

SKF®

Integrated Planning

The start of a transformation



SKF vision and mission



A world of reliable rotation

The undisputed leader
in the bearing business

SKF – a truly global company

- Established 1907
- Sales 2016 SEK 72,787 million
- Employees 44,868
- Manufacturing units 108
- SKF presence 130 countries
- Distributors/dealers 17,000 locations
- Global certificates ISO 14001
OHSAS 18001 certification
ISO 50001



The big why

Why?



World's largest retailers
produce no goods



World's largest housing provider
owns no hotel



U B E R

World's largest taxi company
owns no vehicle

Disruption is all around!



World's largest movie house
owns no cinema

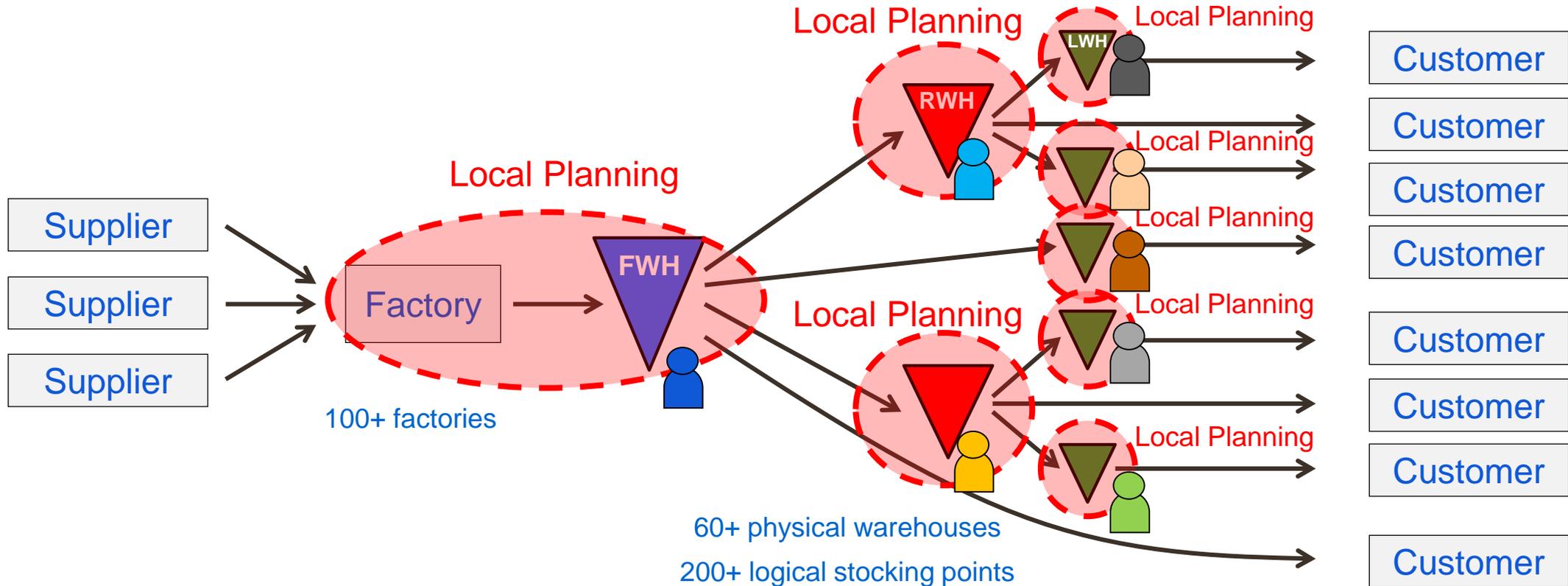


What if, one day...?

World's largest bearing supplier
produces no bearing

A new Demand Chain vision

Today's Demand Chain setup



Known limitations:

- Planning towards local optimum; limited alignment of forecast; potentially different planning methods and parameters
- Deviations solved in local scope

