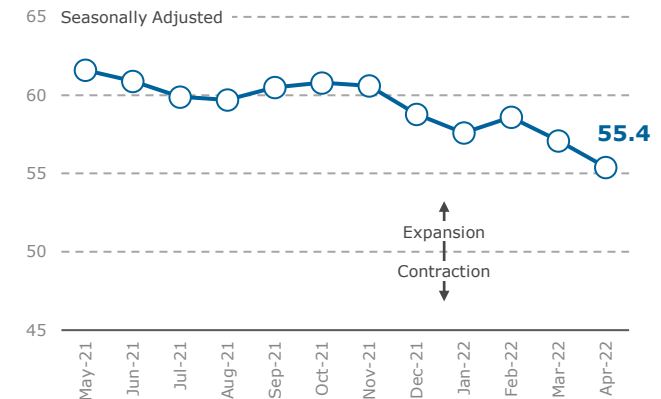
Quarterly GDP (Q4 2019 = 100)



Source: OECD Economic Outlook

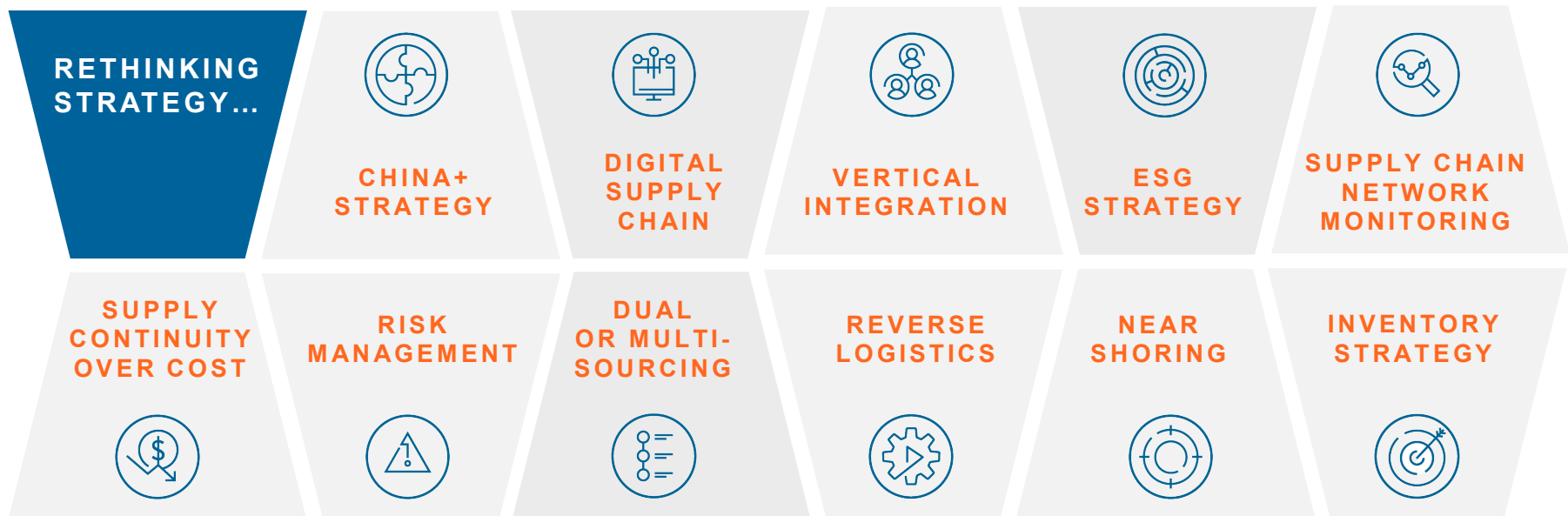
Expansion Continues at a Slower Rate

ISM Manufacturing PMI (US)



Source: Institute for Supply Management

UNCERTAINTY IS CAUSING BUSINESS LEADERS TO RETHINK PREVIOUS ASSUMPTIONS AND PUSH SUPPLY CHAIN CAPABILITIES TO ADAPT TO NEW REALITIES



POLLING QUESTION #2

**WHAT IS THE BIGGEST CHALLENGE
FACING YOUR BUSINESS TODAY?**

- A** Demand Variability
- B** Supply Bottlenecks/Disruption
- C** Inflation (Commodities /Services)
- D** Labor
- E** Other



