OPERATING MODEL & DECISIONS

Supply Chain Is Tired of Coordinating Decisions Nobody Owns

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Why S&OP is not a meeting cadence, but a decision architecture

Over the past months, I have seen the same pattern across several supply chain transformations.

Companies are investing in S&OP and S&OE. They redesign planning processes, introduce new forums, define meeting cadences and improve transparency across demand, supply, capacity and inventory.

But the real issue often sits somewhere else. The process becomes more visible, while the organization behind it still struggles to decide.

Most companies do not fail at S&OP because the meeting cadence is wrong. They fail because the organization behind it cannot decide.

That is why Supply Chain often ends up in the worst possible role: accountable for alignment, but not authorized to resolve the trade-offs.

Many companies build the full S&OP machinery: Demand reviews Supply reviews Reconciliation meetings Executive forums KPI decks Escalation routines The process map looks complete. The governance calendar looks professional. The templates suggest control. But in daily operations, the old pattern often remains untouched:

Commercial pushes demand Sites defend capacity Finance challenges inventory Quality protects compliance Regions fight for priority Supply Chain aligns, explains, moderates and escalates

That is not orchestration. That is coordination under pressure.

The issue is not that S&OP or S&OE are weak concepts. The issue is that many companies implement them as process layers, while leaving the real decision architecture unchanged.

And when the organization cannot decide, Supply Chain becomes the place where unresolved conflicts accumulate.

The Coordination Trap

In many organizations, Supply Chain is still treated as a coordinator. It is expected to:

Collect demand Compare demand against supply Prepare scenarios Moderate conflicts Explain service risks Track mitigation actions Escalate exceptions

But when real trade-offs emerge, the authority often sits somewhere else. The real questions appear when capacity, supply and commercial priorities collide:

Which customer gets priority when capacity is constrained? Which region receives limited supply? Which product family wins when the same site, material, line or testing capacity is needed by several businesses? Which inventory position is acceptable when service, cost and working capital pull in different directions?

Too often, Supply Chain carries the complexity, but not the authority to resolve the decision. The function sees the conflict. It understands the network consequence. It can model the options. It can show the risk. But it cannot always define the rules, force the decision or hold the business accountable for the outcome. So the process continues:

More alignment More meetings More escalation More explanation And still, the system does not become more decisive.

Visibility Is Not Control

This is the point where many S&OP transformations underdeliver.

They improve visibility. They create a common language. They bring functions into the same room. They show demand, supply, capacity, inventory, projects and service in one integrated view.

Useful, but not enough. Visibility is not control.

A dashboard does not decide. A meeting does not resolve a trade-off. A KPI deck does not create accountability. A scenario does not create value unless the organization knows who is allowed to choose one.

The pattern is always the same:

If decision rights remain unclear, S&OP becomes a structured escalation process If ownership remains fragmented, S&OE becomes a firefighting forum If the plan is not treated as one valid plan, every function continues to protect its own version of reality

This is why process design alone is not enough. S&OP is not a meeting structure. It is a management system for creating, approving and protecting a valid plan. That requires: Roles Rules Escalation points Data discipline Decision rights

Without them, S&OP creates transparency about the conflict, but not the authority to resolve it.

The Missing Layer: Decision Architecture

A supply chain cannot be orchestrated by meetings. It needs a decision architecture. A decision architecture defines:

Where decisions are made Who owns them Which rules apply Which data is used Which trade-offs are escalated What happens after a decision is taken

But it should not stay at the level of governance language. In practical terms, it needs to translate into a working model:

Roles, responsibilities, tasks and interfaces Decision owners and decision criteria Guardrails for what can be decided locally Escalation paths for cross-value-stream conflicts Communication interfaces between information, alignment and decision Decision catalogues and decision flows

This sounds abstract until it becomes practical.

Some decisions belong inside a product group. Some belong at site level. Some belong in the S&OP forum. Some require executive intervention.

The key is to make that logic explicit before the conflict appears. For example:

When does a demand change become a commercial choice rather than a planning issue? When does a capacity constraint become a portfolio decision rather than a site problem? When does a quality or release constraint become a network allocation decision?

Without this logic, organizations confuse alignment with decision-making. They talk about trade-offs, but do not assign the right to decide them.

And the performance impact should be measured, not guessed. Strong decision architecture should reduce decision latency, improve execution rate and prevent planning damage caused by unresolved trade-offs.

The result is predictable:

The planner becomes the negotiator of incompatible expectations The master scheduler becomes the shock absorber of late decisions The supply planner becomes the messenger of constraints nobody wanted to own earlier The S&OE forum becomes the place where yesterday's missing decision turns into today's urgent escalation

That is not a planning maturity problem. It is an operating model problem.

Why Value Streams Matter

This is why value stream thinking can be powerful. Not as another organization chart. Not as a new label. And not as a cosmetic layer on top of existing silos.

Value streams matter when they create end-to-end accountability along product groups, patient flows, customer needs or supply pathways.

