

ASSESSING SUPPLY CHAIN PLANNING – READY FOR TODAY'S CHALLENGES?

A research report brought
to you by AIMMS



Once upon a time, supply chains were much more straightforward.

Processes were fairly linear and easier to control. Complexity was somewhat contained. Today, supply chains are networked, global ecosystems. An event upstream in a different country or region can cause considerable disruption downstream. The COVID-19 pandemic is an extreme example of how this unfolds in practice. Manufacturers were forced to halt production due to stay-at-home orders and component shortages. The travel industry experienced its biggest crisis in decades. Some retailers

were forced to close their stores, while others struggled to cope with demand.

We started conducting this research as the pandemic was starting to take hold outside of China. The consequences of the outbreak were (and are) graver than many of us could have imagined. In these trying times, we hope that this research helps teams assess their planning maturity and find improvement areas, not only for fast recovery but for a resilient future.

A total of 328 supply chain professionals participated in this research. Regions represented include Asia Pacific, EMEA, North and South America. Respondents work in a variety of industries, including manufacturing, logistics, food and beverages, petrochemicals, pharmaceuticals, medical equipment and business services. Most have supply chain, purchasing and demand planning functions.



About AIMMS

AIMMS is a forward thinking platform provider democratizing the use of supply chain planning so everyone is self-enabled to make better decisions.



5 key takeaways from this guide

1

Only 17% of respondents are equipped to run live scenarios during collaborative planning meetings while about half (54%) of respondents think their planning process is somewhat effective.

2

Most organizations spend more time collecting data rather than understanding and interpreting results. Only 28% of respondents spend 80% of their time on interpretation vs 20% on data collection.

3

46% rely heavily on Excel for their planning. A combined 55% are either looking to remove their dependence on spreadsheets or are already using different tools.

4

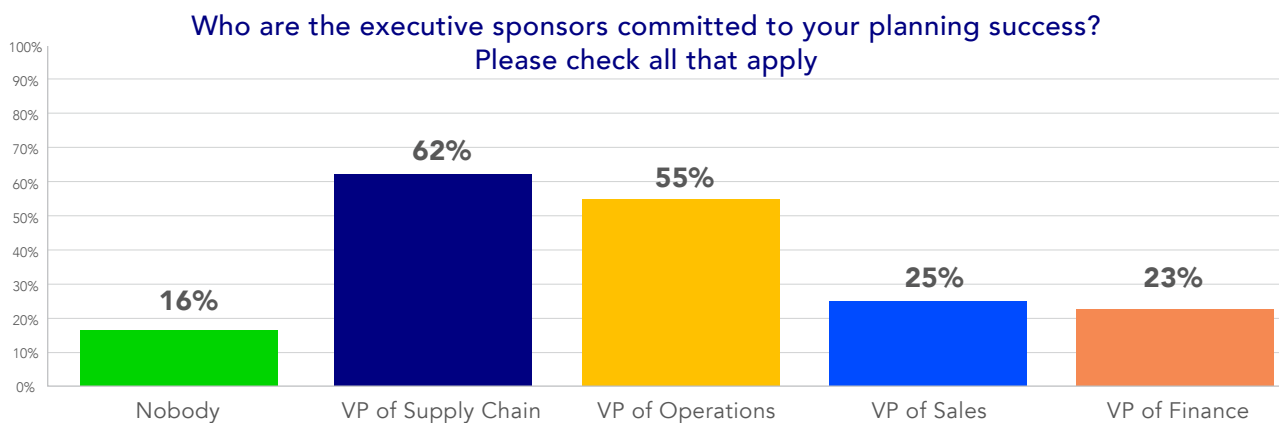
A quarter of respondents stated that they receive very little input from outside of the supply chain function for planning. 22% of respondents stated that functional owners across the business keep their planning input up to date by using planning tools directly.

5

32% of organizations in the research commit 5% or more of their time to advancing planning capabilities. The majority (68%) spend less than 5% of their time on this or don't have a formal commitment towards advancing planning.

