OPERATING MODEL & DECISIONS

Stop Treating Supply Chain Planning as a Tech Project, It Is an Operating Model Change

Christian Kroschl · 13 January 2026

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After more than 20 years in supply chain planning, one pattern still annoys me, because it repeats itself with almost perfect discipline.

Different logos, different tools, same movie.

A company decides to “implement APS”, SAP IBP, Kinaxis, whichever, and the conversation immediately collapses into tools, modules, features, dashboards, KPIs. The implicit belief is simple, the tool will solve it.

Then reality hits.

I was reminded of this again in a recent conversation with Lora Cecere. I caught myself saying a sentence I have heard for more than two decades now, “this is not an IT project”. And yet, this is exactly how APS initiatives are still treated. The moment a transformation is handed over to technology, the language changes. Everything becomes system driven, template driven, module driven, and the business context quietly disappears.

The outcome is almost always the same, double disappointment. First the organisation, then the tool. In the end, everything stays in Excel.

The single best predictor of success, business leadership stays in the game

One point from my conversation with Lora is worth making explicit, because it is a consistent success factor.

APS programmes only work when empowered business decision makers are permanently involved, not as steering committee guests, but as part of the delivery engine. They drive the agenda, they settle trade offs, they make the operating model real.

If leadership involvement is occasional, the project drifts into endless consensus, delayed decisions, and a culture that prefers “no mistakes” over clear choices. Compromises accumulate until the value of the programme is undermined.

And then, inevitably, we are back in Excel.

The real problem is not the tool

Let’s be clear. This is not about SAP IBP, Kinaxis, Blue Yonder, or any other platform. And it is not about onshore versus offshore, or one country versus another.

The problem is the operating model, and the delivery model built around it.

Many large consulting organisations still separate “business” and “technology” as if they were two independent workstreams. In APS programmes, this separation is fatal.

To be explicit, this is not an anti IT argument, and it is not an anti procurement argument. IT leaders are right to insist on integration, security, and data discipline. Procurement is right to demand transparency and commercial rigour. The problem is the split and the incentives. When business design and technical reality are owned separately, day rates get optimised, and decision quality gets diluted.

You cannot run S&OP, IBP, or S&OE as a decision system unless you define:

which decisions are taken where, who has the mandate to resolve trade offs across functions, which rules, parameters, and data definitions actually apply, and how this is anchored in the organisation, not just in slides.

Tools do not create mandate. They expose the lack of it.

The case for failure, low maturity, high ambition, low cost

You can almost predict the outcome when a low maturity supply chain organisation decides to “go APS”, fast and cheap. This is what low maturity typically looks like:

Supply Chain is not seen as a strategic function, but as a service organisation. Forecasting sits in Commercial, with limited supply chain mandate. Production optimises locally, asset utilisation, OEE, compliance, not end to end flow. Decision making is fragmented, S&OP becomes meeting cadence, not decision cadence.

Now put an APS programme on top of this. Usually sold as a technology initiative. Usually discussed through modules and features. Usually implemented with heavy technical focus.

The programme scales effort, not impact.

Why this pattern is especially visible in pharma and chemicals

In industries like pharma and chemicals, the underlying constraints amplify the problem.

Long lead times, campaign planning, changeovers, quality releases, and regulatory gates make the system far less forgiving. APS does not hide conflicts, it exposes them. Demand exceeds capacity. Service targets clash with cost. Campaign logic clashes with commercial priorities.

If supply chain has no strategic mandate, and decision rights remain fragmented, APS will not fix this. It will simply make the absence of leadership visible.

The consulting split that kills APS outcomes

One additional pattern deserves to be called out explicitly, because it sits at the heart of many failed APS programmes, the split between business consulting and IT consulting.

In practice, it plays out as two tracks.

The business track designs S&OP concepts, target operating models, governance, KPIs. But it often lacks a deep understanding of what APS software can and cannot do. Requirements are formulated that cannot be mapped to system reality. **The technology track** arrives early, or from day one, because “this is a system integration project”. It speaks data models, key figures, integration patterns, batch jobs, interfaces, configuration options.

So the two sides talk past each other. Business talks about alignment and decision making. Technology talks about tables, attributes, and integration. There is no common language, no shared ownership of outcomes.

The result is predictable, adoption stays low, exceptions are handled outside the system, and the real decisions move back into Excel.

Procurement, when cost logic undermines outcomes

One recurring failure pattern deserves to be called out, procurement.

APS is often framed as a system integration initiative. Procurement reacts rationally, focusing on preferred supplier lists, rate cards, scalability, and apparent day rate efficiency.

The problem is not intent, but optimisation logic.

Consultants who truly combine business leadership, operating model design, and deep APS system expertise exist, but they are rare, expensive, and often filtered out early because they do not fit standard sourcing criteria.

What looks cheaper on a day rate basis typically translates into more days, more iterations, diluted accountability, and slower decisions.

Procurement ends up optimising price per day, not speed to outcome. From a compliance perspective, this looks efficient. From a transformation perspective, it removes exactly the capability mix APS success depends on. The result is predictable. More effort. Less impact. And eventually, critical decisions drift back into Excel.

If you buy days, you get days. If you buy outcomes, you get clarity.

The 20 year pattern, tools as a substitute for capability

There is one overarching theme that runs through the last 20 years of APS initiatives almost unchanged. Organisations prefer to talk about tools.

