

BIMBO

THE WORLD OF



PICKWICK

Radox

**MAISON
DU
CAFE**

Sanex

Since 1934
**Hillshire
Farm**

Merrill

Sara Lee

**DOUWE
EGBERTS**

Badedas

KIWI

Café
PILÃO
café forte do Brasil

Senseo

**Ambi
pur**

MARCILLA

STATE FAIR
BRAND

JJ
Jimmy Dean

Zwitsal

**Good
knight**

Ball Park
BRAND

MOCCONA
ANNO 1753



The Nuts & Bolts of S&OP

Building next-generation S&OP systems

Bill Nienburg, Vice President
Sales & Operations Planning
Sara Lee Corporation



APICS / CSCMP Passport to Effective Supply Chain Management
April 10, 2008

Discussion Structure

- **The Sara Lee Corporation**
 - **S&OP Best Practice**
 - **Concepts Applied at Sara Lee**
 - **Building a Closed Loop Process**



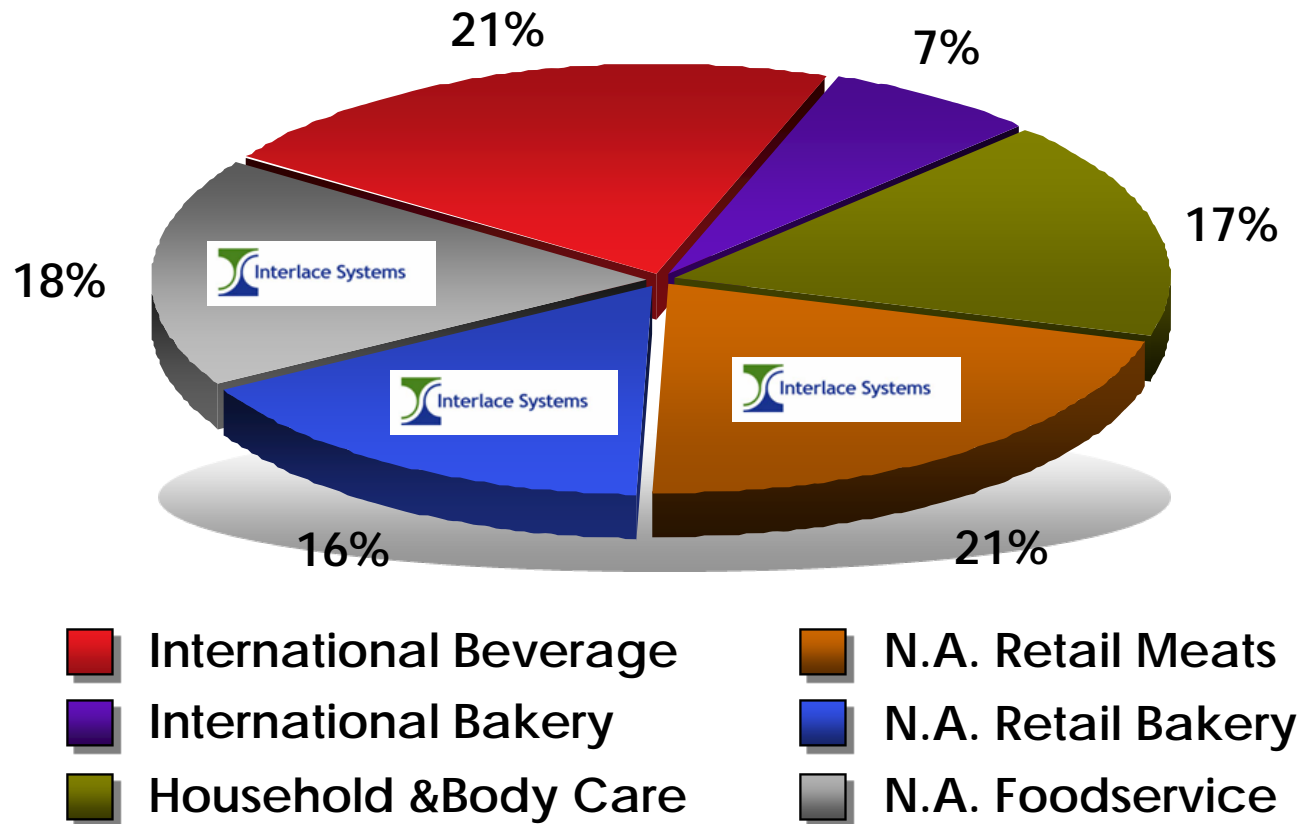
What is Sara Lee?

- Sara Lee Corporation provides consumers and customers around the world with high-quality, innovative food, beverage, household and body care products.
- Fiscal Year 07 net sales \$12.3 billion
- Products sold in nearly 200 countries
- Operations in more than 40 countries
- 52,000 employees worldwide



Product-mix

Net sales FY07



North American Retail Meats FY07 Net Sales \$2.6 Billion

- #2 in U.S. packaged meats



North American Retail Bakery FY07 Net Sales \$1.9 Billion

- #1 in U.S. fresh bread
- #1 in U.S. frozen desserts and pies



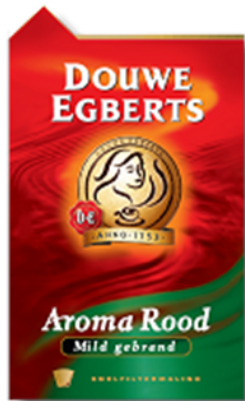
North American Foodservice FY07 Net Sales \$2.2 Billion

- #1 in foodservice coffee in United States
- Leading provider of foodservice meats and bakery



International Beverage FY07 Net Sales \$2.6 Billion

- #2 in roast and ground coffee worldwide
- Leading market positions in Europe and Brazil



International Bakery

FY07 Net Sales \$799 Million

- #1 in packaged bread in Spain/Portugal
- #1 in frozen bakery in Australia
- #2 in refrigerated dough in Europe



Household and Body Care FY07 Net Sales \$2.0 Billion

- #1 in shoe care worldwide
- #1 in bath & shower in key EU markets
- #1 in insecticides in key EU and Asian markets
- #3 in air care worldwide



SaraLee

Sara Lee's Transformation

Sara Lee Corporation is a Chicago-based global manufacturer and marketer of high-quality, brand-name products for consumers throughout the world. In February 2005, the company began executing a bold and ambitious multi-year plan to transform Sara Lee into a company focused on its food, beverage, and household and body care businesses around the world.

