

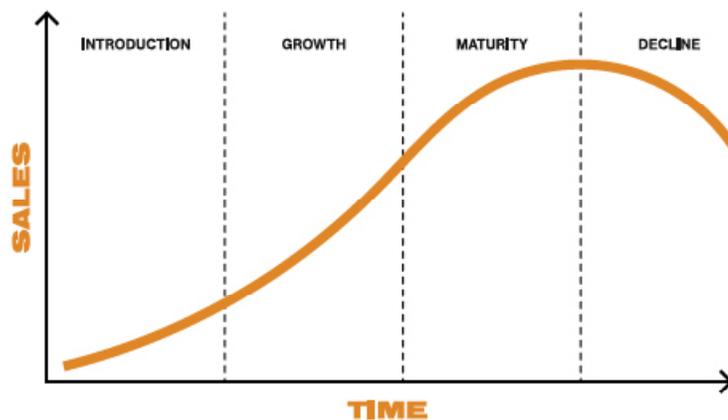
MAKING PRODUCT PORTFOLIO REVIEWS PART OF YOUR S&OP PROCESS

OVERVIEW

- The cross-functional collaboration that happens between departments during a mature sales and operations planning (S&OP) process is the perfect forum to review your product portfolio.
- What usually happens however, is that critical product events are not considered in the overall S&OP process—which can lead to an inaccurate demand plan and hence an unreliable operations plan.

Your business sells products. An understanding of the timing of new product introductions (NPIs), plans for sun-setting products, strategies of moving products from the innovation and growth mode into the maintenance mode, product profitability trends, demand patterns, and different product marketing strategies should all be central to your planning. When the S&OP process involves regular product portfolio reviews, it drives prioritization and resources for your entire organization. On the flip side, findings during the S&OP process can help influence some of your product lifecycle decisions.

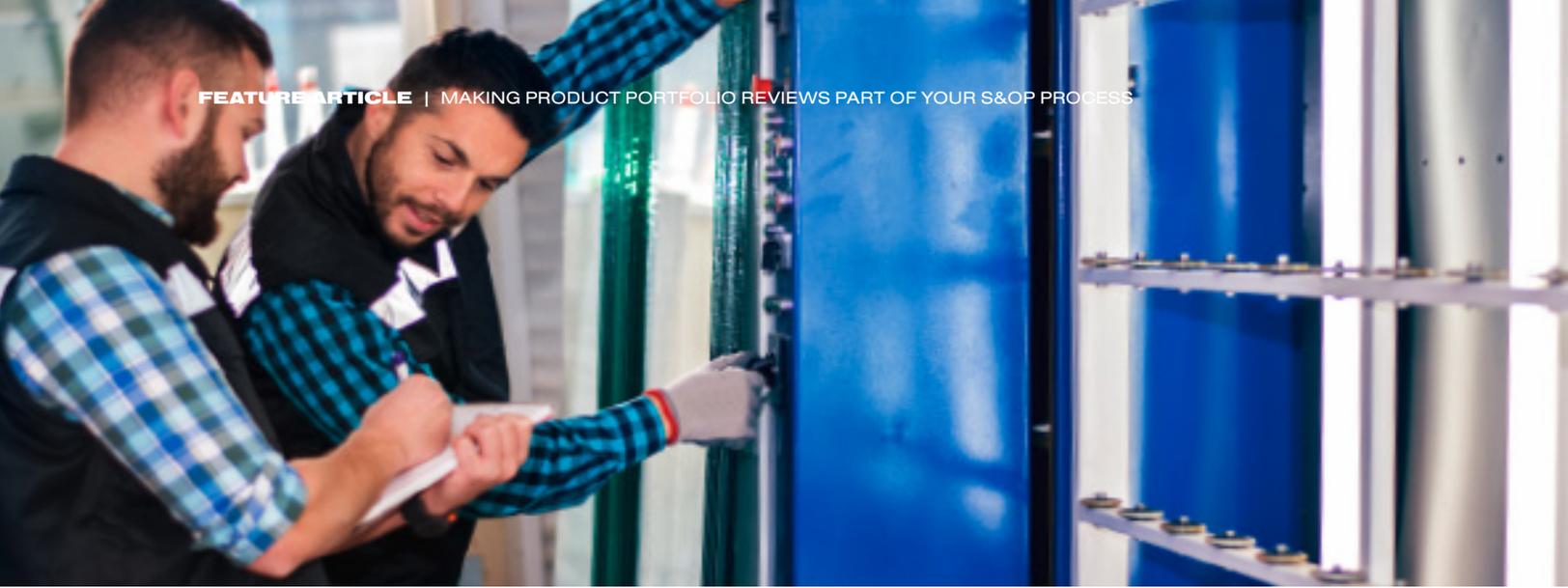
PRODUCT LIFECYCLE



Bringing together historical and forecasted sales, open orders, current inventory levels (finished and raw materials), market information, minimum order quantity (MOQ), fixed and variable costs, R&D's latest technology, and other key pieces of information enables you to:

- Handle excess and obsolete inventory.
- Manage phase-in phase-out with new product introduction.

- Monitor new products closely to evaluate their performance.
- Manage marketing strategies and promotions.
- Determine which products to discontinue.
- Continue unprofitable products that ensure larger business.



When product portfolio reviews are part of the S&OP process, your organization can be focused, aligned, and engaged on strategic priorities. The following is an example that highlights the need for alignment and coordination:

A company that produces tube lights reviews its product lines. Sales of 2x4 tube lights are high volume and 2x2 tube lights are very low (used at odd sized ends). Looking at only historical data, the product team questions continuing the 2x2 product. However, there are instances of orders with 10,000+ units of 2x4 lights and 30 units of the 2x2 lights in one installation project. The team discovers that the 2x2 lights were a factor in receiving the large installation project since customers don't want to go to multiple manufacturers on an installation project. Since these projects are highly profitable, those 30 units of 2x2 lights make the difference on closing a strategic sale.

Leveraging S&OP Best Practices

S&OP aligns supply and demand with your financial objectives. It's a dynamic and integrated process that involves key parts of your organization for alignment on priorities and resources.

Aligning and integrating demand and supply plans on a monthly basis means product portfolio reviews are interwoven into the process. You prevent business units or teams working under different assumptions because everyone understands the implications of product decisions on the entire company. Making product reviews part of S&OP enables you to break down the silos that often occur—and prevent your company from effectively delivering on demand.

ABOUT PLEX DEMANDCASTER

Plex DemandCaster Supply Chain Planning makes deciphering data simple and planning controllable. Businesses can accurately forecast and solve inventory problems proactively. A united business with higher visibility helps manufacturers accelerate growth with confident data-driven decisions. The Plex DemandCaster Supply Chain Planning

solution is part of the Plex Smart Manufacturing Platform which also includes MES, ERP, Industrial IoT, and analytics. With Plex, manufacturers are able to drive true business transformation by connecting, automating, tracking, and analyzing every aspect of their business.