INTEGRATED BUSINESS PLANNING

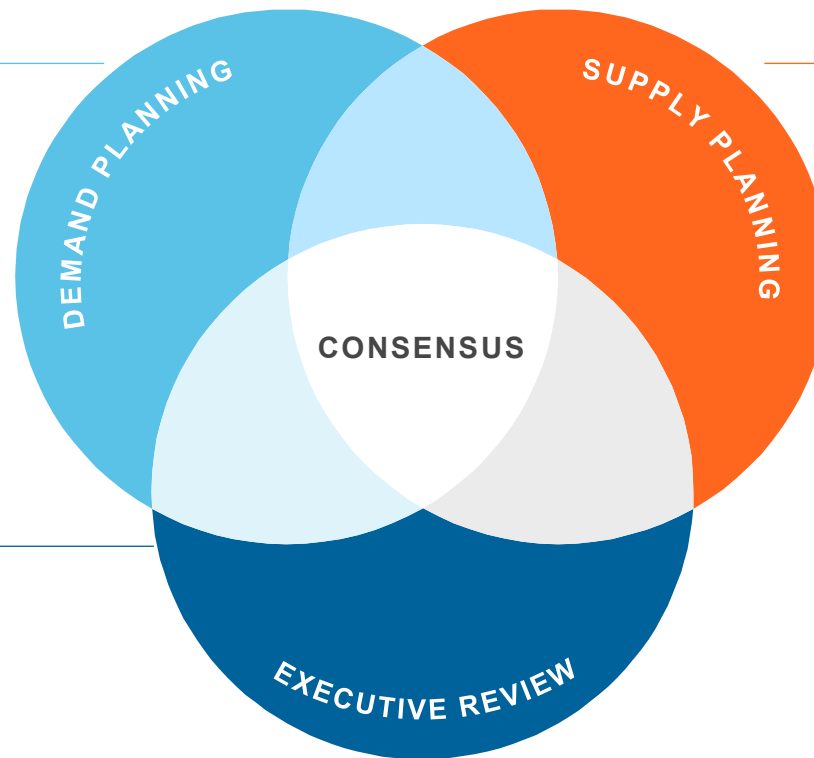
Basic components of sales & operations planning create a foundation for new capabilities and are just as important today as when the concepts were first introduced.



Unconstrained demand plan – based planning, built up from market data, statistical forecasting, and sales team inputs



Cross functional alignment and financial review with approved action plans for S&OE

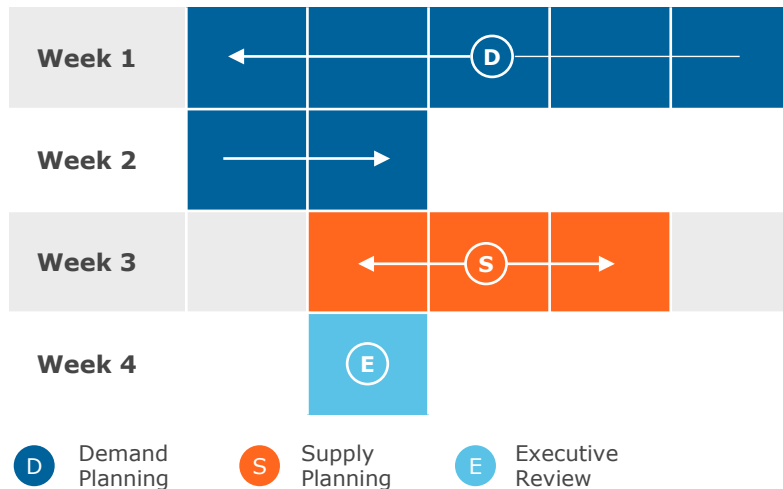


Data & Analytics driven supply planning, inclusive of logistics constraints, inventory planning, and operations

SALES AND OPERATIONS EXECUTION

Companies are discovering that the traditional S&OP process cycle is not equipped to help them identify and mitigate supply chain disruptions in real-time.

Monthly Integrated Business Planning Cycle



- ▶ Coordination across functional areas
- ▶ “One number” integrated plan
- ▶ Proactive demand and supply management
- ▶ Balanced and aligned metrics

What if the planning process could be configured to allow for...



