

# The S&OP Meeting Scorecard: Measuring the Fundamentals of S&OP

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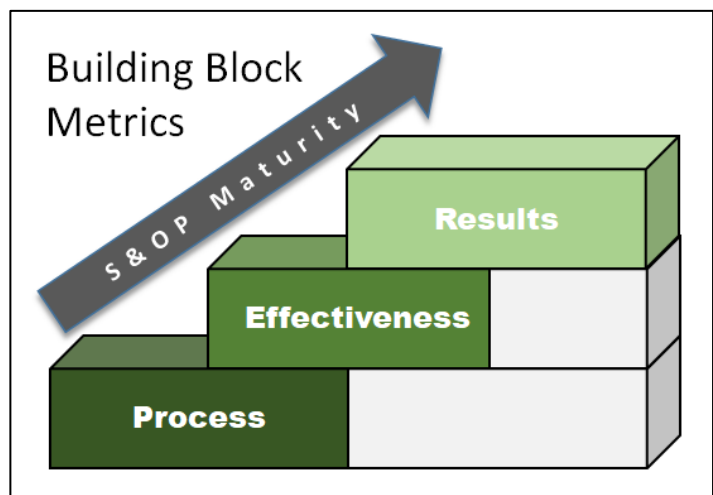
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**S&OP is a monthly management process.** It provides a link between strategy and execution that engages senior management in a tangible way to make decisions in order to balance company goals and direction with sales and operational capability. Getting to a level of maturity where this can happen is a tall order. Once you are there, S&OP will deliver bottom line results, but it takes time. Before you get results however you need to be able to measure your progress.

## Measuring Success on the Journey

**There are three levels of measurements you should use to track your progress towards S&OP maturity: Process, Effectiveness, and Results.** While it is important to know what the results you are looking for are, if this is your only measurement of progress it can be frustrating. Let's look briefly at these measurements in reverse order:

- **Results impact the bottom line.** I'm referring to the ROI that management is looking for when starting an S&OP implementation or improvement project. These could be operational results like reduced inventory, improved on-time delivery, or reduced stock outs. Strategic results may be to increase market share or improve new product introduction process. Financial results might be to improve margins or reduce expedited freight charges. ***These are the level 3 measurements.***
- **Before you get to results however your S&OP process needs to be effective.** Over time, the monthly S&OP process should yield more accurate plans. In Duncan's previous article: ["If You Can't Measure it, You Can't Manage it"](#), he covers how you should measure the accuracy of your Booking, Shipping, and Supply plans over time. Measuring whether each of these plans is in or out of tolerance will provide an indication of how you are improving over time, identify where you need to focus improvements, and ultimately help you manage risks and set operational parameters. ***These are level 2 measurements.***



- **Even before a process can become effective though, it needs to become ingrained in your organization.** I've always liked the Vince Lombardi quote "Practice does not make perfect. Only perfect practice make perfect." It speaks to the need to do the right things over and over again to drive the right improvements that ultimately lead to success. When it comes to S&OP you have built-in repetition in the monthly cycles, but you want to make sure you are doing the right things every month. To do this you need to measure the Process. ***This is the first level of measurement.***

## Process Measurements

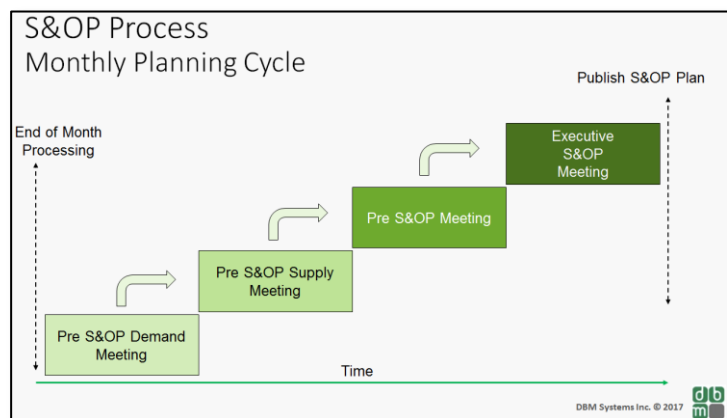
**We use two primary process measurements: The S&OP Assessment and the Meeting Scorecard.** The S&OP Assessment is similar to a school report card. It is a broad-based evaluation of alignment of people and process.