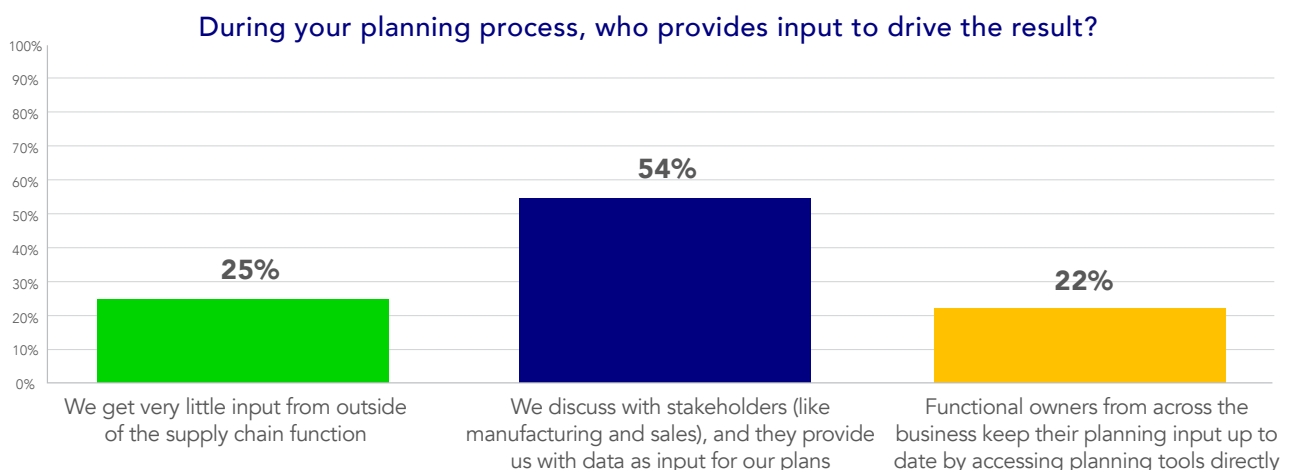
Who are the executive sponsors committed to your planning success?

To better understand the practice of supply chain planning among respondents, we asked them which executive sponsors are committed to planning success. In most organizations, these are VPs of supply chain (62%) and operations (55%). This was followed by VPs of sales at 25% and VPs of finance at 23%.



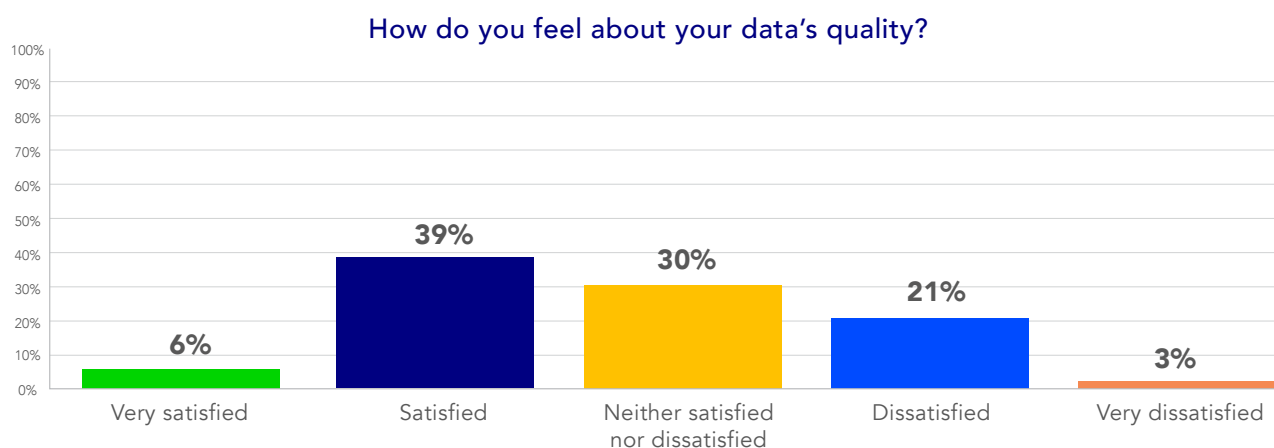
During your planning process, who provides input to drive the result?

To gather input for planning, more than half of professionals (54%) discuss with key stakeholders (like manufacturing and sales) and collect data. Only 22% of professionals stated that functional owners from across the business keep their planning input up to date by accessing planning tools directly. Surprisingly, a quarter of respondents stated that they receive very little input from outside the supply chain function.