→ many brains with limited focus
→ sub-optimization and friction

Design principles of new way of working

Primary design principles

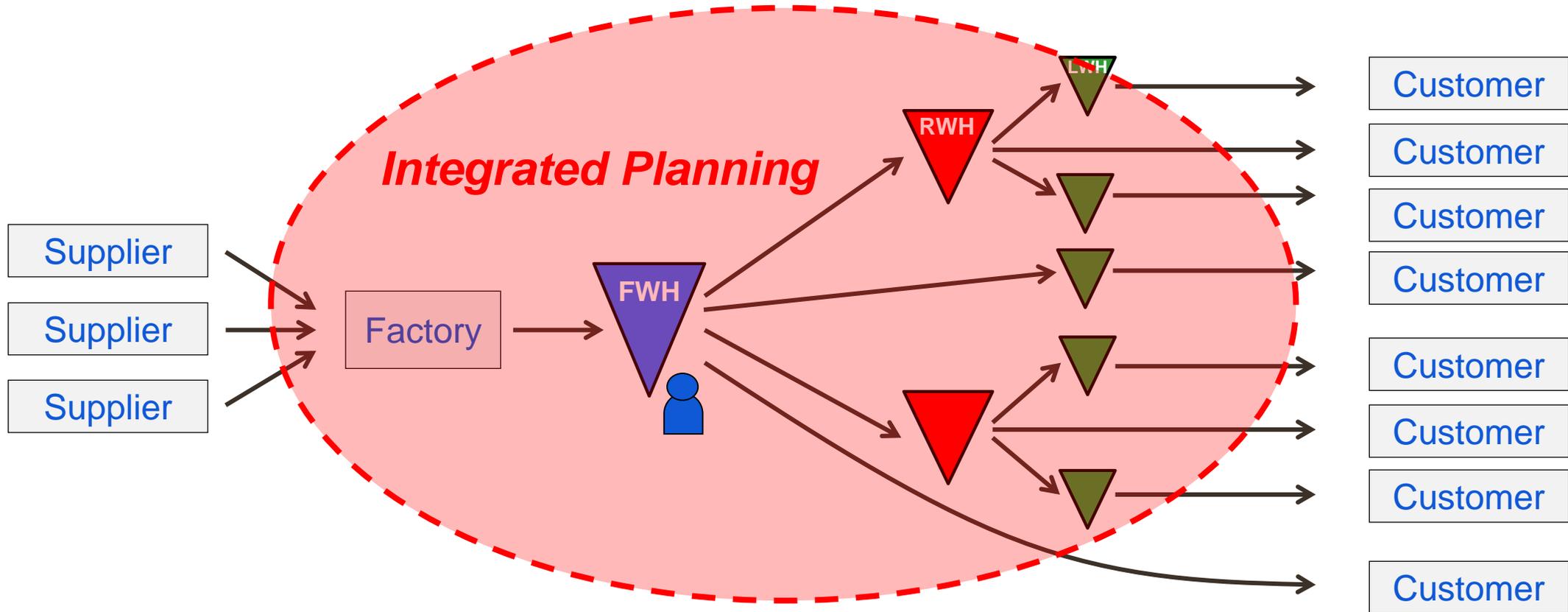
- Global optimum beats sum of local optima
- Plan dependent flows together; our assortment in the supply dimension

→ you can split the “Demand Chain”, as long as you stick to above principles!

Secondary design principles

- High Level of automation in full Demand Chain; exception-based intervention
- Strict definition of business interfaces