- **Company designated the “Priority Processes”**
 - Innovation
 - Business Planning
 - Pricing and Trade
 - **Sales & Operations Planning**



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S&OP is Critical to your Supply Chain

- **Improvements in....**
 - Forecasting
 - Visibility
 - Alignment
 - Synchronization
- **Leads to...**
 - Inventory reduction
 - More efficient operations
 - Higher responsiveness
 - More cost effective responses/investments
 - Supply Chain as a Strategic Advantage

Comparative Approach

- Functions “compete” for deciding on demand call
 - Based on separate and disconnected bottom-up forecasting processes



Must have
more top line
growth.



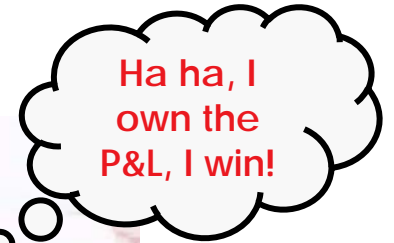
Oooo,
more
media!!



I'm going to
beat that
forecast by
a mile!



But... but... my
forecast models
don't show THAT?!



Ha ha, I
own the
P&L, I win!



S&OP Best Practice

Traditional S&OP...

Sales & Operations Planning accomplishes synchronization between demand and supply capacity and capability, and provides a structured process for options analysis and decision making around demand and supply balancing.

Next Generation S&OP...

Sales & Operations Planning is the common and synchronized process for business review and decision making, to optimize business performance and drive business strategy.

"The next generation of S&OP leaders are aggressively converting S&OP from an operations level demand-and-supply balancing process to the mechanism of choice for integrated business planning and strategy deployment... No process is more fundamental to reliable earnings growth"

Next-Generation S&OP: The Path to Bottom-Line Value
Stephen Hochman,
AMR Research, 2007

- Set Bold, Far Reaching Objective for S&OP
- Aggressive Process & System Integration
- Design, Redesign, Enhance & Expand
- Master the data Structure
- Solve the Complexities
- Challenge Organization, Envision the Future