**The challenge with the Assessment is that change can happen slowly.** The Assessment measures the results of these changes, not the small steps that you took to make the change happen. Similar to a report card, it gives you your final mark which is the result of your success (or failure) on assignments, tests, and quizzes.

## Enter the Meeting Scorecard

**If The Assessment is your report card, The Meeting Scorecard is the grade on your monthly assignment.** It is a good measuring stick to determine if the basic S&OP process is taking hold within your organization. At the core of the monthly S&OP cycle is the monthly meeting structure. In the standard process there are four meetings that happen:

1. Pre S&OP Demand Meeting
2. Pre S&OP Supply Meeting
3. Pre S&OP Meeting
4. Executive S&OP Meeting



**Every company will have some variation of this meeting structure.** Some companies may require multiple demand meetings aligned with geographic sales territories. Others will have multiple supply meetings for different world areas. Requirements will be determined based on your product families, supply points, demand streams and accountabilities.

## Implementing a Meeting Scorecard

**Start by documenting the process.** Documentation should include:

- **Participants:** This should not only who should be part of the meeting, but most importantly who owns the meeting. Ownership should be part of a larger RACI (Responsible, Accountable, Consulted, and Informed) structure for your S&OP process. Focus on the 'R' and the 'A' to start.
- **Inputs and Outputs:** What are the expected outcomes of the meeting, and what data/inputs should be prepared in advance. For example the output of the demand meeting should be the unconstrained bookings and shipping forecast as well as the documentation of future risks or opportunities that could impact the demand plan.
- **Schedule:** When in the month should the meeting happen. Have a schedule laid out for at least six months in the future so as to optimize attendance.

**Establish scoring criteria for the meetings.** The scoring criteria should highlight the success factors for each of the areas. I try to keep things simple, and have found a 'red, yellow, green' scorecard for each of these areas works well.

### Participation

**This is a measure of whether the required people are engaged.** Getting buy-in of the people is really the first step to making the process work. Consistent participation in the process is a good sign that the cultural change is happening and will ingrain S&OP into your regular management cycle.

**Two things to consider: level of participation and scope of participation.** Is the person accountable for this step of the process (e.g. demand plan) at the meeting? Are the key participants there? Set a simple participation percentage level that scores red, yellow, or green. A good starting point is below.

Less than 50% participation of key players	Less than 80% participation of key players	Full (>=80%) participation of key players
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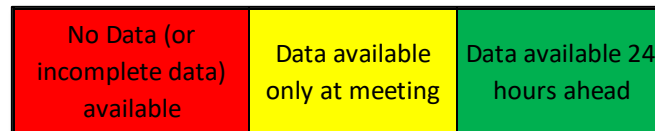
### Data

**Data is critical to establishing credibility for the process.** It allows you to measure your performance and give you tangible targets for the future. Some important points on data:

- Data should be supplied by family.
- Data should provide a holistic view of the family. It should include bookings, shipments, backlog, supply (production) and inventory.

- Data should support analysis of past performance.
- Data should provide a view of the future plans including changes from the future plans.

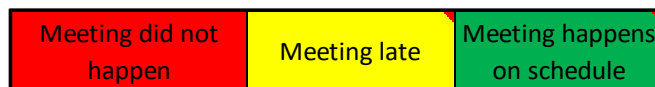
**Most importantly data should be provided ahead of the meeting.** This allows the participants to come prepared to the meeting. Expectations should be that participants have reviewed the data ahead of time. This will make the meetings more effective and significantly reduce the amount of time required in the meeting. A good starting point for measuring this is as follows:



**Schedule**

**Measuring the schedule refers the regularity of the meeting cycle.** For S&OP to become embedded in your management cycle the meetings should run consistently every month. The meeting scorecard should evaluate whether or not the meetings happen, and whether they happen as scheduled. If the meeting is constantly moving around it is a sign that it is not a priority for the management team.

**A simple red, yellow, green measurement is as follows:**



**It's worth noting that you can allow the meeting schedule to change.** As a rule of thumb if it is moved within the month you should consider it as a reactionary move (yellow). The green measurement should be reserved for meetings that happen as per the schedule or with advance notice. If you are going to change the schedule, I typically like to see this happen at least one month prior.