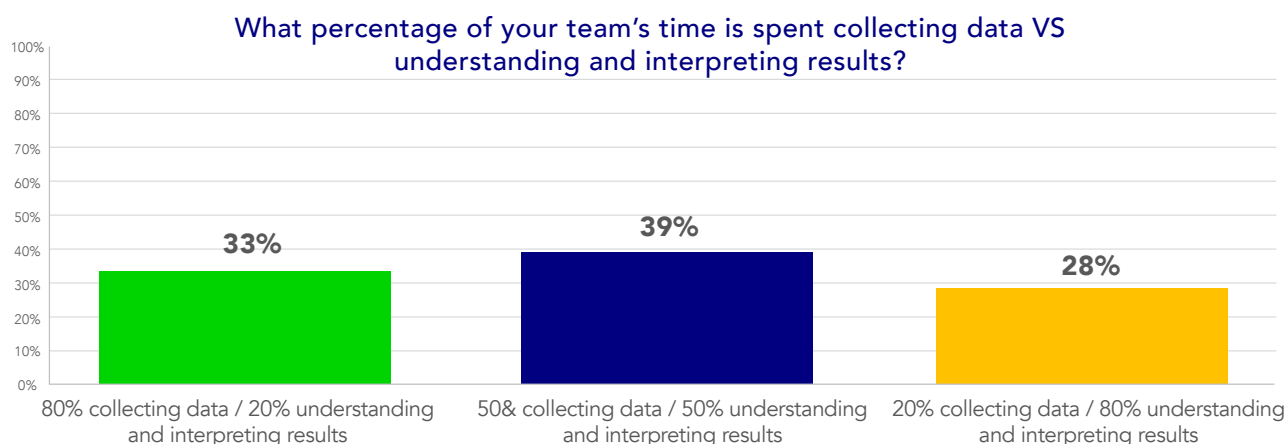
How do you feel about your data's quality?

Supply chain data is critical to the planning function. The research shows that 39% of organizations are satisfied with their data quality. 30% are neither satisfied nor dissatisfied. 21% are dissatisfied and 3% very dissatisfied. The fact that more than half feel "neutral" or dissatisfied shows that data quality is a considerable pain point.



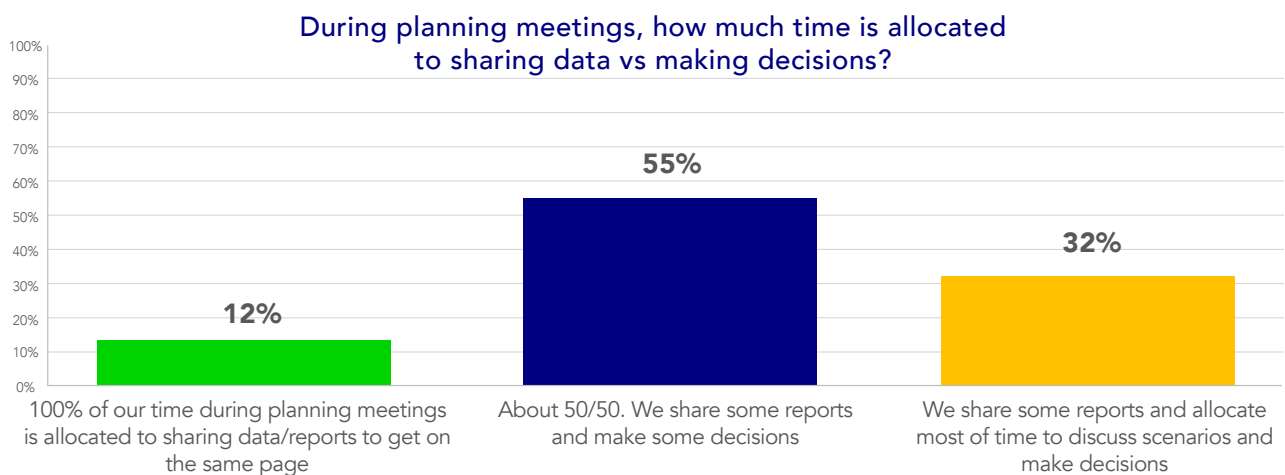
What percentage of your team's time is spent collecting data VS understanding and interpreting results?

For 33% of organizations, data collection takes about 80% of their time compared to interpreting the data. 28% of respondents are ahead in this regard, spending the majority of their time on interpretation rather than data manipulation. A good amount (39%) are somewhere in the middle.



