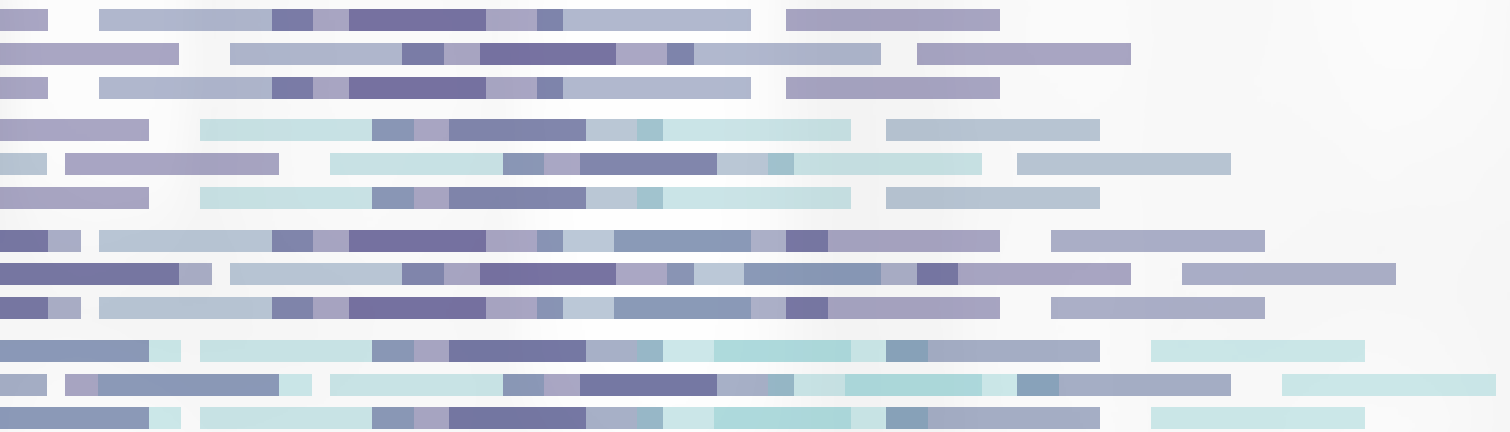


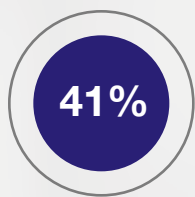
INTEGRATED BUSINESS PLANNING CONNECTING DEMAND, SUPPLY, AND OPERATIONS ON THE ROAD TO PROFITABILITY



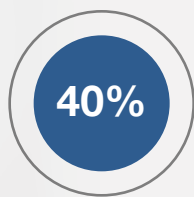
Introduction

Effective and accurate demand planning is the key to profitability for organizations of all types and sizes. In fact, a recent Aberdeen survey revealed that unpredictable demand was the top challenge facing organizations today.

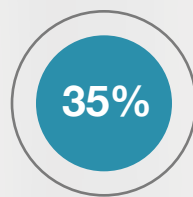
In the case of organizations producing or selling manufactured goods, these decisions impact promotions, pricing, inventory management, supplier management, distribution management, and profitability analysis. Unfortunately, these organizations, and many like them, are also challenged by an inability to utilize data or collaborate effectively both internally and externally. This eBook can be used as a roadmap to coordinated operational planning by creating effective, holistic, agile plans that lead your organization to profitability in the face of shrinking margins.



