

Enabling Improved Market Responsiveness through Integrated Planning

Consumer Product companies can improve their response to changing market conditions by integrating the sales, manufacturing, and financial planning functions utilizing workflow management and shared data.

By Matthew Aldrich, Senior Managing Consultant with the Financial Management Practice of IBM Global Business Services

Understanding the problem

The Consumer Products (CP) industry, like most others, is facing especially challenging market conditions given the global economic environment. Success in this environment requires the ability to rapidly respond to changes utilizing the best information possible. Yet many CP companies lack this rapid response ability largely due to an un-integrated operational planning process.

Most companies do not integrate the historically independent functions of Sales, Manufacturing, and Finance within the operational planning process. This results in a lack of universal agreement and alignment with the final plans and associated decisions. Additionally, it usually takes a large amount of time and effort to finalize operational plans, so plans are outdated as soon as they are produced. And finally, the lack of shared data in such an environment prevents the effective modeling of “what-if scenarios”.

The lack of a timely integrated planning process hinders a company’s ability to quickly react to market changes and ultimately manage to financial targets. Some of the negative results include:

- Lost sales due to an inability to quickly respond to competitor actions, customer demands, or economic trends
- Unprofitable promotional events due to a lack of financial visibility
- Missed financial targets due to an inability to model the financial implications of operational decisions
- Working capital inefficiencies or customer service issues due to suboptimal inventory levels caused by ineffective demand planning

In today’s rapidly changing and challenging market conditions, the need for integrated planning is critical. CP companies can’t afford to waste any more time. They need more dynamic and integrated processes that will enable them to slash cycle times and provide unfettered visibility to information at the enterprise level.

Taking a holistic approach

The time has come for a sea change to transform operational planning by dynamically linking and integrating information and processes across the enterprise using technology. Implementation of an integrated planning process which is supported by technology-enabled workflow management on an enterprise basis will help ensure that all functions are working collaboratively and rapidly to create “one” plan that everyone can buy into.

To dynamically transform their planning processes, CP companies need to drive the typically autonomous information and processes together in a big-bang approach. Companies can keep many of the specific functional planning processes and technology they currently have in place; whereas efforts should be focused on driving the necessary integration through a top-side technology solution which provides workflow management and analytic capabilities. Utilizing a common data infrastructure and standards-based interfaces, this solution ultimately enables end-to-end management of the operational planning process and information.

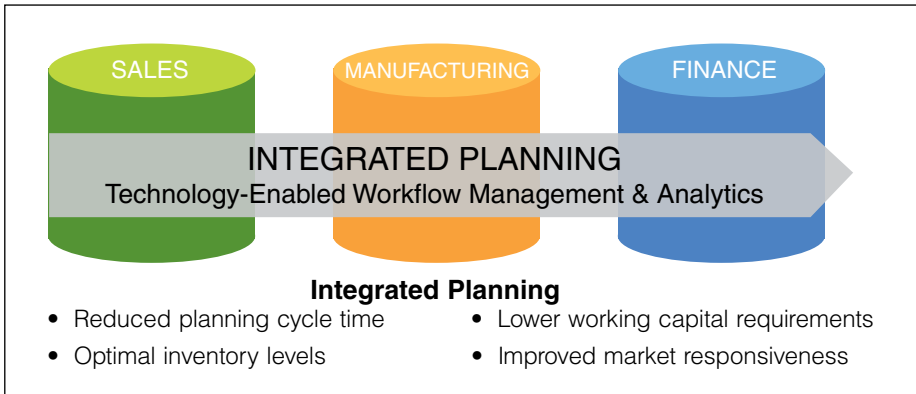


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Benefits of Integrated Planning

An Integrated Planning solution enables companies to rapidly prepare, analyze, and finalize operational plans with full cross-functional alignment. It will no longer take weeks to develop a monthly forecast; rather plans can be generated dynamically within hours or days as conditions change. In an Integrated Planning environment, inventory levels can be lowered while maintaining excellent customer service levels (e.g. minimal stock-outs). Modeling of alternative “what-if” scenarios becomes a much easier and seamless process.

Ultimately with the technology-enabled workflow management and analytics provided by the Integrated Planning solution, CP companies have the information and alignment needed to rapidly respond to the market.

Road to planning transformation

How do CP companies get started? To achieve integrated planning:

- Executive sponsorship is needed to drive the Integrated Planning solution across the enterprise.
- Accountabilities and associated metrics need to be aligned to ensure commitment to an end-to-end planning process.
- An information repository with common data definitions for planning needs to be created to enable enterprise-wide visibility.
- The Integrated Planning process needs to be defined and enabled with workflow management technology to allow active management of planning task completion.
- An analytic engine needs to be leveraged to provide “what-if” modeling of planning scenarios.

To learn more about how leading CP companies are decreasing cycle times, driving collaboration and improving business performance by using technology-enabled enterprise wide workflow management, please visit:

ibm.com/consumerproducts or email matthew.aldrich@us.ibm.com



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