They accept that there is no single tool that can do everything. And yet, once expensive licences have been purchased from vendors who promise end to end coverage, there is an implicit expectation that the tool should do exactly that.

When reality catches up, gaps appear. Functional limitations. Process mismatches. Decision logic that does not fully translate.

Instead of addressing these gaps through capability, governance, and operating model evolution, organisations patch them. With Excel. That is not accidental. It is the consequence of treating APS as a software problem instead of a business capability.

The AI first trap, especially in low maturity organisations

One more pattern is gaining speed, and it is the same movie with a new label.

In organisations where Supply Chain still has limited strategic importance, an AI first agenda is often sold as a shortcut, as if SCM relevance can be increased without increasing cost, mandate, or capability.

It is usually fuelled by consultants who simply add the word AI in front of existing terms, in the same way we have added “digital” in front of supply chain, planning, manufacturing, and transformation for years.

AI does not create mandate. AI does not fix an operating model.

AI accelerates what is already there. If your process is weak, your rules unclear, and your data unstable, AI will simply automate confusion, and the organisation will still decide in Excel.

Treat AI as an amplifier, not as a strategy. The strategy is capability, decision rights, and disciplined execution.

Software evaluations, a structural dilemma

The same logic repeats itself during software evaluations.

Either organisations select consulting partners who are not truly agnostic. Unsurprisingly, the chosen platform aligns with existing delivery capacity.

Or they buy expensive licences and large implementation teams that can configure the tool, but cannot look beyond it. Operating model gaps, decision rights, and capability build up remain unaddressed.

In both cases, the tool goes live, expectations remain unmet, and the organisation compensates in the only place it still can.

Back to Excel.

Who actually wins

There is a different path, and the companies that take it tend to outperform consistently. They do a few things, very deliberately:

They treat planning as a business transformation, not a technology deployment, and they accept that **go live is not the end state**. **They treat supply chain as a strategic capability**, not a support function, with clear mandate and decision rights. **They invest permanently in people**, supply chain talents who work full time on improving processes, refining rules, teaching planning philosophies, and embedding decision logic. **They build “internal professors”**, deeply connected to production, logistics, quality, and finance, fluent in

the business, trusted by the functions. **They fund patience**, because this capability strategy is expensive, it does not fit into classic project business cases, and it requires time.

Most organisations are not willing to make this investment, because supply chain is still not seen as strategic, still not recognised as the nerve centre of the enterprise.

And as long as that remains true, APS programmes will continue to repeat the same movie. Strong ambitions. Heavy tool discussions. Expensive licences. And, eventually, Excel.

What to do first, five steps, in order

If you want to reduce failure risk materially, do not start with tool selection. Start with the operating model, then select and implement technology as an accelerator.

Set mandate and decision rights Define who owns the enterprise forecast, who makes the supply commit, and who can force trade offs across Commercial, Operations, Quality, and Finance. **Design the decision cadence** Make S&OP a decision process, not a meeting. Define what is decided monthly in S&OP, what is decided weekly or daily in S&OE, and what triggers escalation, with clear owners. **Codify rules and parameter governance** Document the rulebook for constraints, prioritisation, and exceptions, and establish named ownership for parameters like lead times, yields, campaign rules, and allocation logic. **Build the two in a box capability** Put process leadership and tool leadership into one accountable team, measured on adoption and decision quality, not on deliverables produced. **Then talk tools, and contract for outcomes** Select the platform that best supports your decision model, and contract milestones around adoption, time to value, and measurable operational impact, not around days.

APS readiness, 12 questions to ask before you commit

Use this as a quick sanity check. If you cannot answer these clearly, your programme is at high risk.

Do we have single point accountability for the enterprise forecast, including assumptions and bias management? Do we have clear authority to commit supply when demand exceeds capacity? Do we have an escalation rulebook, in plain language, with thresholds and consequences? Have we explicitly decided what moves from Excel into the system on day one, and what stays outside, temporarily, with an exit plan? Do we run an S&OE loop that compares plan versus execution and feeds back into rules, parameters, and master data? Are critical parameters governed with named owners, thresholds, and change control (lead times, yields, MOQs, campaign rules, allocation logic)? Have Quality and release constraints been designed into the decision logic, especially in regulated environments? Do we have the capability mix to translate business design into system logic without losing intent? Is procurement set up to buy outcomes, not just low day rates and large teams? Is our AI agenda grounded in a stable decision process and governed data, or are we trying to buy relevance without mandate and capability? Do we have empowered business leaders materially dedicated to the programme, driving decisions weekly, not just attending steering meetings? What will we stop doing when APS goes live, and who will enforce that change?

Early warning signals, if you see these, you are drifting back to Excel

Requirements are written without mapping to system capabilities. 100 percent standard becomes a religion to avoid hard design trade offs. Exceptions are handled outside the tool “just for now”, but never return. The organisation measures go live, not adoption, decision quality, and time to value. Master data issues are acknowledged, but ownership and thresholds remain unclear. S&OP outputs are shared, but not binding. Planners spend more time reconciling numbers than making decisions.

A final provocation

Three points. No excuses.

APS does not replace leadership. It exposes the lack of it. **If your APS programme ends in Excel, you did not fail at technology.** You failed at leadership. **APS is an accelerator.** It accelerates clarity, or it accelerates dysfunction.

Choose what you want to accelerate.

If you want to go deeper, you can find all my curated articles here: My Supply Chain articles on Notion - **Planning & AI: Hype vs Reality**