Unpredictable demand



The increased volume and complexity of data

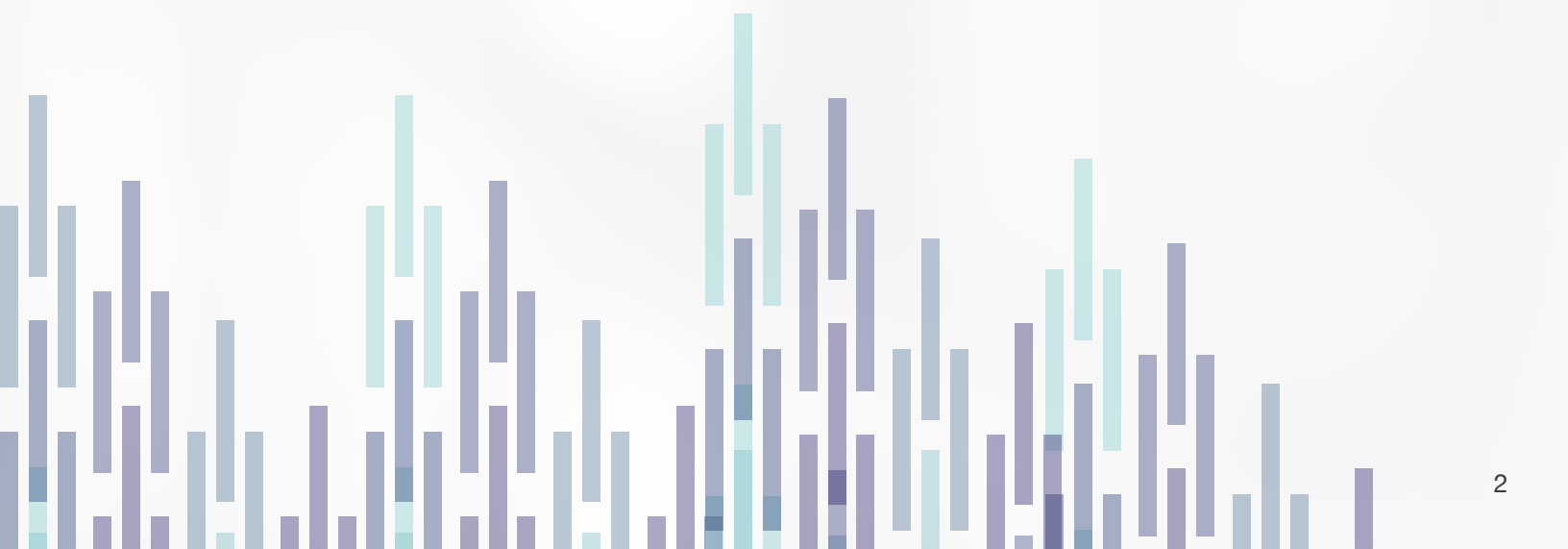


Availability of resources



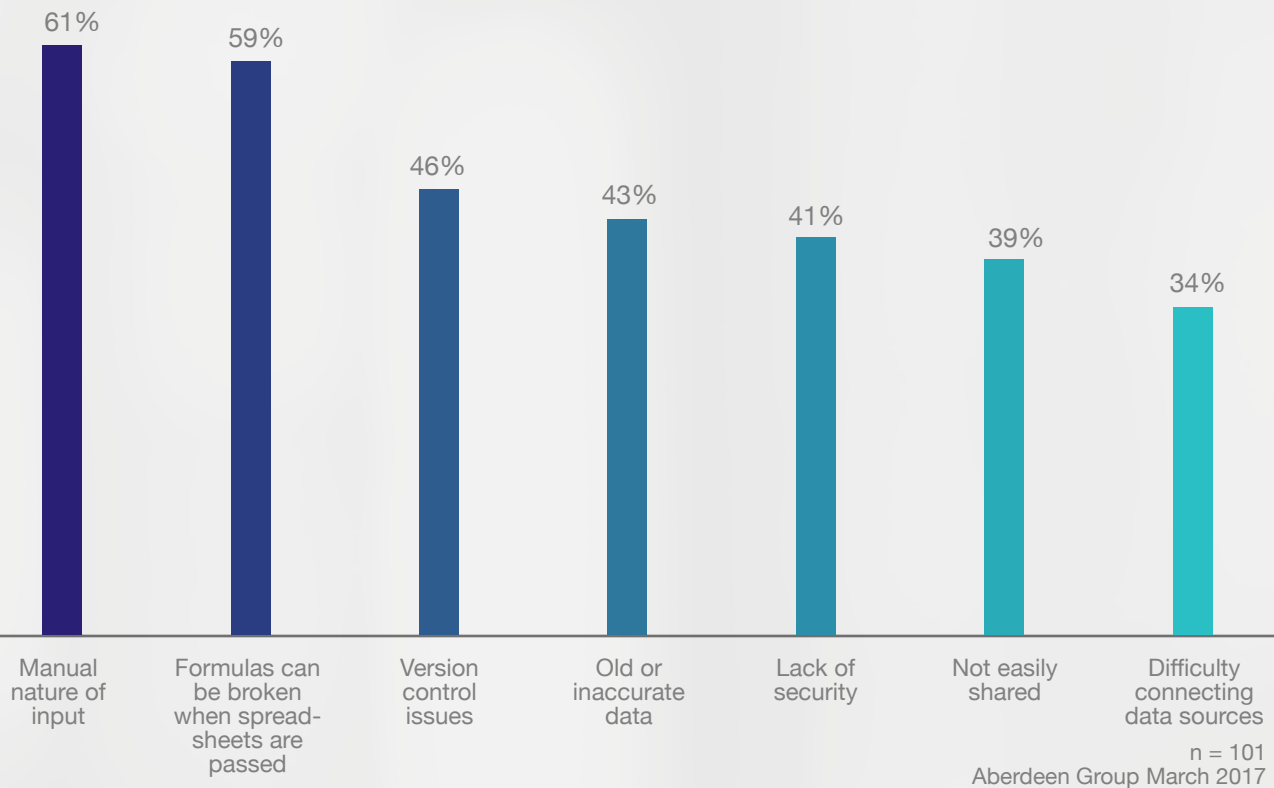
Inability to collaborate with the extended enterprise (suppliers, resellers, customers, regulators)

