OPERATING MODEL & DECISIONS

S&OE and Decision Support: The Future of Real-Time Supply Chain Optimization

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Part II: Bridging Planning and Execution – The Next Frontier in Supply Chain Excellence

Last week, I shared insights on aligning supply chain planning with execution. Today, I want to expand on a critical component of this alignment: the **S&OE (Sales & Operations Execution) horizon.**

While strategic and tactical planning (S&OP and IBP) often take center stage, supply chains don't run on plans—they run on execution. The **S&OE horizon** is where success is truly determined.

Operational teams on the frontlines—in warehouses, shop floors, and logistics hubs—make countless decisions every day:

How do we expedite shipments delayed by a carrier issue? Should we allocate constrained capacity to urgent or standard orders? How do we balance resource availability and lead time expectations?

Despite this critical role, execution often lacks the tools and structure needed for efficiency. Many teams rely on **manual interventions and firefighting**, which are unsustainable in an increasingly volatile environment. **It's time to bring decision support to the frontline.**

Stabilized Plans: Foundations for Effective Execution

A stabilized plan provides the foundation for execution but must include mechanisms to handle variability and protect downstream processes. These mechanisms ensure predictability while enabling real-time adjustments:

Decoupling Points Inventory Buffers Production Planning Stabilizers These mechanisms create the stability needed to enable **decision support tools** and empower operational teams.

Decision Support: Transforming Day-to-Day Execution

Operational teams need support, not more complexity. This is where decision support, powered by AI and advanced analytics, can transform S&OE. By providing real-time, actionable insights, decision support enables smarter, faster decisions while reducing firefighting.

How Decision Support Helps Operational Teams

Dynamic Decision Support Proactive Disruption Management Enhanced Feedback Loops

Building on the Foundations: Rules, Playbooks, and KPIs

To maximize the potential of decision support, organizations must first address foundational elements of **process discipline and measurement**:

1. Clear Rules and Playbooks

Operational teams need standardized playbooks that define how to handle variability and disruptions. Examples include:

Escalation thresholds for critical exceptions. Rules for resource prioritization during capacity constraints. Processes for expediting shipments while minimizing cost impacts.

Playbooks provide clarity and consistency, enabling faster decision-making.

2. KPI-Based Decision-Making

KPIs are essential for tracking execution effectiveness and identifying improvement areas. Examples include:

Order Cycle Time: How quickly disruptions are resolved. **First-Time-Right Metrics:** Reducing rework and inefficiencies. **On-Time In-Full (OTIF):** Measuring delivery reliability.

These metrics not only drive accountability but also highlight gaps in processes, technology, or workforce capabilities.

3. Feedback Loops for Continuous Improvement

Execution doesn't just deliver today's outcomes—it improves tomorrow's plans. Feedback from S&OE (e.g., frequent delays or bottlenecks) can update supply chain parameters and enhance future forecasts.

Technology is Ready—Are the Foundations?

Modern supply chains generate vast amounts of data through tools like:

Process Mining Platforms (e.g., Celonis): Identifying workflow inefficiencies. **Logistics Visibility Platforms** (e.g., Project44): Offering real-time shipment updates. **Track-and-Trace Systems:** Capturing RFID, IoT, and barcode data. **Manufacturing Execution Systems (MES):** Tracking machine-level production performance.

However, much of this data remains siloed and underutilized. Without **clear rules, standardized processes, and reliable KPIs**, technology cannot deliver its full potential.

Empowering the Workforce: The Human Element of Execution

While technology is a powerful enabler, execution depends on the people who make decisions daily. Operational teams need to be supported and empowered to embrace new tools and processes.

Key Workforce Strategies

Centralized Talent Hubs Upskilling and Reskilling Workforce Engagement

Closing the Loop: From Execution to Planning

Execution is not just about solving immediate problems—it's about creating a **self-correcting system**. A closed feedback loop ensures that every decision made in execution updates and improves planning.

This creates a virtuous cycle:

Execution generates insights (e.g., delays, bottlenecks, demand shifts). **Insights update planning parameters**, improving forecasts and plans. **Improved plans stabilize execution**, reducing variability and enabling smoother workflows.

A Vision for the Future

The future of supply chain excellence lies in bridging the gap between **planning and execution**. By focusing on stabilized plans, decision support, and workforce development, companies can:

Improve operational efficiency by reducing manual interventions. Enhance planning accuracy with real-time insights from execution. Empower operational teams to handle complexity with confidence.

In an increasingly volatile world, execution excellence is the key to unlocking a supply chain's full potential.

How is your organization bridging the gap between planning and execution? Let's discuss!

"The idea of addressing operational and execution challenges came from a dinner conversation with my former colleague, and customer, **Josch Reiter of Beiersdorf***, who experiences these challenges first-hand. His perspective helped shape the focus on how decision support tools and stabilized plans can empower operational teams to navigate real-world complexity."*