Sales & Operations Planning Model



Continuous Collaboration Process: Converges for S&OP Consensus Snapshot

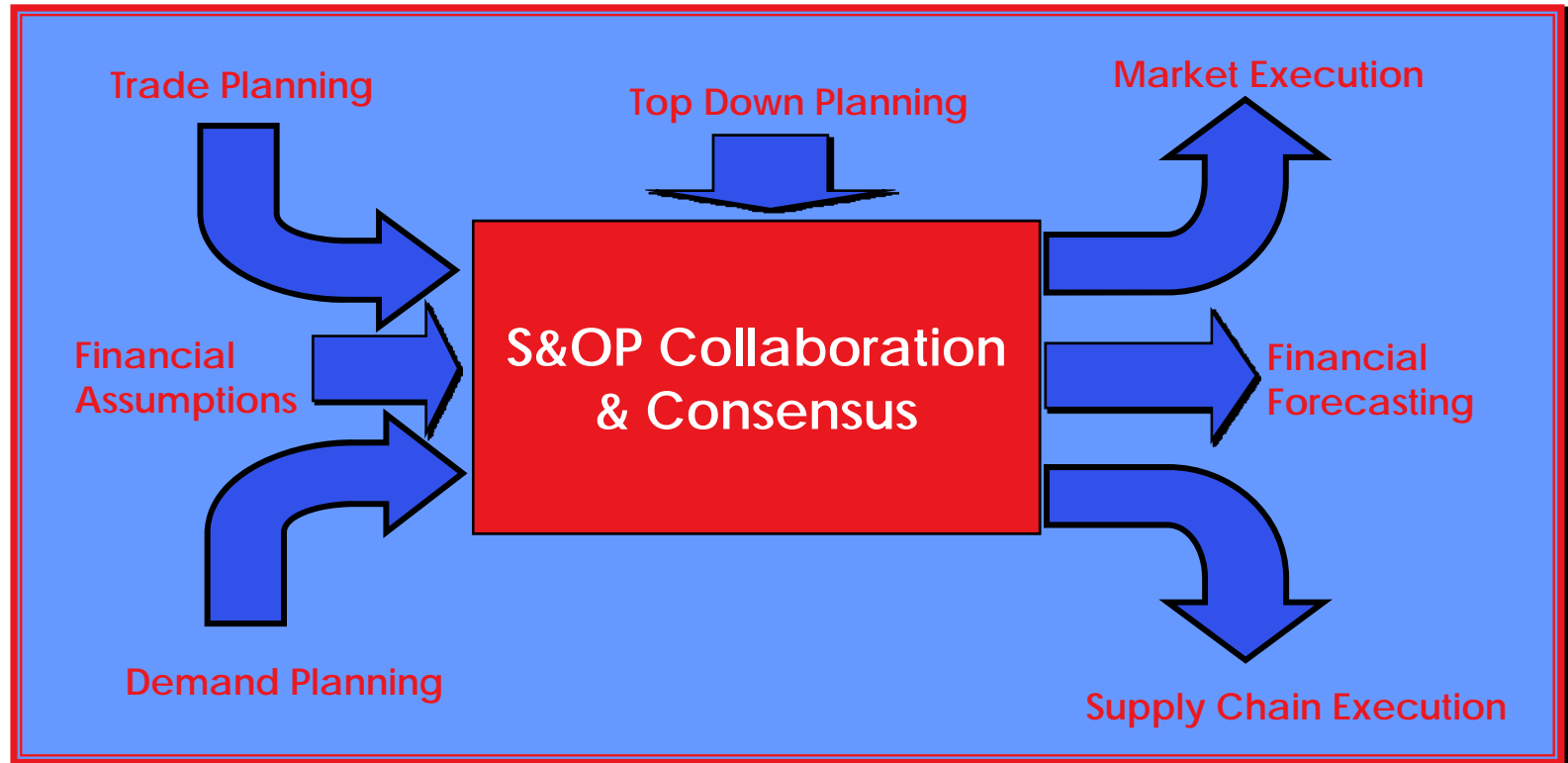


Decision / Exception Management Funnel



Business Strategy

Integrated Business Planning Process



"S&OP must evolve to a true Integrated Business Planning Process to realize it's full potential to align and coordinate a complex and multi-functional business landscape"

Discussion Structure

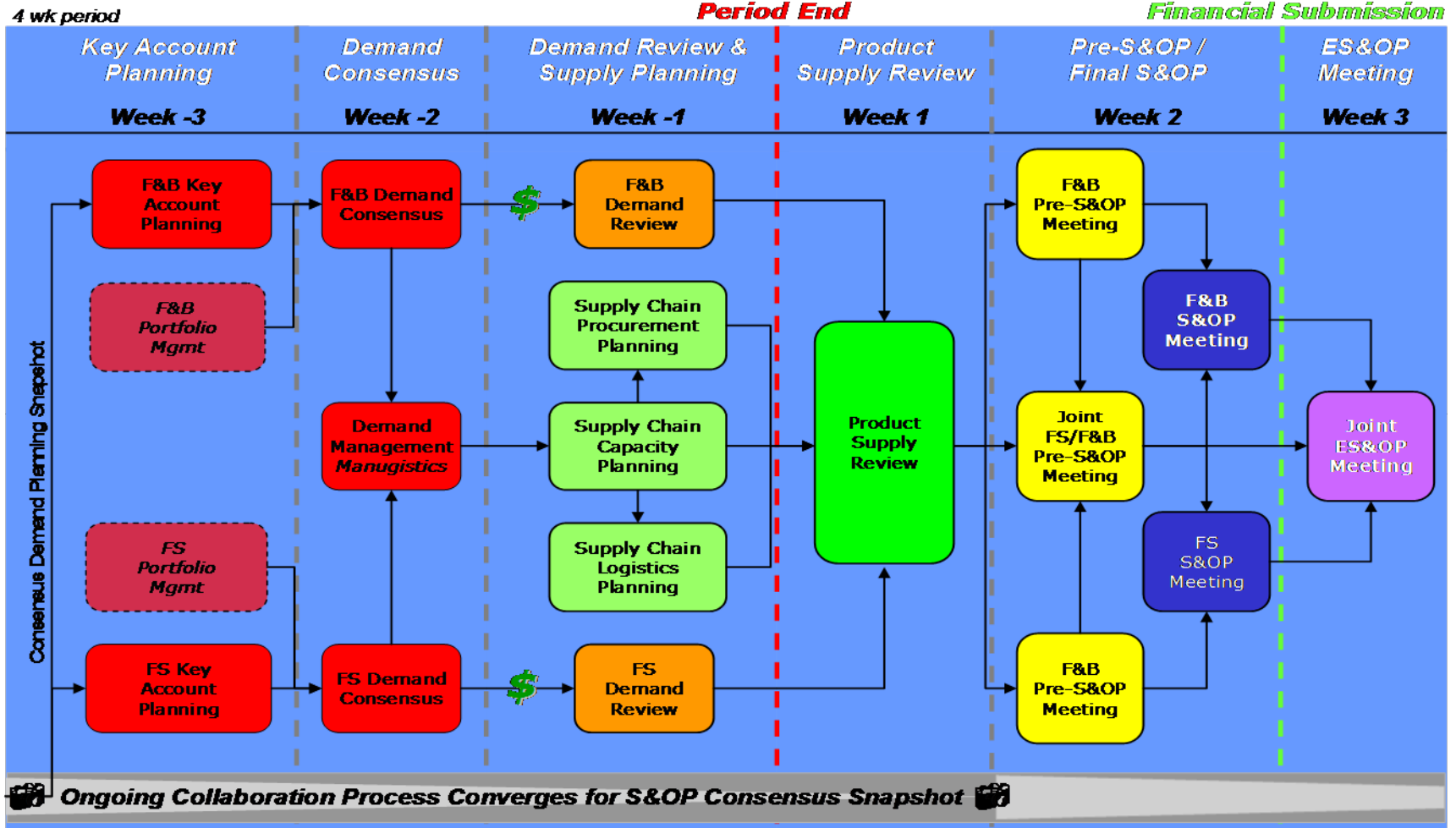
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Not your Father's S&OP!

- **S&OP data management complexities**
 - Use of attributes to govern aggregation
 - Forecast record types to represent data sources
 - Allocation logic supporting business requirements
 - Data dependencies for downstream analysis
 - Two way financial assumption sharing
 - Scenario Management
 - Sense & Respond Exception Management
- **Ambitious System Integration**
 - Direct Data Integrations
 - Unit of Measure Dynamics
- **S&OP inputs should be specific / actionable**
 - “Building block” vs. “comparative” approach
 - Vary level of detail by horizon/function
 - Forecast levels tied to bottom-up / top-down