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The Problem with Planning

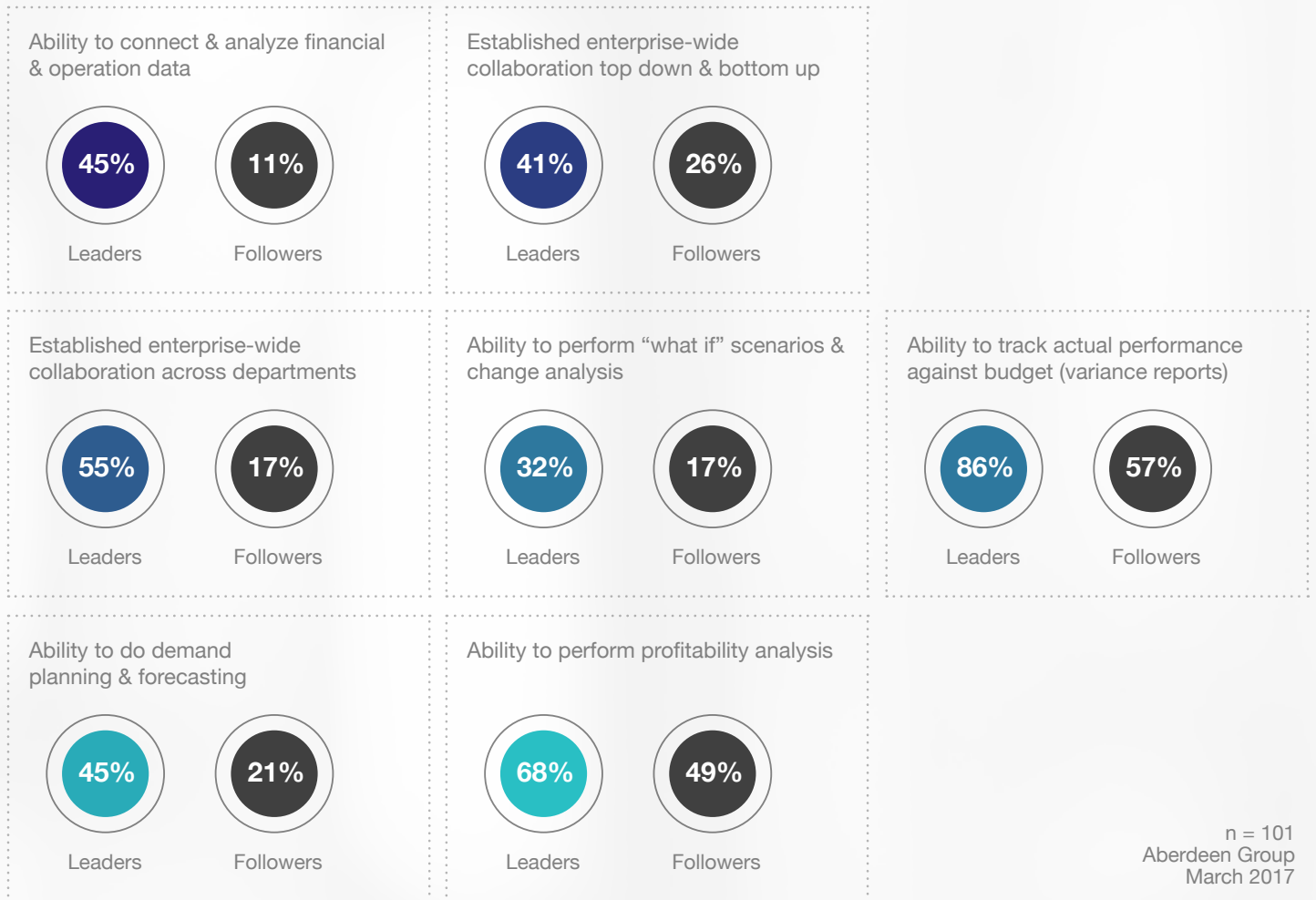
Many companies approach operational planning manually, forcing sales and operations plans to operate on instinct, and often devising these plans using only spreadsheets. This can lead to a plethora of problems. Survey takers revealed the top challenges they face when planning with spreadsheets. These challenges include old or inaccurate data, manually sharing files, and a severe lack of support collaboration and data sharing.