Tomorrow's Demand Chain setup



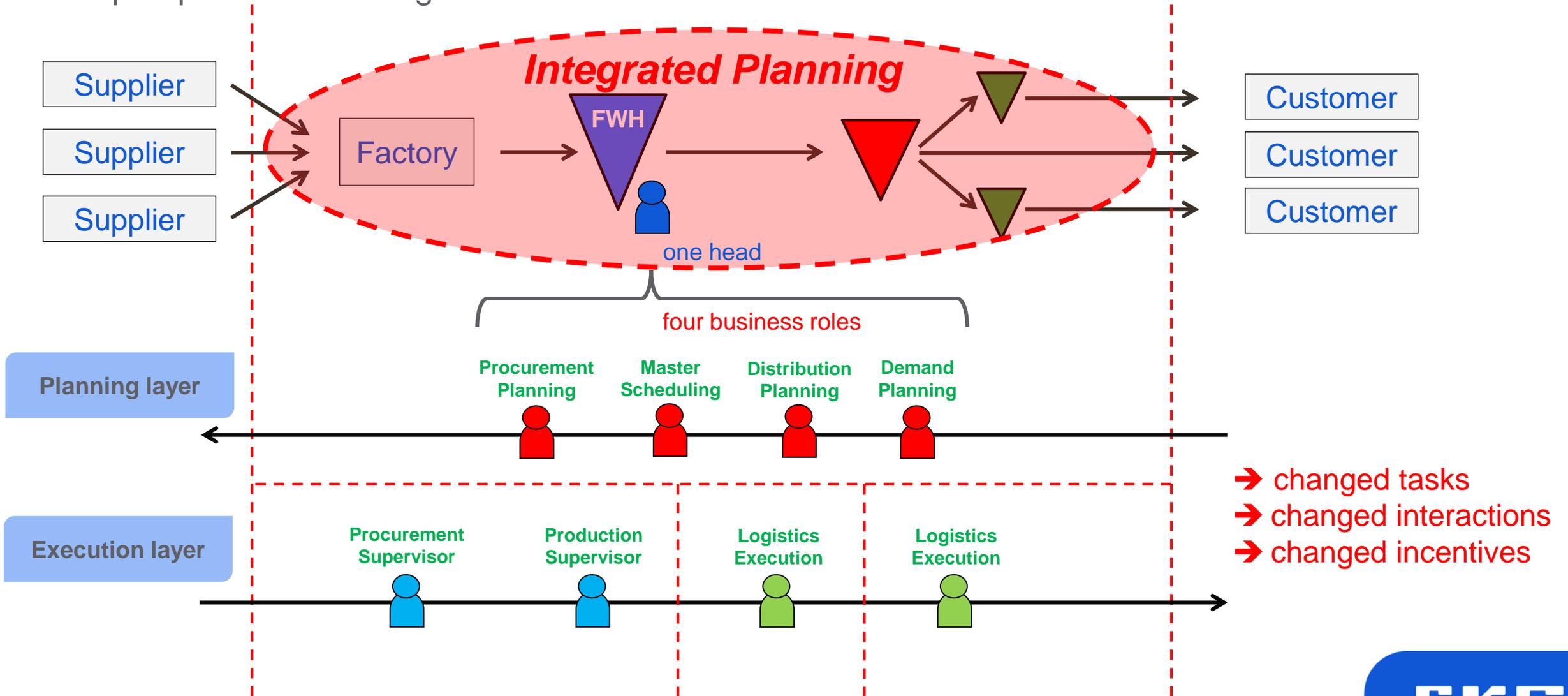
Advantages:

- One forecast, one planning method, one responsibility, true end to end accountability
- Deviations handled in global context

- ➔ one brain with focus on assortment
- ➔ tactical and operational optimization

Tomorrow's Demand Chain setup

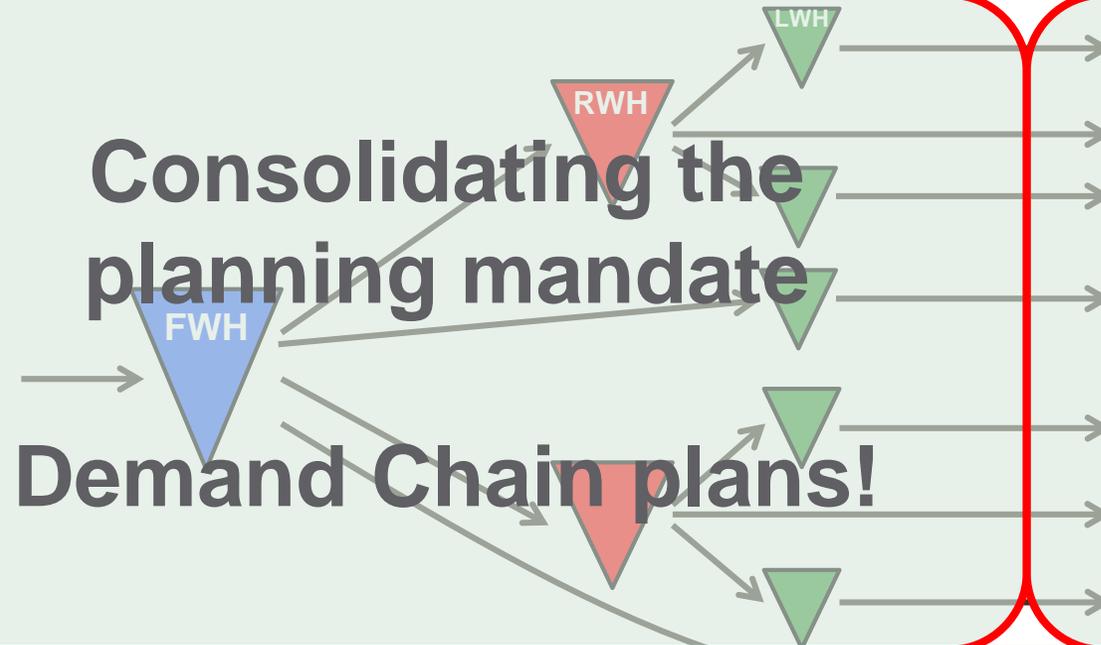
A perspective on changed business roles



Refocusing on core competencies

Factories produce!