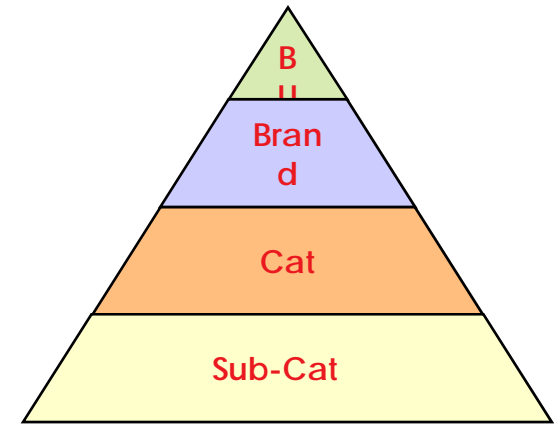
S&OP Activity Flow: North America Meat & Frozen Bakery



Structure is Critical to S&OP

- **Data Hierarchies & Organization Structure**

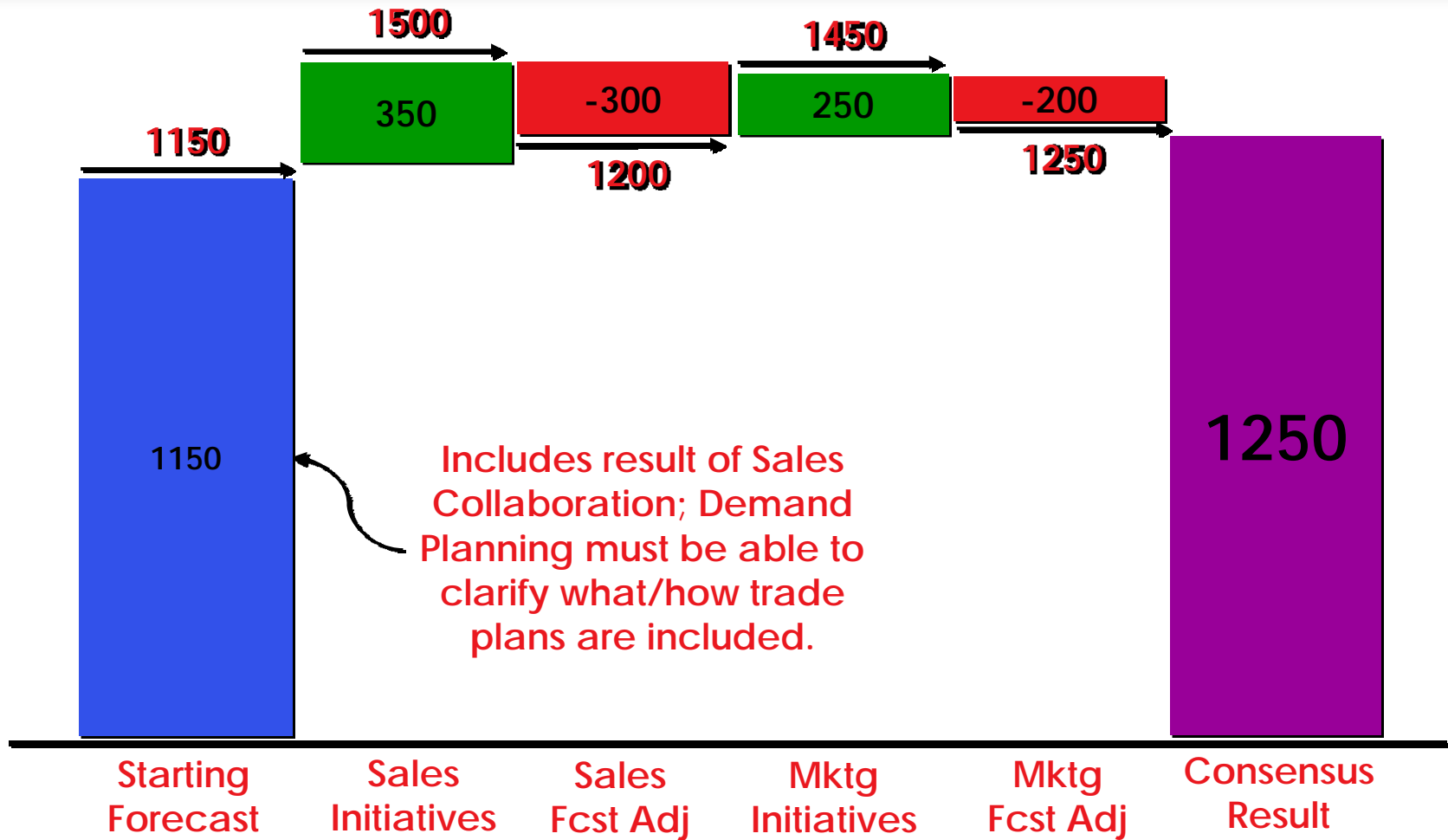
- Product
- Customer
- Sales Organization
- Marketing Organization
- Financial Alignment
- Segmentations



- **Link to Master Data**

- Plan according to data structures
- Drive Out Hierarchy Flaws/Inconsistencies
- Add Master Data Elements if needed

