

# Creating a Perfect Fit with SIOP

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Manager of Demand Planning and S&OP

Red Wing Shoe Company

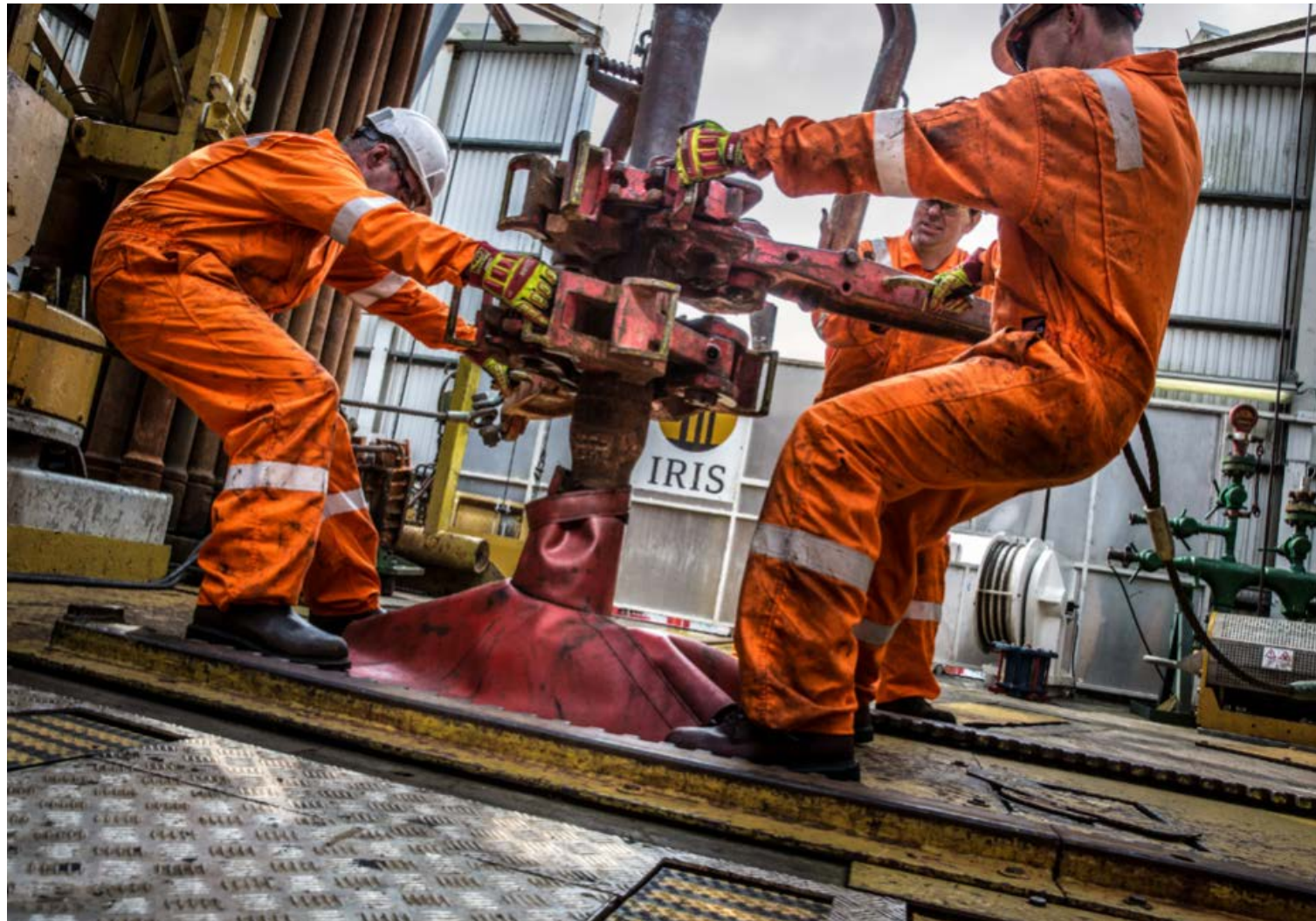
**velocity**

CONNECT + ACCELERATE + INNOVATE

## Work Boots



# Work Garments



# Heritage



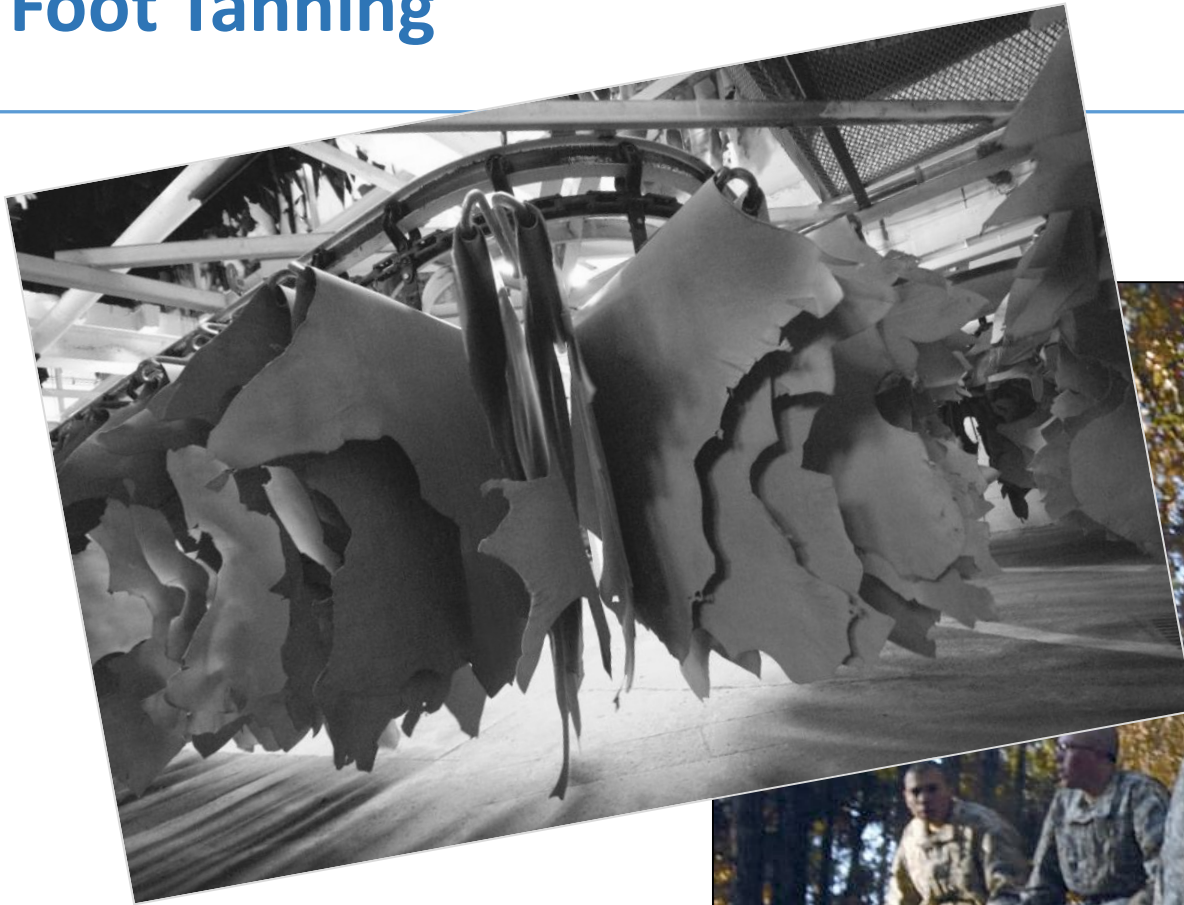
# Outdoor



# Retail



# SB Foot Tanning




**S.B. Foot Tanning Co.**  
*leather for life*  
RED WING, MINNESOTA, USA

## Red Wing Shoe Company Profile

- ▶ Sold in 50 States / 110 Countries
- ▶ 2,200 employees (1,200 in MN)
- ▶ 3 Domestic and 11 Int'l Factories
- ▶ 9 Distribution Centers worldwide
- ▶ 580 RW Shoe Stores/trucks worldwide





