

Oliver Wight

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Synlait ITP Process

Gaining control of the short term through Integrated Tactical Planning at Synlait Milk Limited



Background

Synlait Milk Limited is an exciting and dynamic company that in the last 10 years has grown from a start-up farming company, to a NZ\$1.5bn food and beverage company with over 1000 people, and continues to grow. It is based just south of Christchurch in the South Island of New Zealand and has customers all over the world, including many large multinational food companies.

The Synlait lead team, under the guidance of one of the founders and the CEO, realised they needed a more structured way of managing the business. As the CEO said, they wanted to evolve into a “planning organisation”.

As a result, Oliver Wight was chosen to assist with improving their monthly Integrated Business Planning process, to give them more visibility and more time to spend on the longer term. They also took on board the need for a robust weekly Integrated Tactical Planning (ITP) process, to complement this longer-range view of their business. Their deployment of the ITP process, was one of the more effective processes seen by Oliver Wight to date.

It became apparent early on, that stabilising the shorter-term horizon, was an area that could quickly drive significant benefits.

Their values statement at the time was:

WE THINK BIG. WE ACT NOW. WE DO IT RIGHT

They did the first two very well, and were reaping the rewards for it, but the last part – WE DO IT RIGHT – was where they were falling over with lots of ad hoc and informal processes.

There were also a few other hurdles to overcome including:

- Low maturity in terms of systems and process integration
- A bad experience with an ERP implementation, which led to a heavy dependence on spreadsheets
- There was an entrepreneurial culture that had to be maintained, but there also had to be a culture change to channel that energy into a more disciplined approach
- Their way of working was very reactive
- There was a high degree of functional silo-ism
- The culture was also one of trapping and not communicating bad news early enough

The journey

Synlait knew that to maintain growth and its good people, it needed good structure. Appointments were made for key IBP roles, as Oliver Wight recommended, but it also recognised early on, the need for a fulltime ITP lead, a very effective decision for Synlait. Often, the ITP lead role is picked up by one of the key Integrated Business Planning (IBP) facilitators, but in this case the company was more pro-active.



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While systems had been a problem, it stuck to a strategy of making sure people were well educated, processes were tested and embedded, and training was thorough, before thinking about technology. It has however just changed focus to getting the right technology to facilitate process.

Oliver Wight supported the deployment of the ITP process using its Proven Path Change Management methodology; starting with education for the lead team, and cascading down to all key managers. Processes were drafted, tested on paper with subject-matter experts, as well as through a series of conference room pilots, and then live pilots. The approach was to start small, but with consistent steps until the whole tactical horizon (13 weeks) was being managed through the process.

The results

There were two key benefits:

1. Less noise for the leadership team, and by definition, for the rest of the business too
2. Pro-active anticipation, management, and communication of issues, encouraging the behaviour of ‘telling it how it is’

More detailed outcomes

There was some re-design in the supply planning and scheduling space for both ITP and the IBP Supply Chain Review, but it was the key behavioural elements that were most important to come to grips with:

- Breaking plans down into weekly buckets and re-planning every week
- In the ITP process covering a horizon of 13 weeks and only focusing on what has changed on a weekly basis
- Creating a routine of checking back to the signed-off IBP plan, to assess whether the newly rolled-over ITP plans are still on track
- Integration of order entry and promising, distribution and shipping, supply planning and scheduling, and capacity planning
- Measure performance, but more importantly understanding the root causes behind missed opportunities



What else needs improving?

- Ensuring actions fix the root causes and underlying process issues to stop them popping up again.
- Further engaging the business in the importance.
- Finding ways of giving recognition to participants.

What would you do differently next time around?

“Not a whole lot, the support from Oliver Wight was just right and following the proven path made the change management a lot easier ...”

Rob Stowell, Supply Chain Director & IBP Implementation Sponsor

A chat with the key players at Synlait:

Phil Hollinshead, ITP Lead

What has been the biggest difference for you?

The difference has been huge. We don't seem to be fighting fires anymore and we get on to issues really quickly. There is a more coordinated approach, and everyone knows exactly what is going on.

Previously, there was a large S&OP meeting every week, discussing everything and anything, but after the feedback from Oliver Wight that we needed to separate the monthly IBP process from the weekly tactical process, we were managing the business in a much more methodical manner.

How important is having a full-time ITP Lead?

A full-time ITP Lead / coordinator is essential for us. When we first started, it was a really busy role. At first, there was a lot of e-mail discussions still going on and coordinating the process and meeting was really clunky. It has quietened down quite considerably but even still, a fulltime ITP Lead is still required. OW taught us that without the injection of energy, all process atrophy over time – the ITP lead is that “energy”.

“The difference has been huge. We don’t seem to be fighting fires anymore and we get on to issues really quickly. There is a more coordinated approach, and everyone knows exactly what is going on.”

– Phil Hollinshead, ITP Lead

What has ITP brought to you that you were not doing previously?