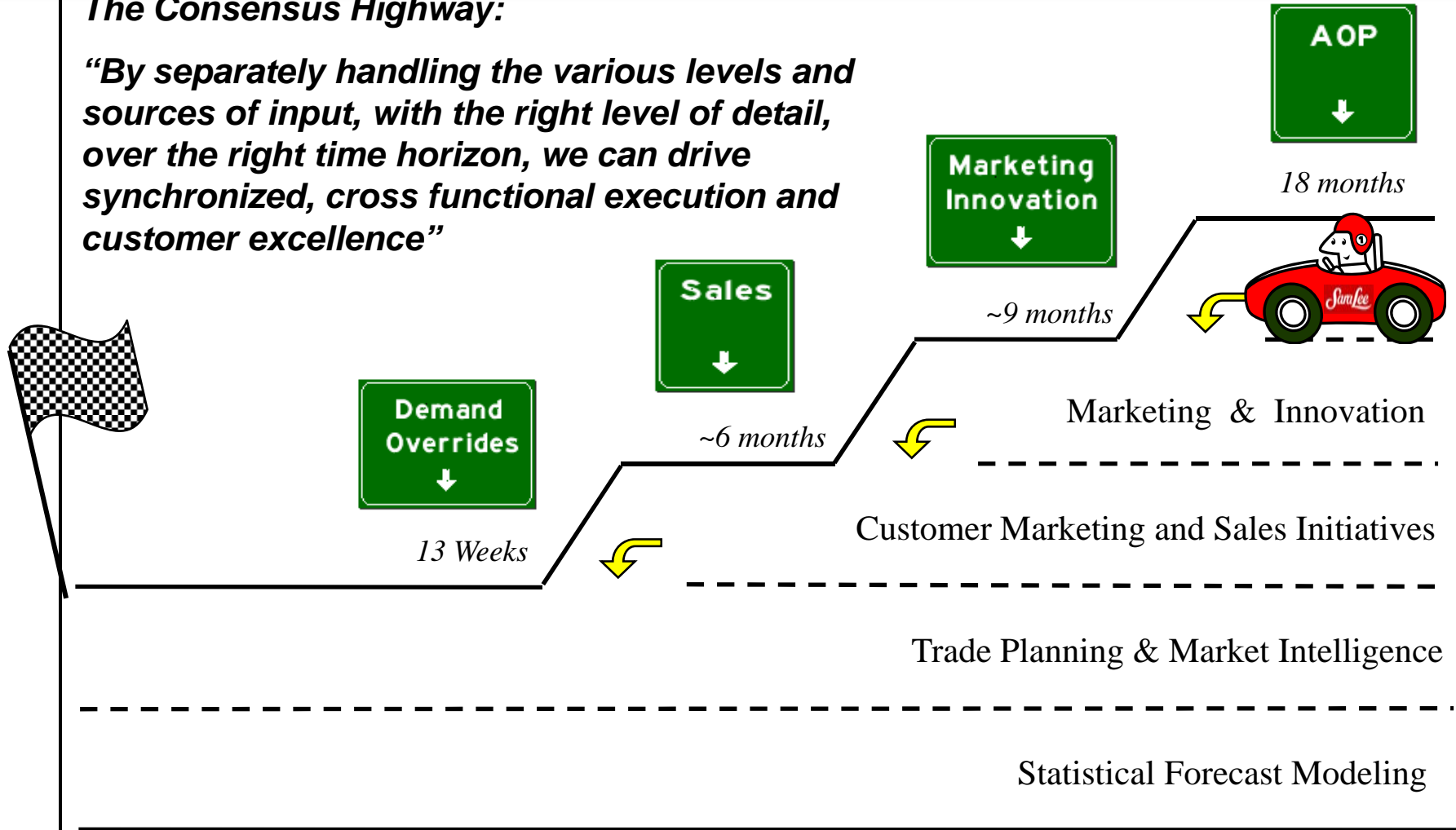
Using a Building Block Approach



Horizon Drives Required Level of Detail

The Consensus Highway:

“By separately handling the various levels and sources of input, with the right level of detail, over the right time horizon, we can drive synchronized, cross functional execution and customer excellence”