It is impossible to create holistic, accurate, and agile plans across operations in this manner. Instead, top performing organizations look to a platform that provides access to real-time data, improves collaboration, and enables more accurate analytic capabilities. Such a platform can connect with Enterprise Resource Planning (ERP) to provide a centralized portal to the various planning needs across functions.

For example, Leaders are over four times as likely to have the ability to connect and analyze financial and operational data. Not only does this enable more dynamic and informed plans, it also encourages collaboration from the top down and the bottom up across functions. This allows companies to connect inventory management, customer management, and supply chain management to ensure that the right goods get to the right customers at the right time.

These enhanced analytical capabilities enable Leaders to perform “what-if” scenarios, allowing them to understand the impact of specific actions and manage important components of business planning and execution, such as supplier lead times. Variance reports also enable Leaders to make adjustments on the fly. Still, the goal is to be proactive rather than reactive in connected planning. And these solutions provide insight into demand and profitability so that an organization can make plans with confidence and manage operations more effectively.



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Connecting Supply Chain, Sales, and Operations for a Holistic Plan

To effectively keep business functions working in lock step, your organization needs to be able to create sales and operations plans based on accurate demand data. There are three main pillars that your organization should consider:



Demand planning



Supply planning

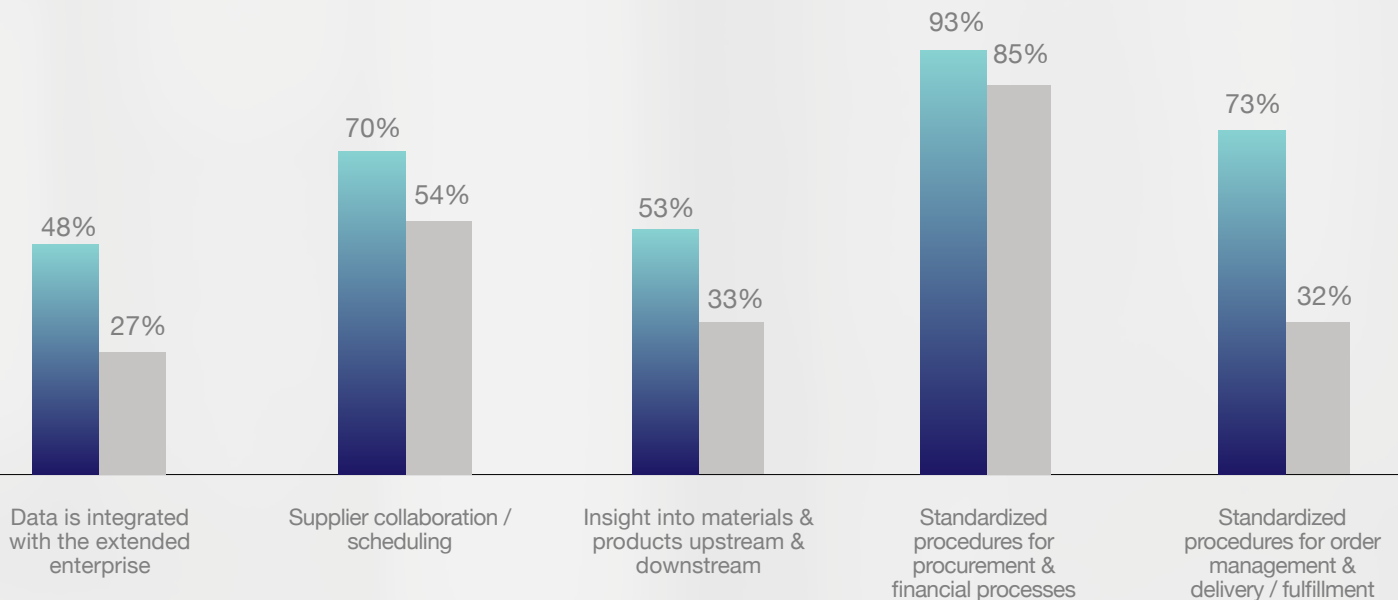


Inventory planning / resource planning

All are equally important, but they must be tightly integrated.