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- ▶ **We will be a great place to work for our employees as we strive to serve the interests of our customers, shareholders, vendors, and community.**

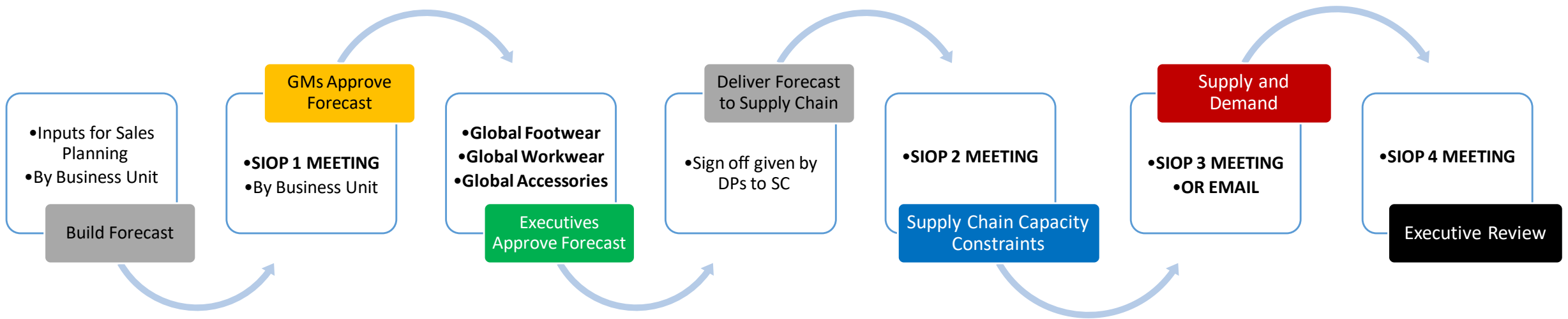
## Current SIOP Process

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- ▶ Engagement
- ▶ Accountability
- ▶ Alignment
- ▶ Ownership
- ▶ Cross Functionality
- ▶ One Number, One System of Record



# Current SIOP Process



# Published SIOP Calendar

## 2019

## SIOP Calendar

JANUARY							FEBRUARY							MARCH							APRIL						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
30	31	1	2	3	4	5	27	28	29	30	31	1	2	24	25	26	27	28	1	2	31	1	2	3	4	5	6
6	7	8	9	10	11	12	3	4	5	6	7	8	9	3	4	5	6	7	8	9	7	8	9	10	11	12	13
13	14	15	16	17	18	19	10	11	12	13	14	15	16	10	11	12	13	14	15	16	14	15	16	17	18	19	20
20	21	22	23	24	25	26	17	18	19	20	21	22	23	17	18	19	20	21	22	23	21	22	23	24	25	26	27
27	28	29	30	31	1	2	24	25	26	27	28	1	2	24	25	26	27	28	29	30	28	29	30	1	2	3	4
3	4	5	6	7	8	9	3	4	5	6	7	8	9	31	1	2	3	4	5	6	5	6	7	8	9	10	11

MAY							JUNE							JULY							AUGUST						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
28	29	30	1	2	3	4	26	27	28	29	30	31	1	30	1	2	3	4	5	6	28	29	30	31	1	2	3
5	6	7	8	9	10	11	2	3	4	5	6	7	8	7	8	9	10	11	12	13	4	5	6	7	8	9	10
12	13	14	15	16	17	18	9	10	11	12	13	14	15	14	15	16	17	18	19	20	11	12	13	14	15	16	17
19	20	21	22	23	24	25	16	17	18	19	20	21	22	21	22	23	24	25	26	27	18	19	20	21	22	23	24
26	27	28	29	30	31	1	23	24	25	26	27	28	29	28	29	30	31	1	2	3	25	26	27	28	29	30	31
2	3	4	5	6	7	8	30	1	2	3	4	5	6	4	5	6	7	8	9	10	1	2	3	4	5	6	7