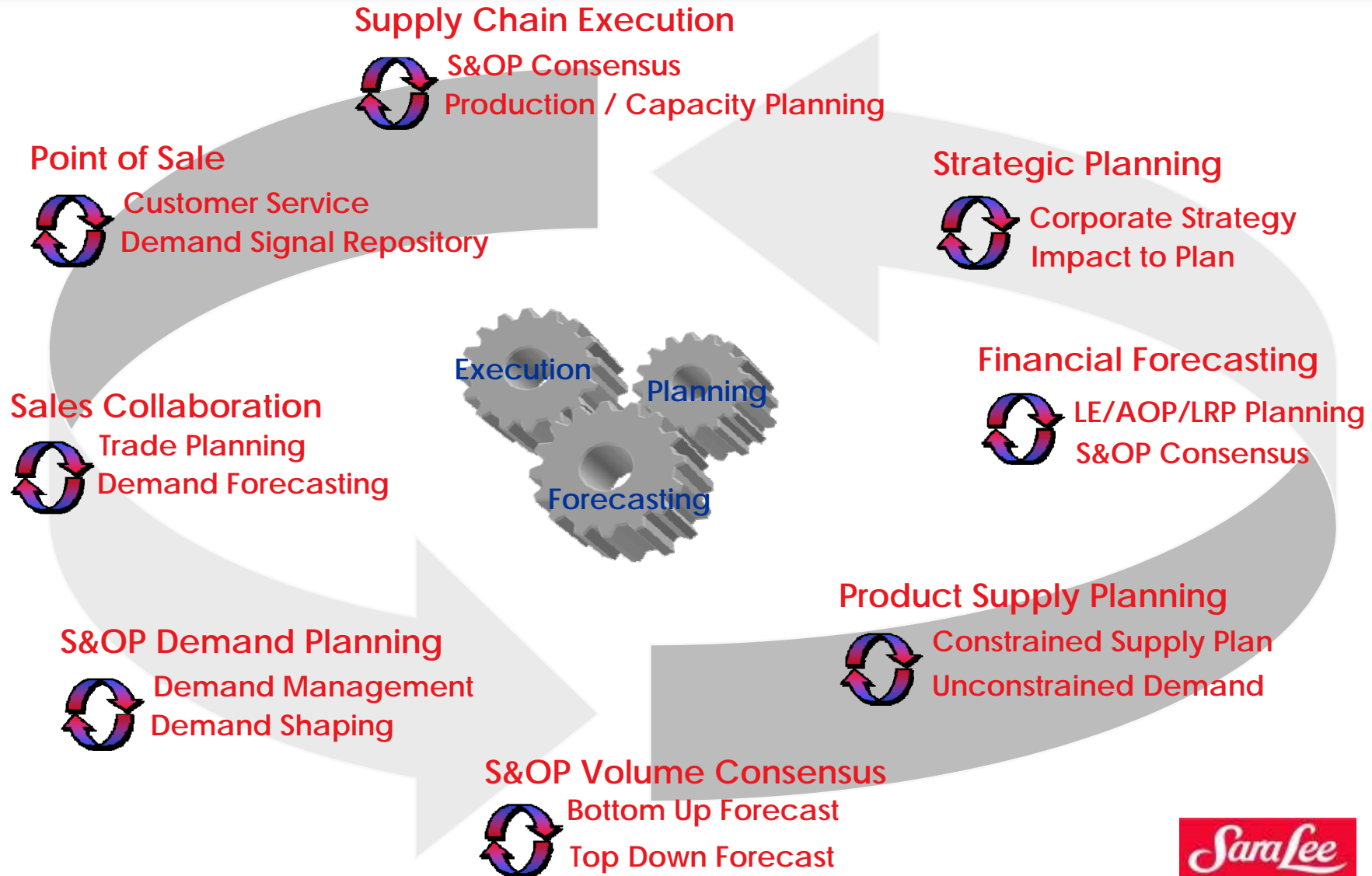


Discussion Structure

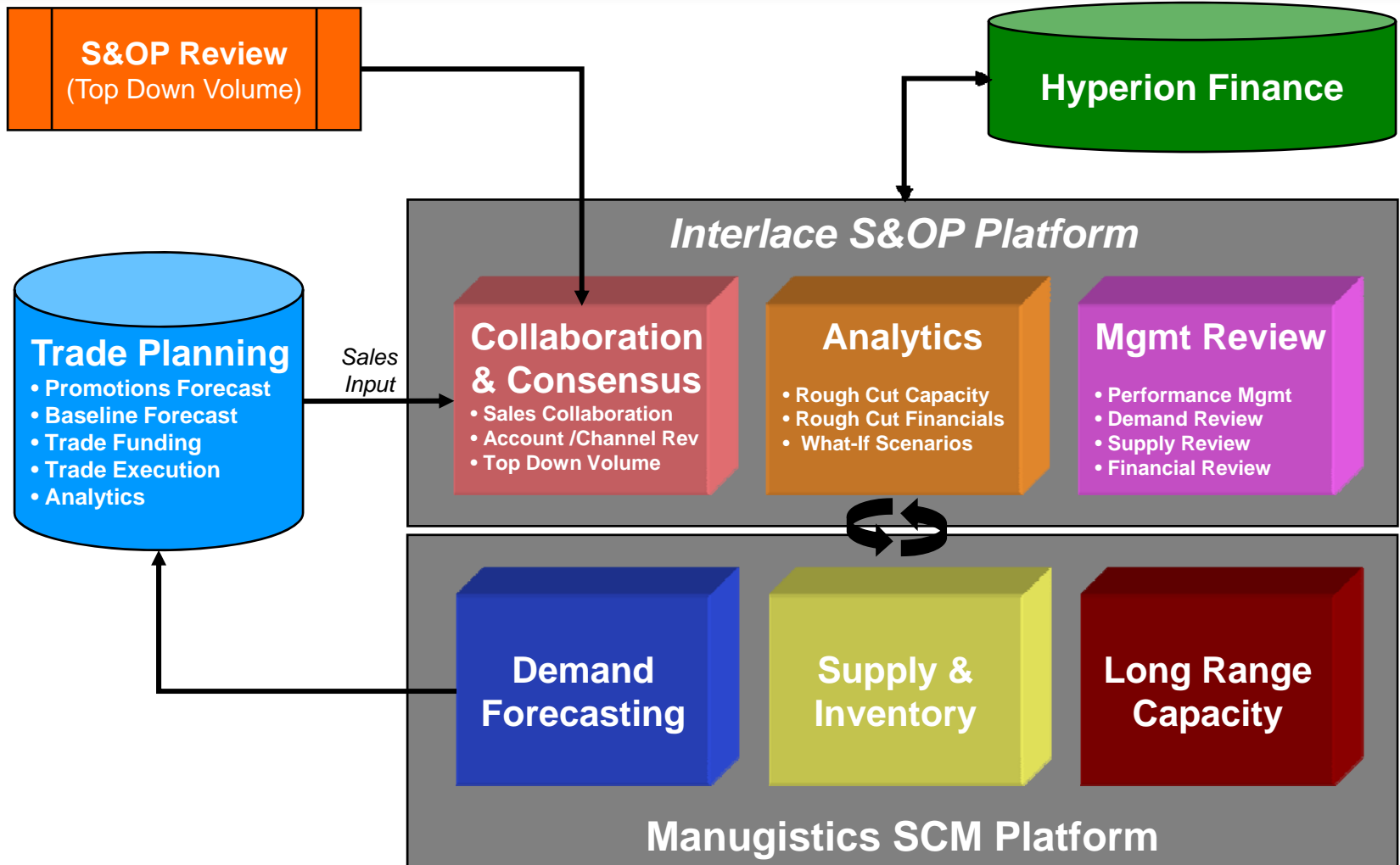
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Creating the Closed Loop Integrated Business Planning Process