Factory



Customer

Customer

Customer

Customer

Customer

Customer

Customer

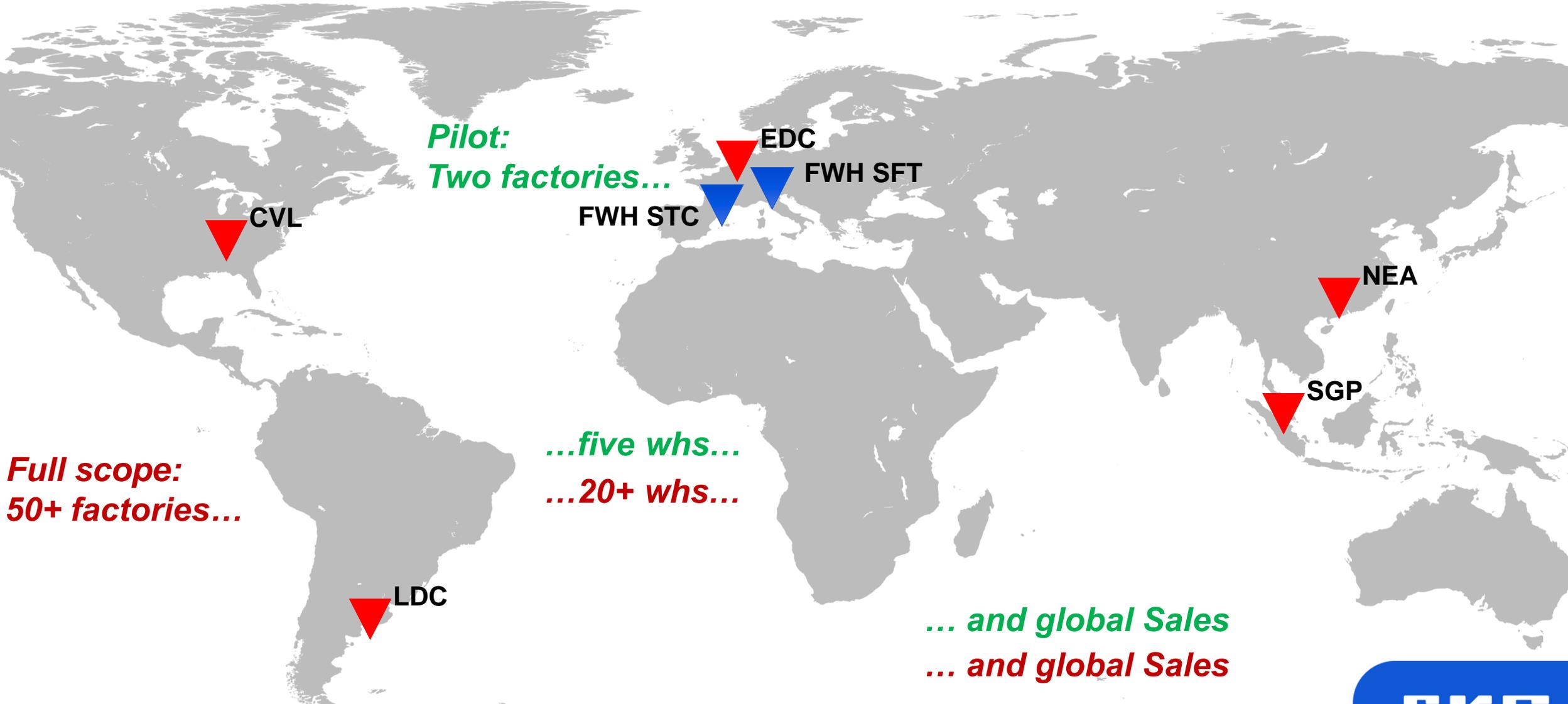
Customer

Sales sell!

Logistics distribute!

The project and its challenges

POC – Pilot – Deployment



*Full scope:
50+ factories...*

*Pilot:
Two factories...*

*...five whs...
...20+ whs...*

*... and global Sales
... and global Sales*



Mindset challenge

- This is the biggest change in SKF's Demand Chain since 30+ years
- “Doesn't affect me” – this is something for our Demand Chain nerds only
- Some decision power will move from local to global
- Some tasks will move from local to global
- Some tasks will move from continent A to B
- Organizational change
- Performance measurement
- “Show me the money”

→ Have a vision

→ Communicate the vision



Master data challenge

- 500.000+ SKUs managed across ca. 40 installations of five different system
- Do you have full visibility of your data?
- Do you have full control of your data and reference data?
- Do you have master data on your agenda? On management's agenda?
- For safe “travel” on autopilot, take care of your input

→ Have the right team

→ Enable the people to do their job

*Purgamentum init,
exit purgamentum.*

Buy-in from operational teams

- A change of daily routine is a shock
- Tasks moving out? “What am I going to do? Am I still needed?”
- Tasks moving in? “How am I supposed to plan all that?”