During planning meetings, how much time is allocated to sharing data vs making decisions?

In planning meetings, data sharing seems to be consuming a significant amount of time as well. More than half of the survey's respondents (55%) stated that their planning meetings are split 50/50 between sharing data and making decisions. 32% of respondents allocate most of their time in meetings to discussing scenarios and decision-making. 12% of respondents stated that 100% of their time during planning meetings is spent on sharing data/results to get on the same page.



What if you could have better planning meetings?

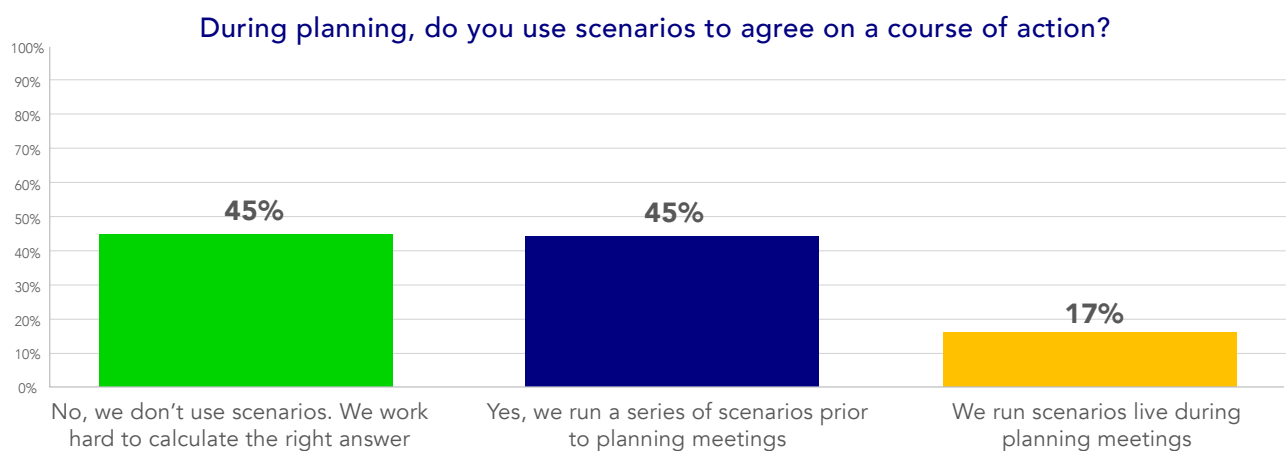


Eager to spend less time on number crunching and more time on creative discussions and decision-making? Using advanced analytics and real-time scenario comparisons can make your meetings richer, more entertaining and fluid. Read more about this capability in our [Buyer's Guide to S&OP](#).



During planning, do you use scenarios to agree on a course of action?

45% of respondents stated that they don't use scenarios for planning and work hard to calculate the right answer instead. However, the use of scenario modeling seems to be fairly common. 45% of respondents stated that they run scenarios prior to planning meetings, and 17% run scenarios live during planning meetings. The ability to discuss scenarios during planning meetings can be incredibly powerful to make faster decisions.



Learn from industry leaders



Find out how ELIX Polymers uses scenarios live during S&OP meetings to quickly decide on the best course of action, even when the unexpected occurs.

[Read the case study](#)