Real-time alerts and proactive ability to sense demand trends



Anticipation of critical disruptions across multiple tiers in the supply chain



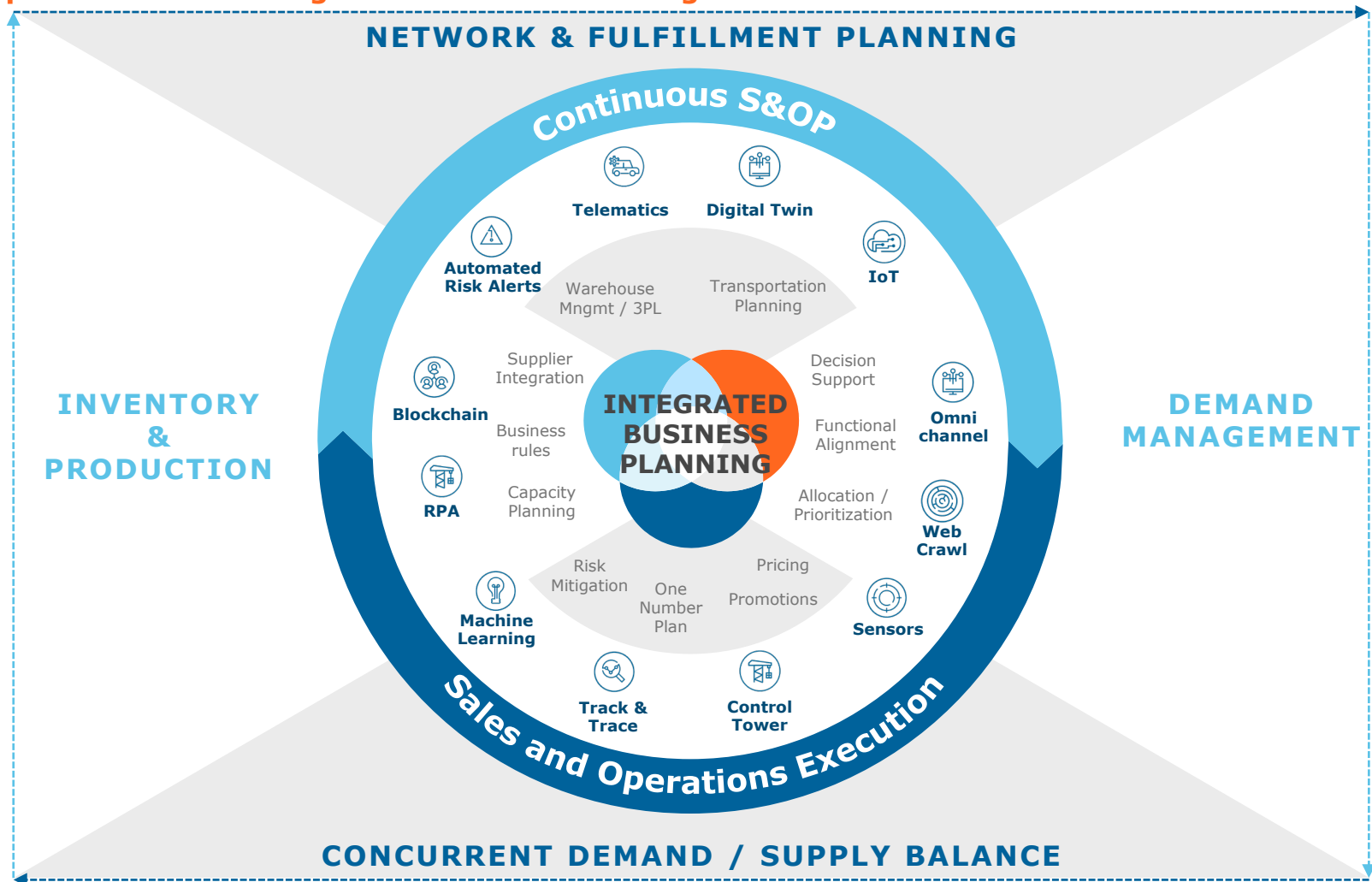
Adjustment of production or inventory targets in real-time without manual intervention



Automation of transactional work freeing teams to focus on strategic decisions

SALES AND OPERATIONS EXECUTION

Frameworks are emerging that build more efficient, informed, and reactive supply chain capabilities on to Integrated Business Planning fundamentals.