**Score the process monthly.** Provide the scorecard as part of your KPI slides in your monthly S&OP deck. A simple chart like the one below shows each of the meetings and how they scored for the last month. The meetings highlighted on this scorecard should match to the meetings documented as part of your standard process.

I use a single colour to represent the “aggregate” score for that meeting in the previous cycle. The default scoring is to the “lowest” number. Remember we are looking to identify areas for improvement, so being overly optimistic can hide where there may be issues. The chart below shows an example of the monthly measurement:

June Cycle	Pre S&OP Demand Meeting	Pre S&OP Supply	Pre - S&OP	Executive S&OP
Europe	Green	N/A	Red	Yellow
Asia Pacific	Green			
MEA	Red			
North America	Yellow			
Latin America	Green			
Supply Chain	N/A			

Some notes on the example chart:

- The Middle East/Africa (MEA) demand meeting scored red because the data was unavailable for the meeting, despite the fact that most of the participants were at the meeting and it happened as scheduled.
- North America was yellow because the meeting owner of the meeting was not present.
- The Pre-S&OP meeting didn't happen this month, and the data was summarized by the S&OP coordinator for the Executive S&OP meeting.

**Track your progress over time.** Including a simple chart like the one below in your monthly executive deck is an easy way to track progress over time. It helps identify what areas of the process are “hot spots” as well as where you should be celebrating success. Some issues may be an anomaly (happening only once), but consistent issues over time identify areas that need to be addressed. Most importantly it provides an objective way to gauge adoption of the process within the organization.

Performance History	S&OP Cycle Month							
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Europe - Pre S&OP Demand	Green	Yellow	Green	Green	Green	Green		
APAC - Pre S&OP Demand	Green	Red	Green	Yellow	Green	Green		
EMEA - Pre S&OP Demand	Green	Green	Yellow	Green	Green	Red		
NA - Pre S&OP Demand	Yellow	Green	Yellow	Red	Red	Yellow		
LA - Pre S&OP Demand	Yellow	Green	Green	Green	Green	Green		
Pre S&OP Supply	Green	Yellow	Yellow	Green	Green	Green		
Pre S&OP	Yellow	Red	Green	Green	Green	Red		
Executive S&OP	Green	Yellow	Yellow	Green	Yellow	Yellow		

In the example chart it can be seen that the MEA demand meeting issue in June is not part of a regular trend. It may not warrant further focus. The North American demand meeting issues have been happening for four months, and represent a trend. Also of concern is the Executive S&OP meeting, as it hasn't consistently hit green.

**Finally, use the scorecard to focus on the root cause on ‘red’ or ‘yellow’ measurements.** Because you are measuring against your documented process and RACI, you can determine where accountabilities or process might not be aligned. In the company example above a dig into the root cause of the yellow and red cycles yielded the following:

- There was a lack of clarity for the North American Sales Manager on his role in the S&OP process. As a result it wasn’t a priority in his monthly schedule. Addressing this fell to the VP of sales.
- Digging into the root cause for the Executive S&OP meeting identified that data was consistently not available ahead of the meeting. The root cause was the timing of the meeting in that it fell the day after the Pre S&OP meeting. There was not enough time to reflect the output of the Pre S&OP meeting in the data for the Executive meeting. By changing the timing of the Pre S&OP meeting they were able to address this issue.

**The S&OP Meeting Scorecard is just one example of a process measurement.** I’ve been able to use this effectively with multiple companies to help them focus improvements that led to a more effective S&OP process. It’s not hard, but making sure you are doing the right things right is the only way to ensure success.

### **ABCs of Implementing and Using an S&OP Meeting Scorecard**

- A. Document the Process:** Identify meetings, inputs/outputs, participants.
- B. Establish Scoring Criteria:** Focus on Participants, Data, and Schedule.
- C. Score the process monthly:** Include this as part of your S&OP presentation.
- D. Track progress over time:** Identify areas for improvement or celebration.
- E. Establish root cause for consistent red and yellow scores.**
- F. Implement changes or improvements to address root causes.**