In a more mature setup, the roles start to reflect how decisions actually need to be made:

A value stream owner carries responsibility for the end-to-end flow Demand planning acts as the proxy to commercial regions and brings market priorities into the planning logic Demand and supply roles balance customer demand, site constraints, network availability, inventory consequences and service commitments Site master planning resolves conflicts across product groups within the same plant When several value streams compete for the same capacity, materials, release slots or management attention, the conflict moves to value stream leadership or the S&OP forum

That is a different level of maturity.

Not because the process is more sophisticated, but because the organization starts to reflect how decisions actually need to be made.

The conflict no longer disappears into coordination. It has a home. It has an owner. It has an escalation path. It has a decision point.

This is the difference between a process and an operating model.

The Site Is Where Theory Meets Reality

Value streams are powerful, but they do not remove site complexity. They expose it. A site rarely serves only one clean value stream. It often has to manage:

Several product families Shared equipment Shared quality labs Technical resource constraints Campaigning logic Release constraints Priorities that do not follow commercial segmentation

This is why site master planning remains critical.

The value stream brings end-to-end accountability. The site master planner protects finite capacity, sequencing logic, campaign stability and executable schedules.

The S&OP process must connect both worlds. If value streams decide without site feasibility, the model becomes commercially elegant but operationally weak. If sites decide without value stream context, the model becomes locally efficient but end-to-end blind.

Mature supply chain governance sits exactly between those two risks. It protects the product flow and the site reality at the same time.

Supply Chain Should Own the Decision Architecture, Not Every Decision

This does not mean Supply Chain should decide everything. That would only create a different problem.

Commercial must own market choices. Manufacturing must own operational feasibility. Finance must own financial consequences. Quality must protect compliance. Leadership must decide enterprise-level trade-offs.

But Supply Chain should own the decision architecture that connects these choices. That means Supply Chain should:

Make trade-offs visible Show the consequence of priorities Connect demand, supply, capacity, inventory, service, quality release and execution Separate local optimization from end-to-end performance Route decisions to the right level Reduce decision latency Protect the integrity of the plan

That is orchestration. A coordinator brings people together. An orchestrator makes the system decidable.

The Valid Plan Is the Real Test

A mature supply chain does not operate on multiple truths. It needs one valid plan. Not four separate realities:

A demand plan that Commercial believes in A supply plan that sites can defend An inventory plan Finance challenges An execution plan that planners repair manually every week

One valid plan means that demand, supply, capacity, material availability, quality release and execution are connected through the same operating logic.

It also means that silence cannot be treated as neutrality.

If a function sees that the plan is unrealistic, it must challenge it. If a site cannot execute, it must say so. If Commercial changes priorities, the consequences must be visible. If Finance pushes for inventory reduction, the service risk must be understood. If Quality constraints delay release, the allocation impact must be part of the decision.

A valid plan is not created by consensus. It is created by disciplined decision-making.

From Coordination to Orchestration

S&OE is often described as the bridge between planning and execution. That is correct, but incomplete. S&OE is also where weak decision architecture becomes visible.

Late demand changes, constrained materials, unstable campaigns, missed releases, line conflicts, allocation problems and urgent customer escalations rarely appear out of nowhere.

Many are the downstream consequence of earlier problems:

Assumptions that were not challenged Constraints that were not escalated Priorities that were not decided Trade-offs that were politically avoided

S&OE can correct execution issues. It can monitor events, trigger responses and feed reality back into planning. But it cannot permanently compensate for missing governance upstream. If S&OP does not decide, S&OE firefights. If the operating model does not assign ownership, planners absorb the gap.

If leadership does not protect the plan, short-term noise takes over. At that point, the issue moves to leadership:

Who owns the plan? Who owns the trade-off? Who has the right to say no? Who decides when value streams collide? Who protects finite capacity from unrealistic demand assumptions?

These are not planning questions. They are leadership questions. The next level of supply chain maturity is not another tool and not another meeting format. It is an operating model that can decide.

That operating model needs:

Clear value stream accountability Site-level planning logic Escalation rules Reliable data Disciplined ERP usage Scenario capability Governance that turns conflicts into decisions KPIs that measure whether decisions actually improve execution

The relevant measures are not only service, inventory and cost. Those remain important, but they are lagging indicators. The operating model itself needs diagnostic KPIs:

Decision latency: How long does it take from constraint visibility to decision? Execution rate: How often are decisions actually executed as agreed? Avoided planning damage: Which expedites, reschedules, stockouts, excess inventory or service risks were prevented by earlier decisions? Escalation quality: Are issues escalated with options and consequences, or only with symptoms? Decision adherence: Are functions following the agreed decision, or reopening the trade-off informally later?

Without that, Supply Chain remains stuck in the middle:

Expected to align the business Expected to explain the gaps Expected to absorb the consequences But not authorized to govern the decisions that create those consequences

That model is exhausted.

Modern Supply Chain cannot be the coordinator of unresolved organizational conflicts. It must become the orchestrator of end-to-end decisions.

Because S&OP is not a meeting. It is a decision architecture. And most companies do not need another planning meeting. They need an organization that can decide.

The real test is not whether the S&OP process exists. The test is whether the organization is willing to live with the decisions the process should create.