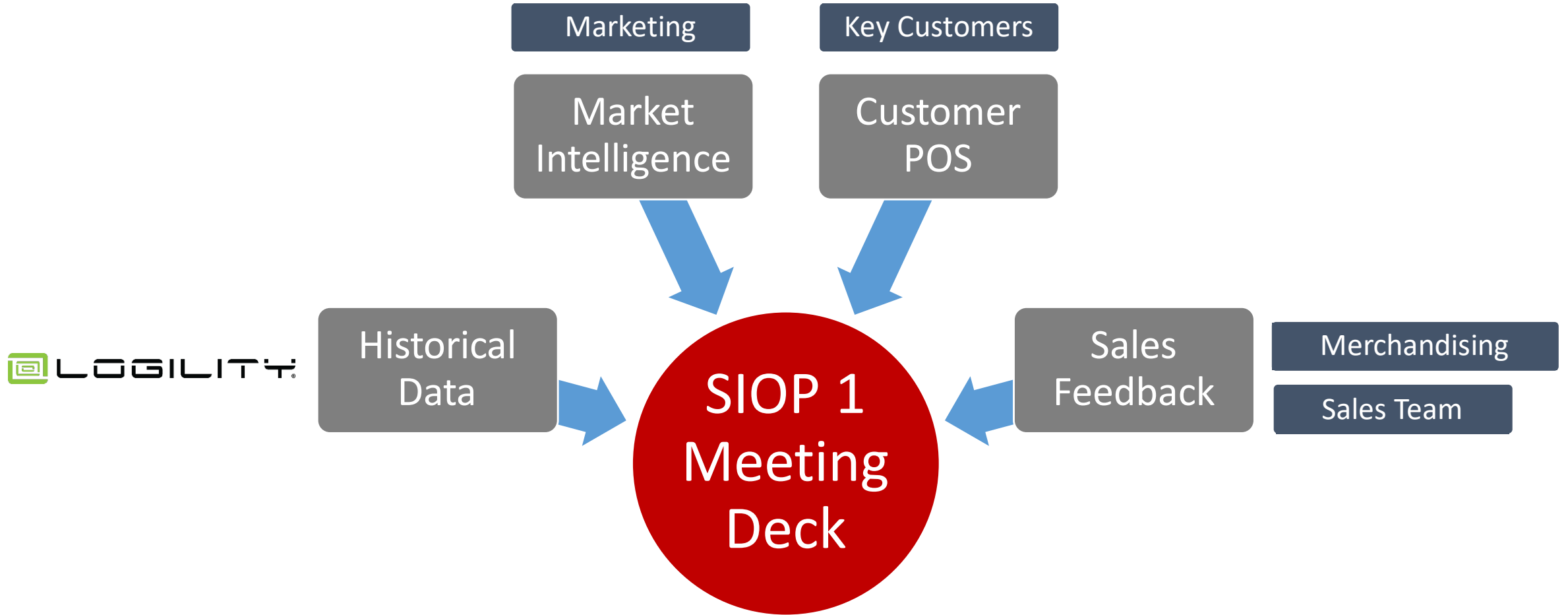
  

SEPTEMBER							OCTOBER							NOVEMBER							DECEMBER						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7	29	30	1	2	3	4	5	27	28	29	30	31	1	2	1	2	3	4	5	6	7
8	9	10	11	12	13	14	6	7	8	9	10	11	12	3	4	5	6	7	8	9	8	9	10	11	12	13	14
15	16	17	18	19	20	21	13	14	15	16	17	18	19	10	11	12	13	14	15	16	15	16	17	18	19	20	21
22	23	24	25	26	27	28	20	21	22	23	24	25	26	17	18	19	20	21	22	23	22	23	24	25	26	27	28
29	30	1	2	3	4	5	27	28	29	30	31	1	2	24	25	26	27	28	29	30	29	30	31	1	2	3	4
6	7	8	9	10	11	12	3	4	5	6	7	8	9	1	2	3	4	5	6	7	5	6	7	8	9	10	11

