

## Use of an EPO to support Business Integrated Decision Making

For many years, organisations have used a Sales and Operations Planning (S&OP) approach to make business decisions on how best to balance demand and supply within an organisation.

Originally conceived in the 1980's to make Manufacturing Resource Planning systems more stable, S&OP's heritage was bound to be with the manufacturing (latterly 'Supply Chain') community.

However, progressive organisations pushed the boundaries into other functions and collaborative approaches developed the process across trading partners and the process has migrated, and mutated, across industry sectors.

Today, S&OP offers an organising principle for any organisation that invents, develops, sells and supplies products and/or services and seeks a 'joined-up' approach to managing the business. This joined up approach is now often referred to as **Integrated Decision Making (IDM)**.

The **Integrated Decision Making** process enables a business to accomplish the monitoring and updating of its strategies using the monthly operating plan as a firm foundation



IDM is a forward-looking process with a medium term (typically 18 month) horizon that integrates and aligns strategic and tactical views and directs operational planning and execution.

The major benefits which can be achieved from IDM include:

- ⊕ A business management process based on a robust operational view of new activities, demand and supply.
- ⊕ A balance of new activities, demand and supply in line with the value proposition of the business.
- ⊕ Volume and financial integration being driven throughout the process.

- ⊕ Creating the forum to proactively develop options, choices and recommendations through the integrated reconciliation process.
- ⊕ A robust process that manages the complexities and organisational ambiguities in regional and global businesses with multiple demand streams (geographic/sector/route to market/channel) and multiple supply points, internal or external.
- ⊕ Understanding that the process is iterative, normally on a monthly cycle and focusing on change.
- ⊕ Emphasis on a monthly *process* and robust management information, as opposed to the ritual of a monthly *meeting* with too many detailed numbers.

An Enterprise Project Office (EPO) – a form of Project, Programme and Portfolio Management (P3) provides a good foundation for IDM as its role is to ensure that the organisation’s investment decision-making will deliver the greatest benefit from the resources available. This includes involvement in organisation strategy development, project and programme identification as well as business cases for investment, resource planning and allocation. It should be able to optimise the allocation of resources to match business priorities, by having complete information on all projects – current and planned. It should also be able to provide a forecast of the overall business value that will be delivered by the investment portfolio and report regularly on overall benefits delivered and realised. Robust Project Control provides the foundation for this approach; in particular, Earned Value Management will provide key indicators of project and portfolio health in terms of cost, schedule and performance.