→ Change focus to input

- Are my PPIs within normal limits? If not, why?
- Are my planning parameters tuned to best performance?
- What is my customers' demand?
- What is the reason for a certain customer behavior?
- Etc.



Lessons learned

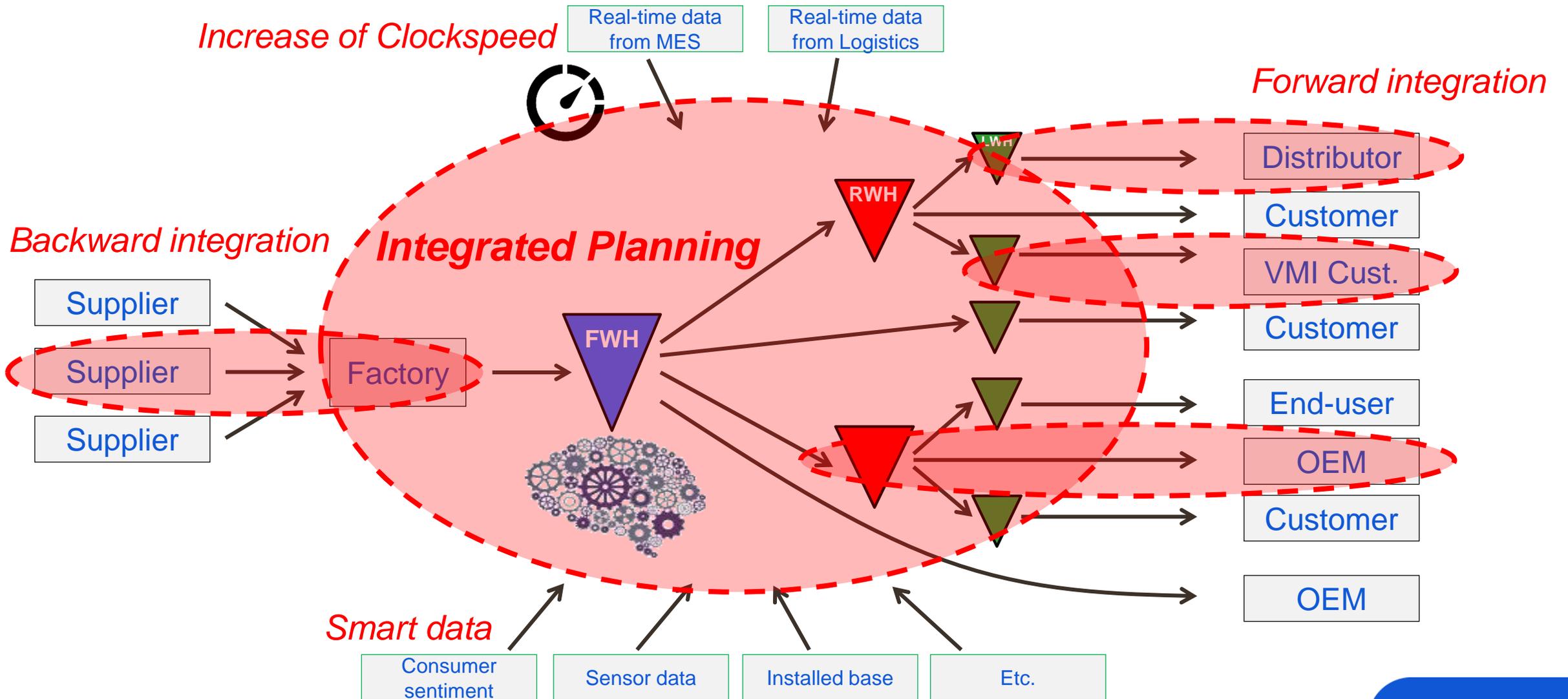
- Find your dependent flows
- Remember the triangle – planning/stock/service
- Secure true management buy-in
- Communicate early
- Think big, start with small steps
- Get into the learning curve
- First trust, then thrust

- ➔ Have the right team
- ➔ Let them do their job



The future

Integrated Planning in the context of SC4.0



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