CASE STUDY: ENABLING DATA-DRIVEN DECISION MAKING FOR A FOOD MANUFACTURER

GOAL

Capture and better utilize existing data to model "what-if" scenarios to optimize the company footprint, improve operations, and achieve target EBITDA

CHALLENGE

Operating across an under-utilized production footprint, the company requested support to improve profitability.



Unprecedented change in demand, supply, transportation cost, and labor availability



Siloed demand and supply planning with non-standard performance metrics



Facing unanticipated capital constraints, and material debt obligations

FROM PROMISE TO PERFORMANCE

- 1** Modeled future state demand and capacity and constraint scenarios to determine appropriate facility consolidation
- 2** Rapidly quantified financial impact of each scenario (P&L), including cost reduction schedule and detailed profitability analysis
- 3** Provided best-practice methodology for production efficiency improvement
- 4** Developed roadmap to execute against plan and achieve target EBITDA

MAXIMIZED VALUE

OUTLINED A PLAN TO IMPROVE
RUN-RATE EBITDA BY

5% | \$15 M

IN LESS THAN 24 MONTHS



REFINED S&OP
PROCESS



IMPROVED DATA
VISIBILITY



REFINED
KPI'S

BUILDING A SALES AND OPERATIONS EXECUTION CAPABILITY

Which customers are highest priority?

Who can approve expediting costs?

How much inventory risk can we take?

How long is the window of opportunity?



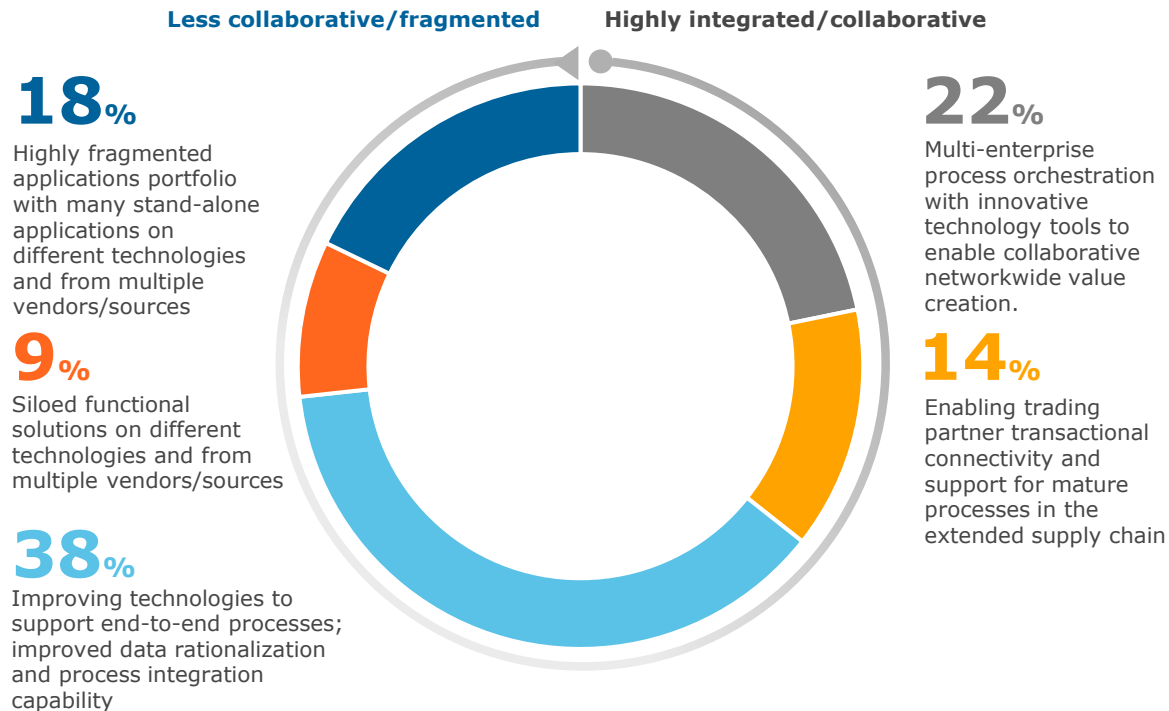
POLLING QUESTION #3

HOW WOULD YOU RANK THE
CHALLENGES YOUR ORGANIZATION
WILL FACE IN BUILDING A SALES
AND OPERATIONS EXECUTION
CAPABILITY?