Scenarios for COVID-19 Recovery

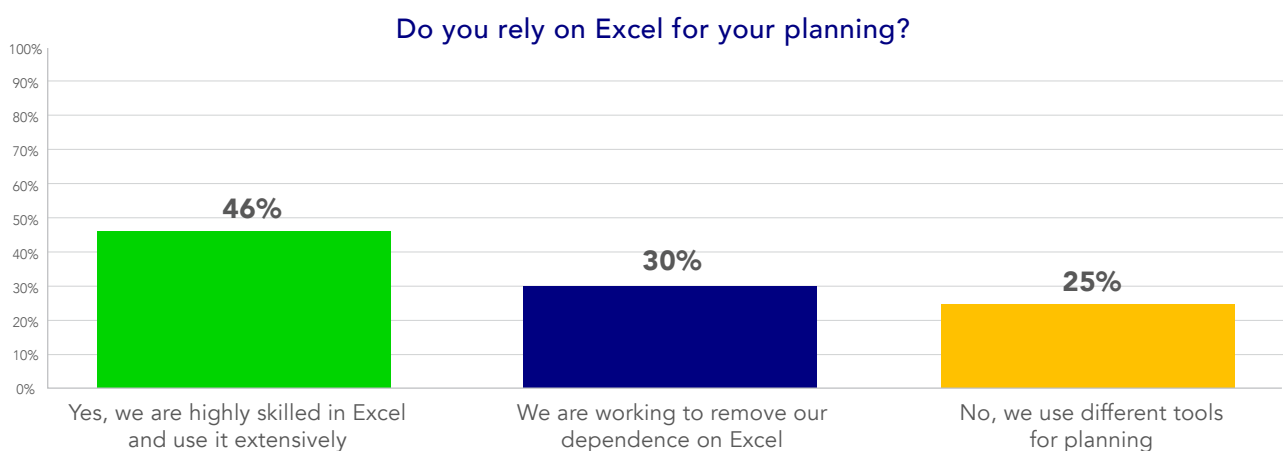
Supply chain planning tools with scenario modeling capabilities can be used to directly address many of the impacts of the COVID-19 pandemic and help businesses recover quickly from losses.

[Browse scenario modeling use cases](#)



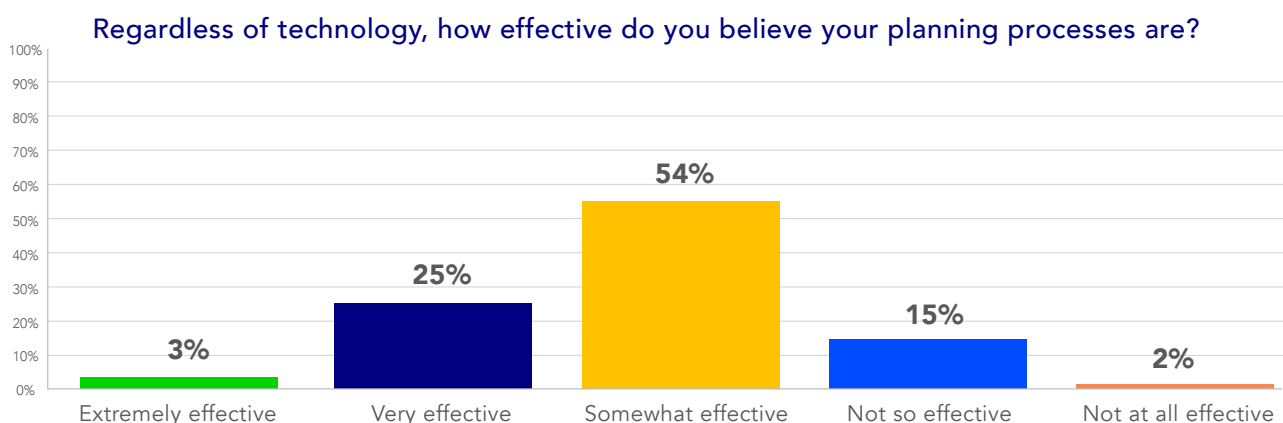
Do you rely on Excel for your planning?

When it comes to technology, nearly half of respondents are using Excel for supply chain planning. 46% reported being skilled in Excel, using it extensively. 30% of respondents are working to remove their dependence on Excel and 25% are using different tools for planning. Spreadsheets are known for being cumbersome, error-prone and difficult to collaborate on. This can explain why more than half are moving away from this familiar technology, especially with complexity on the rise.



