



Thus SIOPI is a monthly formal balancing of supply and demand through a six to twelve month planning horizon by aggregate product families. It generally includes incoming orders (bookings), backlog, shipments, forecast, finished goods inventory production and capacity projections in a monthly time buckets. It is conducted in a very prescribed format by the top management team. This is a critical point: Top Management. Any company, which embraces this process, must engage the general manager and direct reports. Otherwise, there will be a disconnect between their wishes and the information on the formal SIOPI document.

SIOPI is not a scheduling tool! It is not an inventory replenishment tool! It is, however, a top level planning technique to provide overall rates of sales and production, and backlog and finished goods inventory positions. In a cellular or flow-line based operation, SIOPI provides the daily run rates for these product families.

SIOPI is the key business process that derives from the strategic plan, and from which scheduling, order promising, material, shop floor control, and many other processes derive.

How do we start this process? What are the keys to start-up? They are as follows:

- Define strategic initiatives and business metrics
- Define measurements for business metrics
- Define business plan
- Define planning families
- Define demand planning (sales forecast)
- Define capacity planning (rough or detail capacity planning)
- Define the format
- Prepare measurement data
- Prepare inventory data
- Determine who is accountable (who speaks to what)
- Preliminary SIOPI
- Formal SIOPI