A key focus of ITP is to report progress against the signed-off IBP plan weekly, and re-plan the trajectory for the next rolling 13 weeks. It was something we never used to do, and we were always getting end-of-month surprises. Now, if anything goes off track, we’re onto it immediately, and those who need to know, are also over it well before the end of the month.

What more is there to do?

The process is still predominantly Excel and PowerPoint based, but now that we know what we want from a system, we are looking at technology right now to further enhance the value of the process.

What are the benefits?

- Everything has quietened down with very little change week to week, and even the customer-requested changes have reduced to only a handful each week
- Less firefighting, and stamping out the sparks before they ignite
- We now report across the business, so everyone knows what is going on
- There is a lot more visibility and ownership of core plans
- There is a broad spectrum of people who understand and work with the process
- We’ve reduced the meeting time to 45 minutes, down from 90 minutes, and it is really focused

How are the metrics tracking?

Getting the key metrics integrated has been a bit slow, but DIFOT, schedule attainment, and inventory performance are now routine in the ITP Meeting. We still need to embed the discipline of root-cause analysis and corrective action, but we’re getting better at it.

What would you do differently?

We are very much focused on volume, but for Synlait we probably should have included a greater financial focus earlier. We are however addressing that now. I know this is not a normal part of ITP, but due to the style of industry and our company, that is probably a unique characteristic of the ITP process for us. Also, it is only for the big changes that we need to get better at understanding the financial implications.

How sustainable do you think the process is?

I’m very confident that this is going to stay. There is a sustainability plan in place, i.e.

- Policies and procedures are written and accurately reflect how the process is being managed currently
- Induction is done for IBP and ITP – there is the Synlait 101 for all new people, Synlait 201 is now deployed for the next level of understanding, and 301 is to be launched shortly
- I’m leaving the business shortly to work in the UK, but my replacement has already been appointed and will be the full-time ITP lead ... ITP is not going away soon!

“I could not imagine, not running ITP; it would be carnage. We are now doing even more volume and orders than we were doing a few years ago, so it is inconceivable to think how it could be managed the old way.”

– Rob Stowell, Supply Chain Director

What's next?

- Greater technology support
- Focus on “real” metric improvements
- Ensure a financial lens is applied to the big changes
- Even though the number of changes to sales orders has reduced dramatically, and the focus for the sales team has shifted away from supply allocation, we want to put all the account managers through the ITP process for a month, so they know how the process works, the importance of the process to the business, and the importance of their role in maintaining a trusted demand signal.

Final thoughts?

“It is interesting that it has got to the stage where there is more interest in the ITP process than the IBP process. I guess for many people, that is the time horizon where they spend most of their day, and so there's a greater sense of achievement being generated.”

Interview with Rob Stowell, SC Director, and Josh Pedersen, IBP Lead

What is the current state of play with the ITP process?

Let us say up front, that even though the current ITP lead is leaving the business, we are going to replace the role. It's a no brainer, if we lose control of this horizon, we know everything else is going to regress back to the fire fighting mode.

What are you working on now?

We are starting to look at technology to assist with IBP and while we know we need another ERP solution, we're going to get the IBP and ITP support done first, and then re-assess.

We have an ITP workshop in the next few weeks to assess how we can better automate the information gathering and reporting process. It is important to now start getting more of the right information available, at the right time, as well as ensuring a greater degree of accuracy.

Having tried an ERP and planning systems rollout in the past, that had less-than-satisfactory results, we want to make sure we get full commitment from every department, and they understand why they are doing it.



What have you done to maintain the process?

ITP induction 101 is mandatory for all people new to the business. There is IBP (including ITP) 201 run every two months, which is another six hours of education and training, and is getting on average 12 people attending. Our new CEO, understands this stuff and has been a great support.

What would you do differently?

We need to get more engagement from finance to get good numbers and this has been a sticking point not just for the ITP process but the IBP process as well.

The other thing is to get the key roles in place earlier. While our Oliver Wight consultant, Rod Hozack, was pleased with the intent of the new organisation structure, we just couldn't fill the roles quickly enough.

What were some of the hurdles?

There have been a lot of changes in the senior management team and because we're growing so fast, it's hard to get good people in management.

John Penno, one of the founders, and outgoing CEO, was absolutely fantastic. He kept us moving forward and effectively dealt with the passive resisters, sooner rather than later. He played a crucial role. It's important that those key figures in the executive leadership team continue to support the IBP and ITP process and experience – augurs well for continuing the journey.

What were the benefits?

In our last financial year we had a massive problem with inventory, it was over-flowing everywhere; including our overflow warehouse space. Now it is being managed – full stop!

There is still the odd disconnect, but generally communication is greatly improved, and people know what is going on.

Final thoughts?

"I could not imagine, not running ITP; it would be carnage. We are now doing even more volume and orders than we were doing a few years ago, so it is inconceivable to think how it could be managed the old way."



Imagine the **possibilities**,
realize the **potential**.®

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