1. Supply Planning

Leaders ■ Followers ■

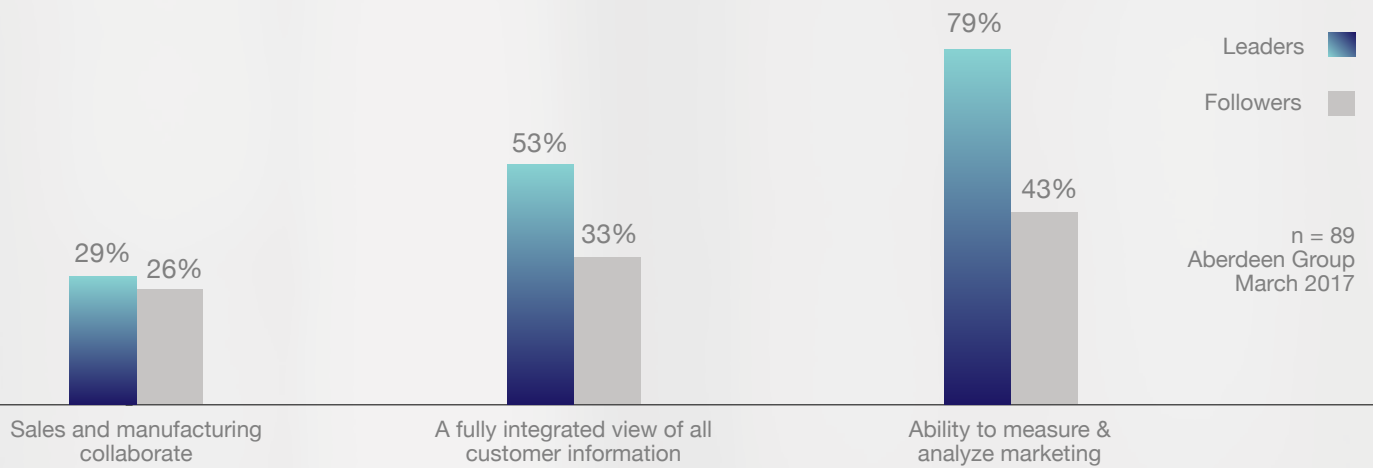


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Scarce commodities and supplier lead times require organizations to work tightly with suppliers to ensure that they can meet production needs and future commits. In order to keep costs as low as possible by securing better prices and avoiding inventory holding costs, Leaders are 78% more likely to be able to share and integrate data with the extended enterprise. This enables them to work effectively with the supply chain and improve visibility into materials, both upstream and downstream. This is the first piece of the puzzle that enables supply chain planners to work with product design, sales, and operations to ensure their needs are met. Master Procurement Scheduling is the foundation for supply chain planning, and Leaders are more likely to utilize these capabilities to standardize procurement and delivery.

2. Demand Planning

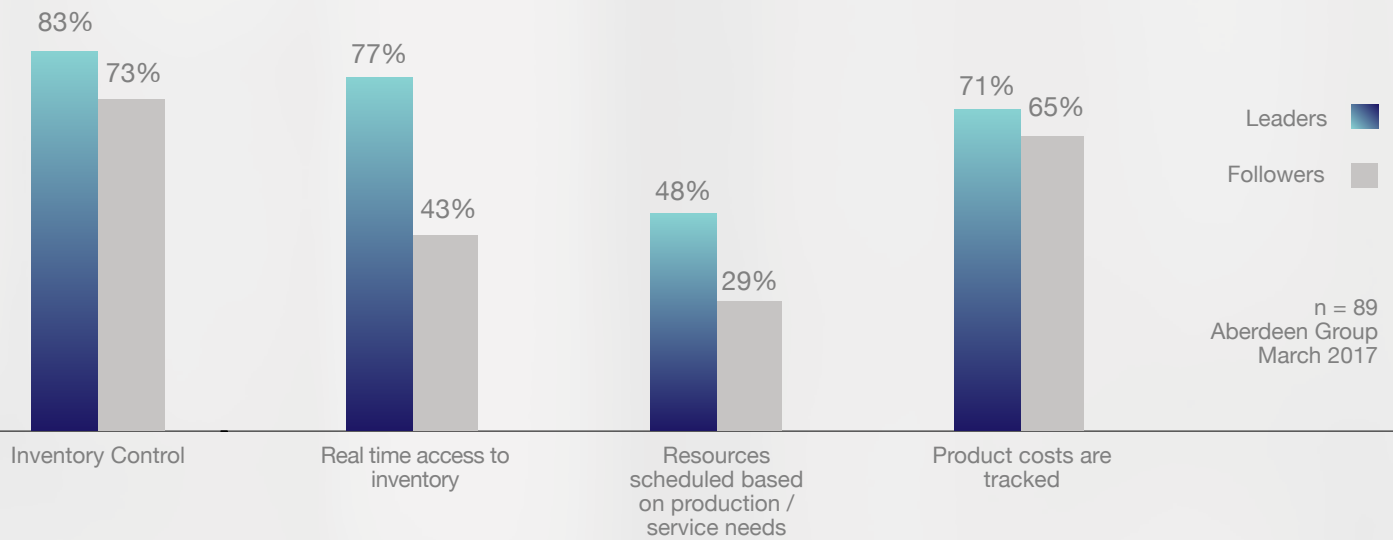
Next, demand planning must be connected since sales drive production and supply chain planning. A fully integrated view of customer information, connected with operations, can ensure that future commitments are prepared for and changes in demand can drive supplier management early enough. For many organizations, planning for promotions and other one-time events can be difficult, since the resulting actions will conflict with other plans. By measuring how marketing interacts with material and operational costs, the business can more effectively manage product pricing and optimize profitability.