<span style="background-color: yellow; border: 1px solid black; display: inline-block; width: 15px; height: 10px; vertical-align: middle;"></span> SIOP 1 - GM Forecast Alignment, Review & Approval	<span style="background-color: red; border: 1px solid black; display: inline-block; width: 15px; height: 10px; vertical-align: middle;"></span> SIOP 3 - Supply Chain & Business Unit Review
<span style="background-color: green; border: 1px solid black; display: inline-block; width: 15px; height: 10px; vertical-align: middle;"></span> Executive Forecast Review & Approval	<span style="background-color: black; border: 1px solid black; display: inline-block; width: 15px; height: 10px; vertical-align: middle;"></span> SIOP 4 - Executive Review
<span style="background-color: blue; border: 1px solid black; display: inline-block; width: 15px; height: 10px; vertical-align: middle;"></span> SIOP 2 - Supply Chain Capacity Review	

# Phase 1 Build Forecast



OWNER: DEMAND PLANNERS

## Phase 1 Build Forecast - Examples

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Demand Review Conf. Calls

Marketing Initiatives

Weather Impacts

Tender Updates

Promotions

Price per Barrel (Oil)

New Product Forecasting

E-Commerce

New Store Openings

Key Market Indicators

Opened/Closed Accounts

Int'l Warehouse Review

Election

Competitive Plays

## Phase 2: SIOP Meeting #1 VPs of Brand Approve Forecast

### Participants

- VP of Brand
- Finance Business Partner
- Director of Merchandising
- VP of Business Services

### KPIs

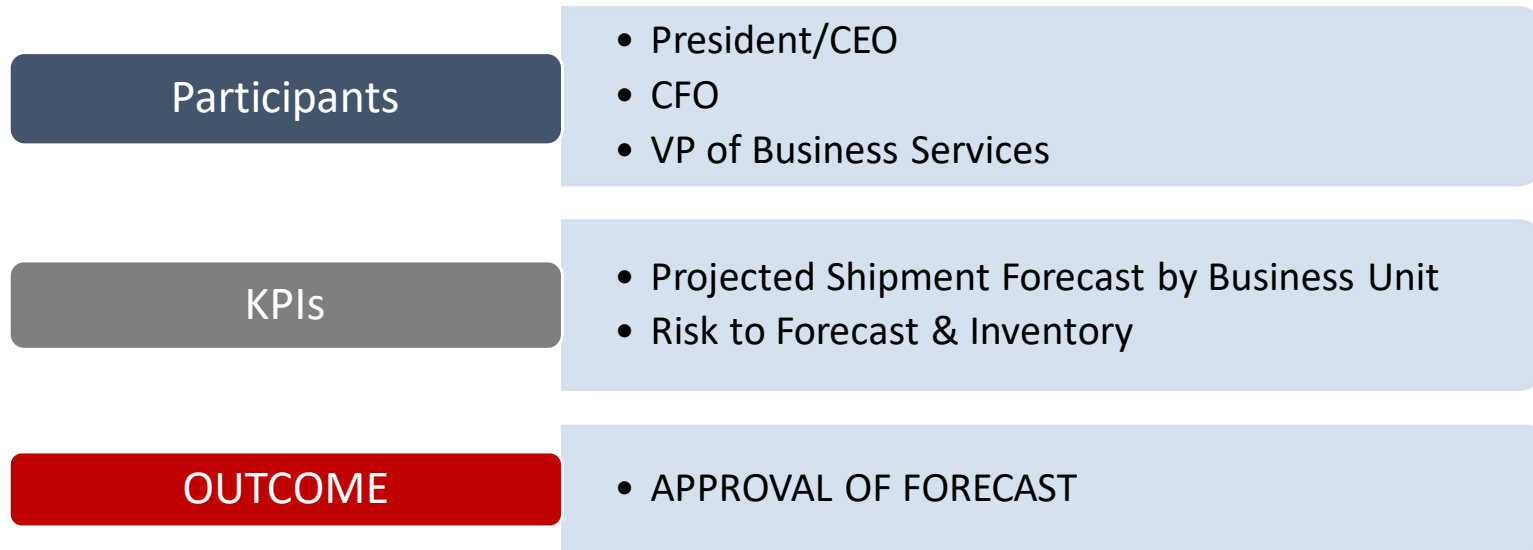
- Forecast Error
- Forecast Bias
- Excess Inventory
- Discontinued Inventory
- Backorders/Late Orders
- Inventory Turns

