



Integrated Business Planning: What does 2017 hold for IBP?

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More organisations will work on improving their short-term planning and execution to ensure IBP plans are delivered

At Oliver Wight, we are seeing an increasing number of organisations who are asking for help with their S&OP or IBP process. Unfortunately, they are being held back by the absence of a robust, formal, daily/weekly planning and execution process that integrates Demand, Supply, Product Management and Customer service activities in the short-term planning horizon (typically the next 12 weeks). Defining the process, responsibilities and accountabilities for short term planning and execution effectively reduces the time that the senior management spend 'working below their pay grade' getting sucked into short term issues. This allows them to focus on the medium to long term planning horizon of IBP, trusting that short-term exceptions will be flagged for their attention as they arise. Remember, IBP without effective execution is just additional cost!

Professionals with IBP experience will be increasingly in demand

Individuals who have experience in the key IBP facilitation roles are becoming increasingly sought after as well as staff who have worked in an effective IBP environment. As more organisations look to introduce or improve IBP in order to realise the benefits associated with an effective process they are frequently looking to import the knowledge, experience and required culture from an existing high performing IBP environment. Having a person internally who can serve as a reference for 'what good looks like' can be an effective tool to support the change process.

Organisations will continue to gain advantage by getting the IBP basics right

The monthly 'check and correct' activities of IBP where functional plans are reviewed, shared, checked for alignment and where necessary realigned in pursuit of the organisation's goals, has the effect of focusing and directing the key resources of the organisation to what is important. Instead of functions competing or acting out of step with each other the effect is to get everyone rowing in the same direction towards the business goals. This in itself provides benefits in terms of efficiencies and effectiveness.

Organisations will continue to seek the 'off the shelf solution'

Ready-made IBP 'Playbooks' or 'plug and play' IBP systems have an obvious allure for organisations who are resource constrained and are looking to rapidly secure the benefits that an effective IBP process can bring. A key part of successful IBP implementation is adapting the basic principles of the process to the organisation where it is being deployed so that it provides maximum value. Most importantly, it is the individuals who participate in and use the IBP process for the development of their organisation that is the most critical factor in engagement and success. With 50 years of experience supporting process transformation at Oliver Wight, we know that when you have people and behaviours aligned with process that IBP will be most effective for a business.

The Product Management or Portfolio Review will increasingly be used to drive growth

Understanding how the organisation's portfolio of products and services is providing value to consumers, customers and to the organisation is a key element of the Product Management Review (now called the Portfolio Review by some organisations). With 'understanding where growth will come from' cited as a key issue for CEOs seen in a number of surveys over the last 12 months the ability to understand how the planned changes to the portfolio will support growth, updated monthly through the IBP process, is becoming increasingly important.

More organisations will adopt IBP to plan for uncertainty and volatility

The impact of major political events in 2016 such as Brexit and the US presidential election has demonstrated the need for many organisations to develop a process for planning for uncertainty. Organisations both small and large are wrestling with what the future may hold. The viability of some global supply chains may be challenged by the geopolitical change that lies ahead. More organisations will look to a planning process such as IBP to be able to identify areas of risk and where their supply chains are most susceptible to change. Having the right processes in place will allow companies and supply chains to improve their understanding of the potential outcomes and ultimately enable them to prepare for uncertainty. The companies that do this the best will be able to seize the opportunities that always accompany change.