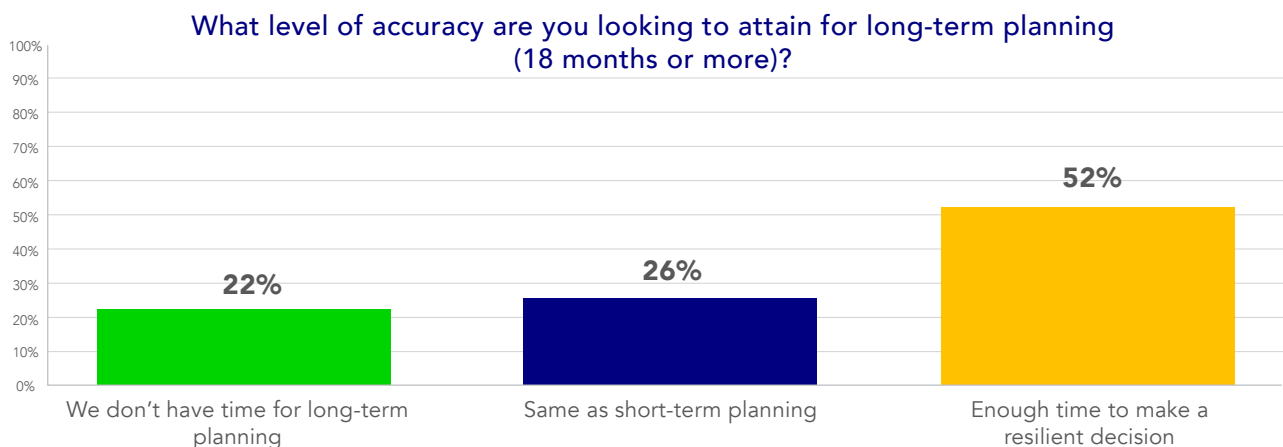
Regardless of technology, how effective do you believe your planning processes are?

54% of survey respondents said their planning process was "somewhat effective," regardless of the technology used. A combined 28% stated that their planning process was "very effective" or "extremely effective." 15% said their process was "not so effective," and 2% said it was "not effective at all." What this tells us is that most supply chain organizations think they are in the middle of the road when it comes to planning effectiveness.



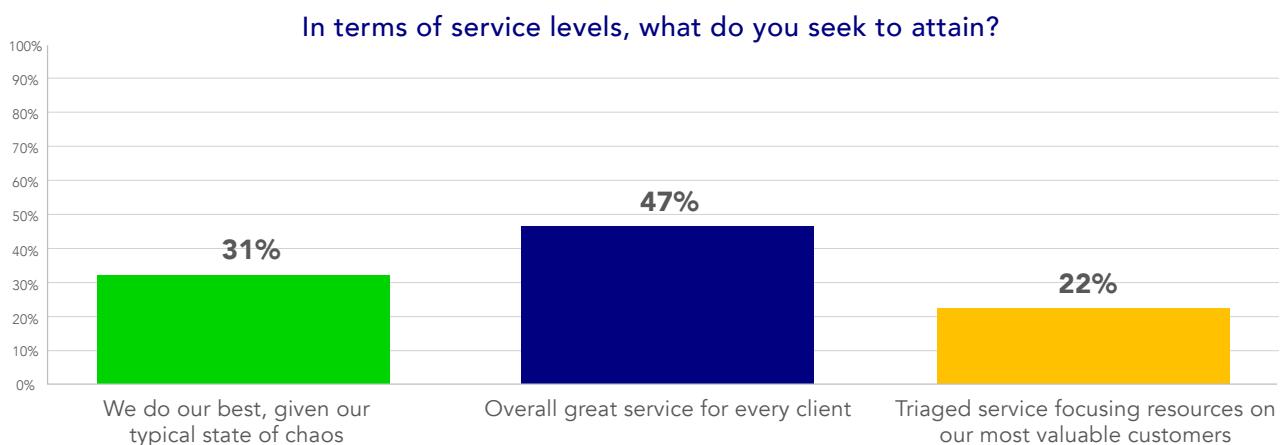
What level of accuracy are you looking to attain for long-term planning (18 months or more)?

When it comes to accuracy in long-term planning, 52% are looking to attain enough accuracy to make a resilient decision, while 22% don't have enough time for long-term planning. 26% are looking to attain the same level of accuracy for short and long-term planning. However, accuracy in long-term planning is increasingly more difficult to attain.