3. Resource Planning

Lastly, top performers must utilize sales and supply chain information to manage inventory and production. In order to maximize profits, the organization must manage safety stock levels, production & distribution resources, and any variances between the two. Being proactive is the best way to ensure margins, provided that your projections are accurate. By having real-time inventory control, organizations can quickly alter their production plans to ensure that enough product is available. For organizations with many SKUs, this can be quite complex.

The organization must manage the Master Procurement Schedule to plan labor, machine hours, and warehouse space while aligning with supply chain and sales plans. Connecting sales, supply chain, and production in one planning portal is the only effective way to ensure that your organization is prepared to meet customer needs and increase margins.



Connected Planning in the Cloud Brings Profits to Reality

A single solution to connect demand, supply, inventory, and resource planning provides numerous benefits. But sometimes, the technology can bring a new set of hurdles with it. For example, a siloed solution cannot support the needs of an organization attempting to connect functions internally, and with the extended enterprise, on top of sharing real-time information with users no matter where they are.

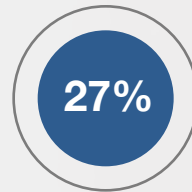
Interestingly, the unique benefits of a cloud solution directly support the needs of connected planners. Survey takers indicated the top benefits they receive from cloud solutions are related to centralized data and collaboration. For this reason, the cloud should be a part of the equation when improving planning capabilities.



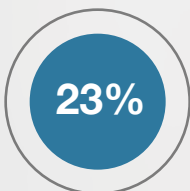
Ability to standardize onto a single system across multiple entities



Need for collaboration amongst increasing number of locations



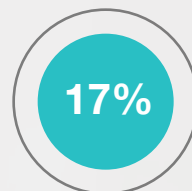
Need an application that can scale with the business



Must reduce IT costs



Cost of capital funding is too high



Dated technology infrastructure limiting ability to respond to business more quickly

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Next Steps

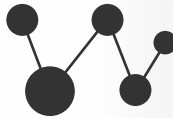
Cloud-connected demand, supply, and operations planning software is an essential part of ensuring profitability in the current business environment. Accurate insight into demand can help your organization avoid inventory holding costs, purchase materials at favorable prices, and provide products to customers when they need them. This will result in customer satisfaction and profit margins. In fact, those with cloud solutions saw an 8% improvement in inventory turns, 3% performance increase in complete and on-time delivery, and a 12% reduction in operational costs.

In order to take advantage of these benefits, heed the following recommendations:



Combine ERP with appropriate technologies.

Combine ERP with demand, supply chain, financial, sales, & operations planning technology. These technologies help to manage planning process flows while providing intelligence that makes forecasts more accurate.



Take a holistic approach to planning.

Plans cannot exist in silos. Every action in an organization has a reaction somewhere else within that organization. Successful manufacturers and distributors integrate their financial, supply chain, and operational plans.



Collaborate internally and externally.

In order to create these plans, data must be shared both across functions as well as with those outside of the organization. Supply chain and manufacturing operations should be working with customer service to ensure that demand is met. The organization can work with resellers to manage promotions. All of this will require working with customers and suppliers to ensure that inventory is handled appropriately.

A connected, holistic plan is the foundation for profitability.

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