- A Technology/systems/data
- B Process
- C Upskilling (people)
- D Industry structure
- E Combination of one or more

DIGITIZING YOUR SUPPLY CHAIN

Investment priorities by supply chain leaders are working to build capabilities that support Sales and Operations Execution.



n= 520 supply chain professionals

Q: Which best describes your supply chain organization's use of technology?

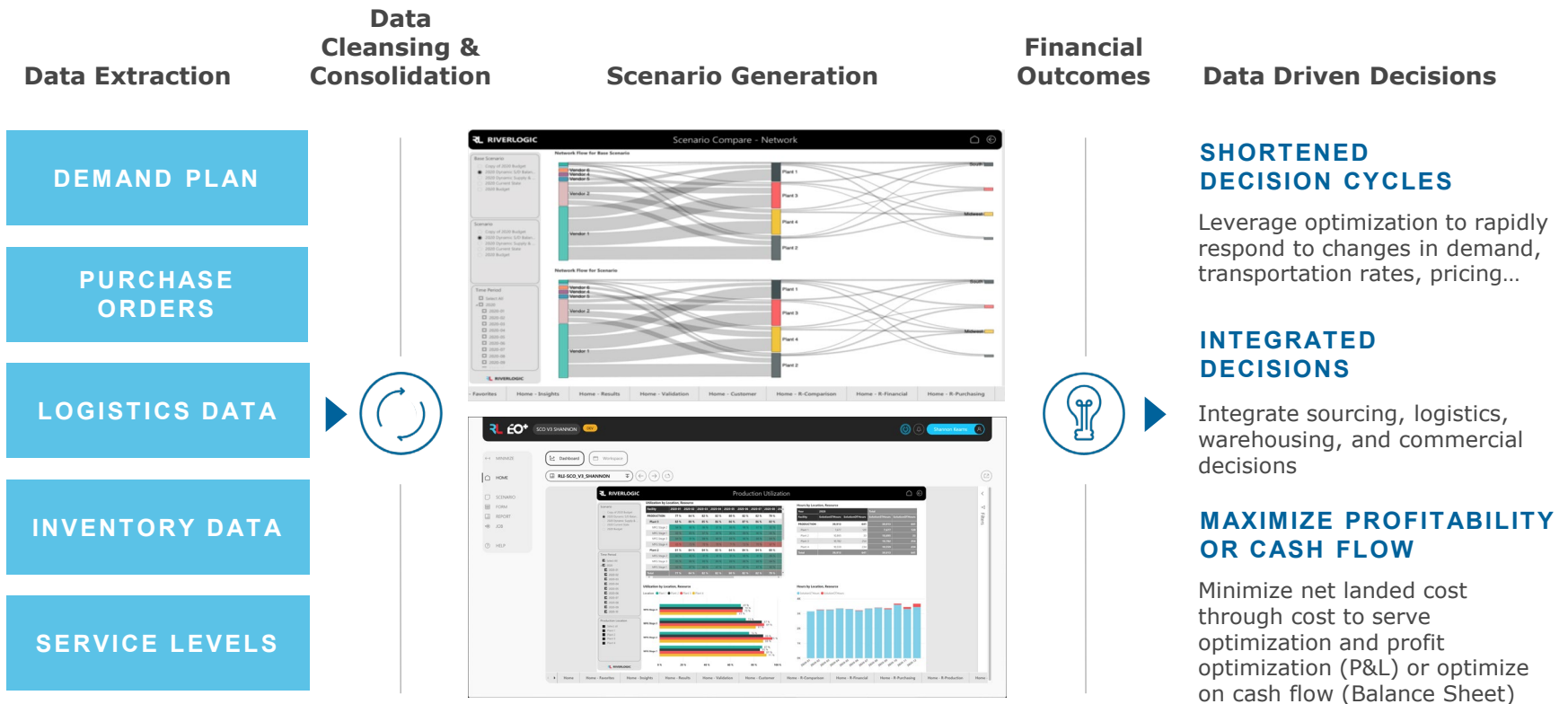
Source: Gartner Supply Chain Technology User Wants and Needs, 2020

Where are they headed?

