WORKED EXAMPLE · S&OP PLAN IN MONEY

Next year's S&OP plan, in money

The same supplier, next year: the signed S&OP plan of 2,248 thousand cases, priced through each retailer's own terms. It starts where "Why margin moved" ends, at a gross margin of 10,249 thousand euros.

THE HEADLINE

The plan lifts gross margin from 10,249 to 11,471 thousand euros, 20.5% to 21.7% of net-net sales: higher list prices more than cover dearer cost per case.

From this year's gross margin to the plan's (EUR thousand)



Net-net sales, EUR thousand: 49,951 this year, 52,792 in the plan. Cases, thousand: 2,200 this year, 2,248 in the plan.

The plan, retailer by retailer, through each one's terms

EUR thousand, unless stated	Cases, thousand	Invoiced sales	Off-invoice terms	Net-net sales	Gross margin	Margin, % of net-net	Margin change on this year
Retailer A	689	19,217	−2,650	16,567	3,586	21.6%	+552
Retailer B	539	14,313	−2,019	12,294	2,340	19.0%	+239
Retailer C	425	11,002	−1,050	9,952	2,231	22.4%	+183
Retailer D	344	8,525	−393	8,132	1,866	22.9%	+141
Retailer E	251	6,229	−382	5,847	1,448	24.8%	+107
All five retailers	**2,248**	**59,286**	**−6,494**	**52,792**	**11,471**	**21.7%**	**+1,222**

Did the planners' changes make the forecast more accurate?

Product	Statistical forecast	After changes	Change, points	Error removed, thousand cases
Laundry liquid	88.2%	93.4%	+5.2	+21
Laundry capsules	89.7%	85.6%	−4.1	−16
Dishwasher tablets	80.7%	89.2%	+8.5	+25
Washing-up liquid	90.5%	94.3%	+3.8	+20
Hand wash	81.1%	89.6%	+8.5	+25
Shower gel	90.0%	94.3%	+4.3	+13
All products	**87.3%**	**91.3%**	**+4.0**	**+88**

Four sign-offs, one plan

Sign-off	By	Signed
Demand	Sales director	12 Nov
Supply	Operations director	14 Nov
Finance	Finance director	18 Nov
Executive	Managing director	20 Nov

The signed plan becomes next year's budget revenue, cost of goods and stock.

Price carries the plan

List prices up 2.4% add 1,508 thousand euros, and dearer cost per case takes 688 thousand of it.

Retailer A's terms reset

Capsule promotion funding at Retailer A falls from 520 to 360 thousand, display fees from 140 to 90. Its margin rises 552 thousand, the most of any retailer.

Changes measured, not assumed

The planners' changes lifted accuracy from 87.3% to 91.3%. On capsules they cost 4.1 points: promotion volume was added twice.

Key tables export to Excel with their formulas. Illustrative figures. Not a client's data. Price is valued at list price; discounts and rebates on the increase sit in trade terms. Mix is valued at this year's margin per case. Forecast accuracy is the share of cases sold, product by product and month by month this year, that the forecast made a month ahead got right.