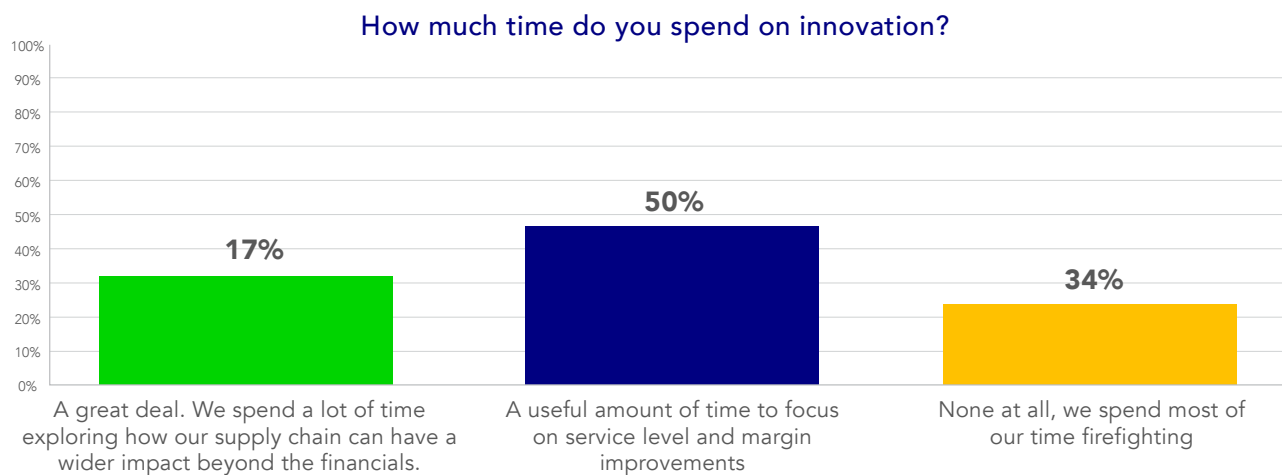
In terms of service levels, what do you seek to attain?

Accuracy in the short-term and resilience in the long run is key to uphold service levels. 47% of respondents seek to provide overall great service for every client. 22% stated that they seek to attain triaged service, focusing resources on their most valuable clients. For 31% upholding service levels is a constant challenge given the chaos they face day-to-day.



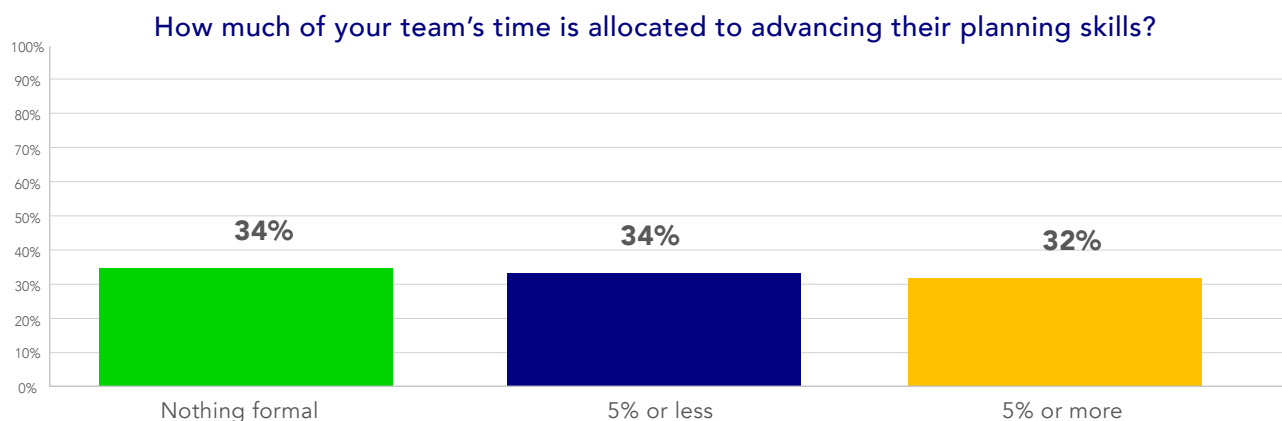
How much time do you spend on innovation?

Speaking of service levels, half of organizations appear to innovate with service level improvements in mind. 50% of respondents stated that they spend a “useful amount of time” on innovation to drive service and margin improvements. By contrast, 34% of respondents said they have no time for innovation, with most of their efforts dedicated to firefighting. 17% stated that they allocate a great deal of time to innovation, aiming to have a wider impact beyond the financials.