- ▶ **Hyperautomation:** Automation of tasks that previously required human judgement or action
- ▶ **Digital Twins:** Dynamic scenario modelling as the basis for aligned decision making
- ▶ **Immersive Experience:** Virtual or augmented reality to enhance human productivity and learning
- ▶ **Edge Ecosystems:** Extended sensor networks that monitor multiple tiers in the value chain
- ▶ **Supply Chain Security:** Building visibility and integration without compromising vital data
- ▶ **ESG:** Visibility, metrics, and governance to support environmental and social goals
- ▶ **Embedded Analytics:** Interactive data, enhanced visualization, and ML embedded within SC applications
- ▶ **Augmented Data Intelligence:** Predictive analytics to support an adaptive and connected supply chain

FASTER DATA DRIVEN DECISIONS

Scenario modeling is re-emerging as a critical tool for de-risking supply chains, making faster informed, data driven decisions to preserve customer service levels and working capital



Examples of enabling tools

SAP Ariba

coupa

LLamasoft
A Coupa Company

RIVERLOGIC



alteryx

Power BI

KINAXIS

+ a b l e a u

POLLING QUESTION #4

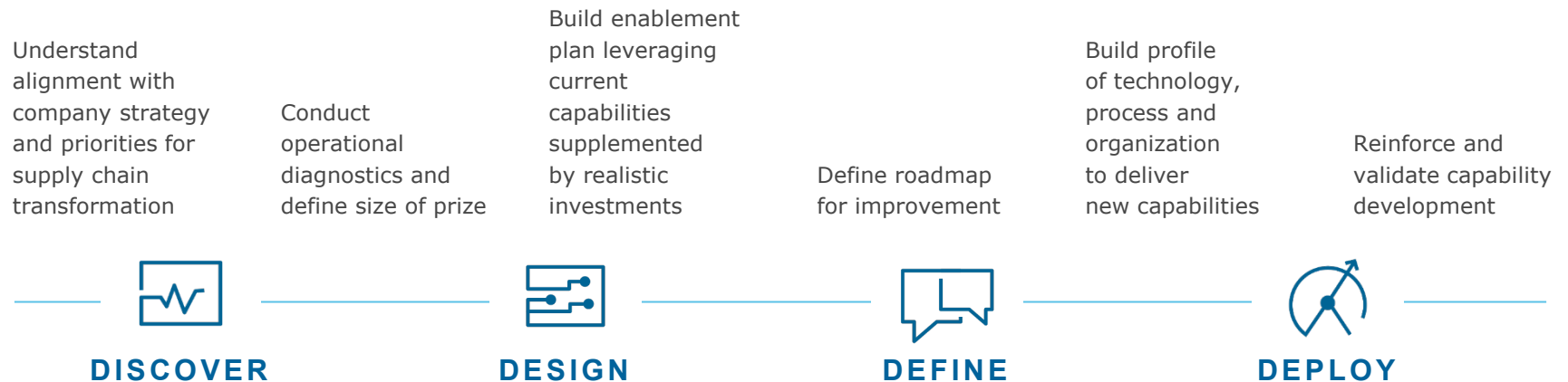
IN YOUR ORGANIZATION, WHO IS
SPONSORING THE INITIATIVES TO
BUILD A SALES AND OPERATIONS
EXECUTION CAPABILITY?

- A CEO
- B CFO
- C Business Unit
- D CSCO
- E Other



WHERE TO BEGIN?

Building a Sales and Operations Execution capability can deliver dramatic results for an organization and requires a thoughtful approach to achieve full potential.



ADDITIONAL RESOURCES

Related Thought Leadership

[Corporate Development Perspectives in an Era of Supply Chain Disruption](#)

[Data-Driven Approaches to Restoring the Retailer-Consumer Balance](#)

[How to Manage Working Capital in a Disruptive, Dynamic Environment](#)

View additional insights [HERE](#)

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