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Reasons Why Supply Chain Decision-Making Needs to Change

S&OE, S&OP and even IBP are sacrosanct in the world of supply chain planning, reliably guiding decision-making for many decades. But a new approach may be poised to disrupt their reign. Decision-centric planning (DCP) radically transforms how planning is executed, tapping advancements in AI, machine learning, digital twins, graph technology and more to make decisions that are more flexible, adaptable and real-time.

*“Traditional, distinct, cyclic planning processes such as S&OE, S&OP and IBP will no longer suffice in delivering strong business results in today’s volatile environment. To thrive, companies need to rethink their planning concepts powered by strong technology support. **Decision-centric planning is the answer.**”*

Gartner’s Maverick Research

But...why are traditional planning processes no longer sufficient?

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The Need to Adapt to a Dynamic Landscape

Traditional S&OE/S&OP processes were built for a less volatile and complex marketplace. That means they are often too disconnected, sequential, manual, and aligned to specific time horizons for today’s conditions.

When used to plan for today’s faster-moving, uncertain and data-intensive marketplace, they run into problems:

- Difficulty responding to events in real-time and in context
- Harder to ensure continuity and consistency in decisions
- Inability to see the full, global impact of decisions

80% of CSCOs are expected to make faster, more accurate and consistent decisions, in real time – despite increasing volatility and fast evolving markets.

Gartner

2

Decisions are Important

Where S&OE, S&OP and IBP center on the process, DCP makes the decision itself the focus for all decision-making activities.

It comprises four main components:

- **Continuous Monitoring** – Tracking if an event occurs
- **Event Impact Assessment** – Measuring the impact of the “radius blast” of the event
- **Impact-Driven Decisions** – Responding to the decisions if needed
- **Decision-Driven Composable Process** – Initiating the right process and engaging the right people

Retail “winners” place higher than “others” on:

Simulating the effects of changes to the supply chain before implementation (65% vs 44%)

Modeling contingency plans for severe supply chain interruptions (69% vs 53%)

RSR Research

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The Right Decisions Drive Real Transformation

DCP represents a paradigm shift in decision-making strategies, replacing rigid sequences with an adaptable approach that times decisions to the need.

Decisions are:

- **Variable vs Predictable** – Uses increased data sharing and advancements in modeling and analytics to better manage uncertainty, complexity and risk
- **Composable vs. Static** – Composes processes and assembles people and functions in an ad hoc way based on what’s needed for a specific decision
- **Continuous vs. Batched Data** – Uses today’s continuous availability of data to enable more inclusive decisions that drive better trade-offs, perspectives, and broader views of impact
- **Integrated vs. Separated** – Enables simultaneous decision-making and the ability to revisit decisions as the context changes, all in context of overall goals and events

75% Decision-makers expect significant improvements from investing in AI-Powered Decision Intelligence.

IDC Research

What DCP in Action Looks Like

DCP’s innovative re-engineered approach enables supply chain planners to:

- Course-correct during execution of decisions
- Measure the impact a decision will have on performance—in a way that goes well beyond the options offered by scenario planning to convey the full radius of impact
- Make decisions with greater speed and agility
- Ensure closer alignment with business strategy

“Clarity of alignment to supply chain and business priorities are among the most important factors when making a supply chain decision.”

Gartner’s Maverick Research

Start Your DCP Journey Now



Now is the time to evolve your processes and embrace supporting technology to become decision centric.

John Galt Solutions is here to help!
Click here to continue your journey..

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