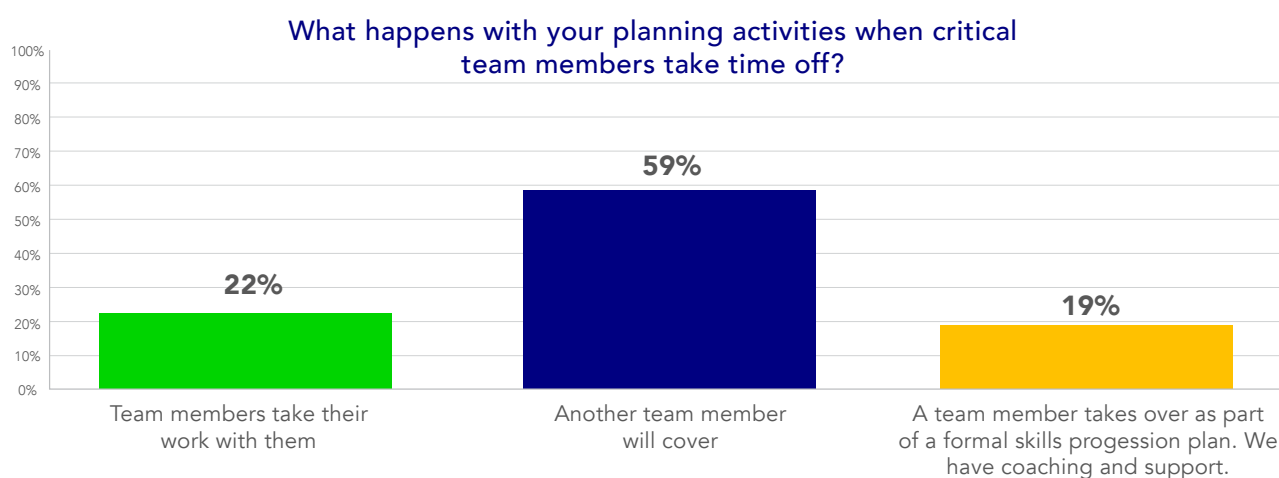
How much of your team's time is allocated to advancing their planning skills?

We also asked respondents how much time they allocate to advancing their planning skills. 32% of organizations in the research commit 5% or more of their time to advancing planning capabilities. The majority spend less than 5% of their time on this or don't have a formal commitment towards advancing planning.



What happens with your planning activities when critical team members take time off?

The research indicates that many organizations could benefit from a formal skills progression program. 22% stated that team members take their work with them when they take time off. For 59% of respondents, other team members take over their tasks. Only 19% of respondents answered that team members cover for others as part of a formal skills progression plan that includes coaching and support.



A New Age for Supply Chain Planning

As this report shows, about half of supply chain professionals believe their planning process is effective enough. These organizations may be better prepared to cope with today's scope of disruption and growing uncertainty. For the other half, weathering the storm of events like the coronavirus pandemic, and preparing for the next disruption, may not be as easy.

What our research makes clear is that organizations are eager to move beyond spreadsheets. Old technologies and transactional systems are no longer enough and can't help teams keep up with the pace of change. We live in an unpredictable environment and cannot control many of the events that affect our businesses. However, we can certainly equip ourselves with the right tools and technology to make our supply chains more resilient.

The prescriptive supply chain applications developed by AIMMS are at the forefront of enabling this shift. AIMMS S&OP can be used to analyze scenarios during planning meetings. Instead of waiting for analysis, your team can explore different scenarios and understand the tradeoffs immediately. AIMMS Network Design is fueled by powerful mathematical optimization in the back end, and intuitive scenario analysis capabilities at the front, empowering you to create flexible plans and expose hidden risks in your network.

AIMMS SC Navigator allows you to:

- Easily define a multi-tier forecasting hierarchy to enable forecasting at different levels of aggregation
- Automatically detect and treat outliers in historical data
- Take advantage of automated statistical method selection with our forecasting engine selecting the most appropriate method based on the historic demand data
- Allow our learning algorithm to continually fine tune and refine the choice of model and its parameters
- Easily create different demand scenarios and understand the impact on the supply plan, when used in conjunction with our S&OP application

**LOOKING FOR A CO-PILOT
TO ADVANCE YOUR SUPPLY CHAIN
PLANNING CAPABILITIES?
GET IN TOUCH TODAY**

GET A DEMO



AIMMS

Are you surprised by the results? How does your supply chain process stack up?

Connect with us and find out how you can advance your planning capabilities with prescriptive analytics.



Chris Gordon

VP & Product Lead SC Navigator

chris.gordon@aimms.com

T: +1 425 458 4024



Kees Ramselaar

New Business Development

kees.ramselaar@aimms.com

T: +31 23-5 511 512