### OUTCOME

- APPROVAL OF FORECAST

OWNER: DEMAND PLANNERS

# Phase 3 Executives Approve Forecast





# Phase 4 Deliver Forecast to Supply Chain



# Phase 5: SLOP Meeting #2 Supply Chain Capacity Planning

## Participants

- SVP of Supply Chain
- Finance Business Partner
- Quality
- Supply Chain Planners
- Scheduler(s)
- Director of Logistics
- Inventory Manager
- Sourcing Manager

## KPIs

- Lead Time
- Defective Rates
- Backorders
- On Time/Complete
- IPD
- Factory Second Rate
- Safety Stock Targets

## OUTCOME

- Capacity Constraints & Options for Resolution
- Capacity Graphs

# Phase 6: SIOP #3 (Meeting or Email) Supply and Demand Review

## Participants

- Demand Planners
- Supply Chain Planners
- Scheduler(s)
- Inventory Manager
- Sourcing Manager
- Director of Planning & Procurement

## KPIs

- Forecast Error/Bias
- Backorders/Late Orders
- Lead Times
- Defective & Factory Second Rate
- On Time/Complete
- Inventory Turns
- IPD

## OUTCOME

- Resolution Plan
- Action Items for Constraints

# Phase 7: SIOP Meeting #4 Executive Review

## Participants

- President/CEO
- CFO
- VPs of Sales
- SVP of Supply Chain
- VP of Business Services
- Finance Business Partner

## KPIs

- Inventory – Turns, DSO, Excess
- On Time & Complete
- Backorders
- Inventory/Production/Demand (IPD)

## OUTCOME

- Resolution on current & last month action items

# Scorecard Overview

KPIs		SIOP #1	SIOP #2	SIOP #3	SIOP #4
Forecast Metrics	WMAPE for active styles (lag 3)	✓		✓	✓
	Bias for active styles (lag 3)	✓		✓	
Supply	MFG / Sourced Lead Time		✓	✓	
	Defective Returns		✓	✓	
	Factory Seconds Rate		✓	✓	
Customer Service	On Time / Complete		✓	✓	✓
	Backorders	✓	✓	✓	✓
	Late Orders	✓	✓	✓	
Inventory Movement	Inventory Turns	✓	✓	✓	✓
	Days of Inventory				✓
Inventory Levels	On Hand / In Transit	✓	✓	✓	✓
	Excess / Discontinued	✓	✓	✓	✓
	Safety Stock Target		✓	✓	

## Return on SIOP Process

### ▶ Forecast Metric Improvement

- WMAPE (lag 3) on active, inline styles
  - ▶ 55% reduction (36% down to 16%)
- More stable brands at 12%

### ▶ Safety Stock Reduction

- Leverage ABC Analysis
- Be right on the right product

### ▶ Reporting times decreased from days to minutes

### ▶ Process Cycle reduced 50% (45 days to 2 ½ weeks)



## Continuous SIOP Improvement

### ▶ Review

- Attendees
- Data
- Cadence
- Buy-In
- Inputs

### ▶ Ask for Feedback

### ▶ Communicate

- Action Items
- Responsibilities
- Ownership
- Deliverables

### ▶ Collaboration

- Technology
- Executives



QUESTIONS?

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THANK YOU