S&OP System Integration



S&OP Application Requirements

- **Modules**

- Collaboration
- Consensus
- Supply & Financial Analytics
- Management Review

- **Functionality**

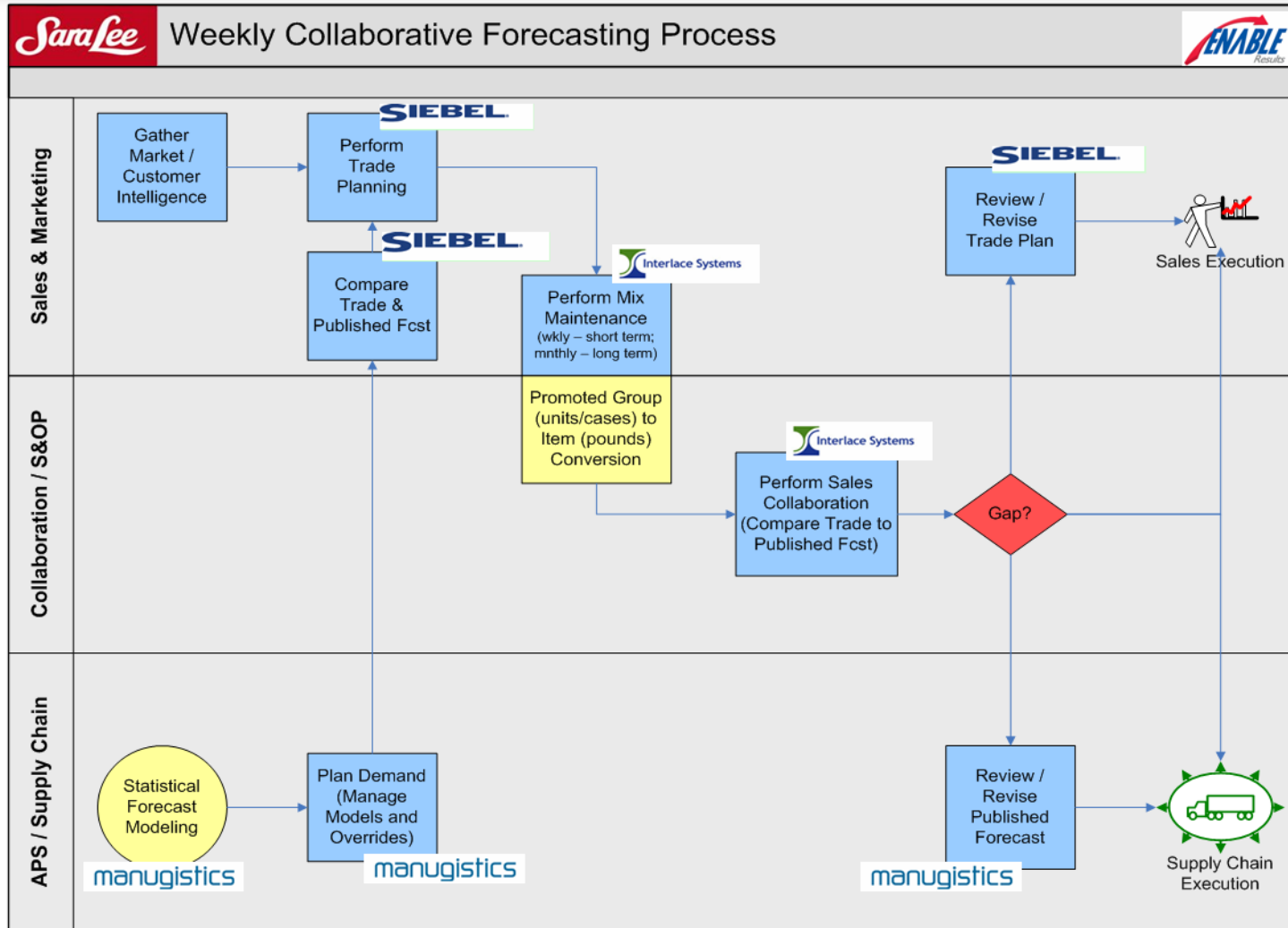
- Multi-dimensional, Multi-Level Structure
- Two Way (Data Compilation/Data Entry)
- Basic Forecasting
- Reconciliation Capabilities
- Flexible Measures & Reporting
- Imbedded Presentation
- Work Flow (w/ Email Integration)

- **Logic and Integration**

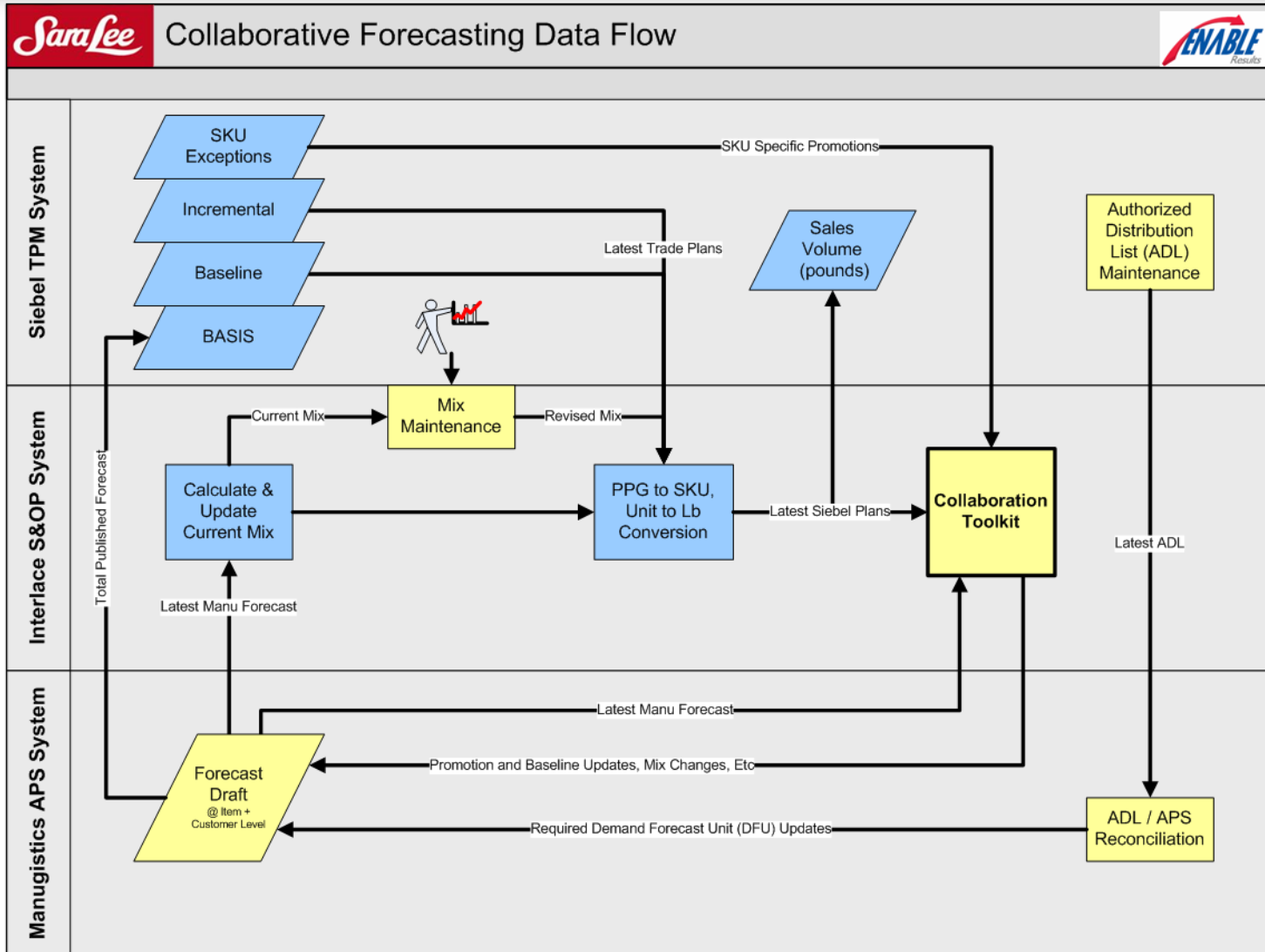
- Data Load / Extract
- Batch Processing
- Customizable Logic



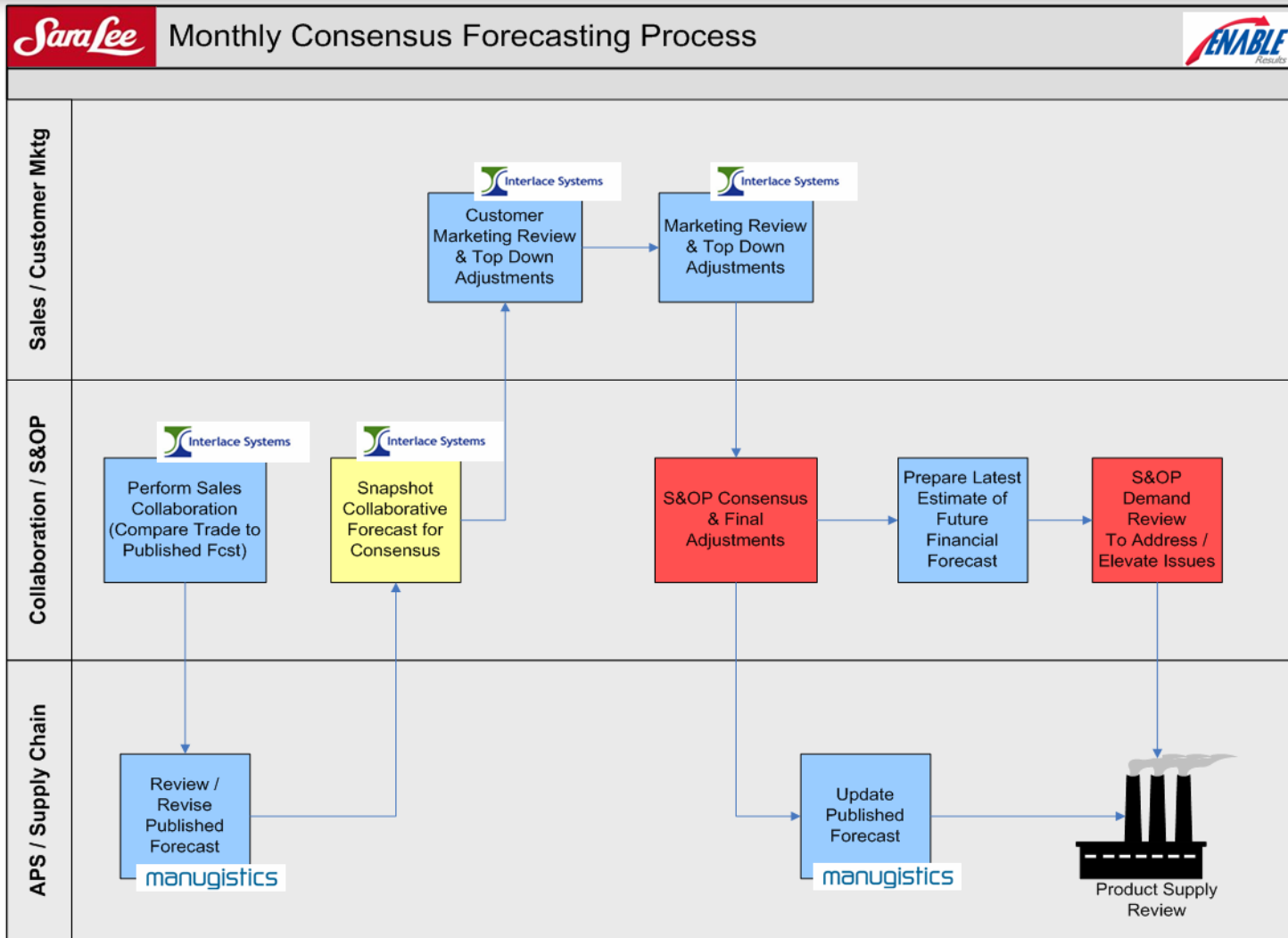
Collaboration Process Flow



Collaboration Data Flow



Consensus Process Flow



S&OP Keys To Success

- **Foundational**

- Top Management Buy In / Sponsorship
- Rigor & Regularity
- Participation & Commitment
- Single Plan

- **Difference Makers**

- Structure exclusively against Master Data
- Depth & Breadth of System Integration
 - Link to Financials is single biggest driver
- Multi Functional Relevance
- Drive / Publicize Results
- Create the Vision for the Future