

"Our CEO is Losing Patience"

How to Get Do-It-Yourself Integrated Business Planning Implementations Back on Track



Crystal Lee – Principal, Oliver Wight Americas

Imagine the **possibilities**,
realize the **potential**.

A professional friend recently asked me for help. He was the project leader for what I call a “Do-It-Yourself” implementation of Integrated Business Planning (IBP). The implementation was not going well.

He believed deeply in the power of Integrated Business Planning. His previous employer utilized IBP as its senior management process, and he saw first-hand the benefits realized by all functional areas of the company. The process was already in place when he joined the firm, but he played a key role in facilitating it each month.

Eventually, my friend was recruited by his new employer for his IBP experience. He was given the responsibility and budget to implement the process with urgency.

With that kind of support, he was eager to get started. He was confident the company could implement IBP on their own without outside guidance. His previous experience with IBP gave him a deep understanding of the process. Plus, he believed the number of books and articles available on the topic could be used to educate management about how IBP works.

When I met with my friend, the IBP implementation was not turning out the way he anticipated. He found that inheriting a well-operating IBP process is very different from implementing the process and nurturing its use by senior leaders of a company.

Now, the Do-It-Yourself (DIY) project was at a critical fork in the road. The implementation had not met expectations, and the program was at risk.

“The CEO is losing patience with the process,” my friend said. His tone of voice and posture told me that perhaps the CEO was losing patience with him, too.

Unfortunately, the situation my friend found himself in is quite common. Many DIY implementations of IBP stall.



In this paper, I will share a recovery approach that has been successfully used by companies to get DIY implementations back on track.

First, a word to the wise: A DIY recovery may be as unsuccessful as a DIY implementation. Beliefs about the process as well as the project leaders may have hardened. This makes it difficult to listen to in-house recommendations on how the process – and leadership – need to improve.

Whether or not a company opts for an outside perspective on how to best get back on track, the following steps have yielded the greatest results in regaining momentum for the IBP process:

Step 1: Assess the current process – Determine what is not working well

Step 2: Revisit the original vision for IBP

Step 3: Reexamine roles and accountabilities

Step 4: Revisit the implementation process – Were steps skipped or not well implemented?

Step 5: Agree upon the improvement plan – and gain commitment to quickly execute it

Step 1: Assess the Current Process – Determine What Is Not Working Well

An in-depth review of the process is needed to get down to the nuts and bolts of how well the process is operating. For example, an Oliver Wight diagnostic review evaluates each step of the process, the data and tools used in the process, and how well the roles and accountabilities are being fulfilled.

This type of in-depth review can be conducted quickly (in just a few days) and is designed to cut to the chase. Company leaders learn what needs to be improved – with specificity.



Recommendations address the process steps – inputs and outputs as well as how data can be quickly “crunched” into information for executive decision making. Recommendations also include what needs to change to create integrated reviews of the business and integrated decision making. Recommendations on integration also typically address culture and leadership.

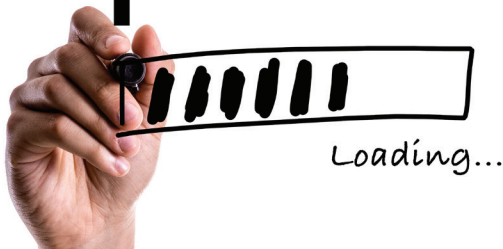
Some companies may consider a DIY assessment as a first step before asking for outside insight. Several tools exist to help with a DIY assessment, including:

- *The Oliver Wight Class A Standard for Business Excellence*¹: This book defines best practices for the process, encompassing process structure and elements, integration, technology, behaviors and competencies, and measurements. (See Chapter 4.)
- Several Oliver Wight papers^{2,3}: They help to quickly assess the current status of an IBP process compared to best practices.

Step 2: Revisit the Original Vision of IBP

In assessing DIY implementations of IBP, it is not unusual to find that the original vision has not been implemented, even though a process of some kind exists. The process in place may have “weakened” or “been simplified” from an integrated senior management process down to a simple demand/supply balancing process operated by mid-level managers.

expectations



When a “diminished” IBP process is implemented, the results and benefits are sub-optimized. So it is possible that the process has been implemented with too low of an ambition, resulting in less value than initially expected for executives and the business.

¹ *The Oliver Wight Class A Standard for Business Excellence, Seventh Edition*, John Wiley & Sons, 2017.

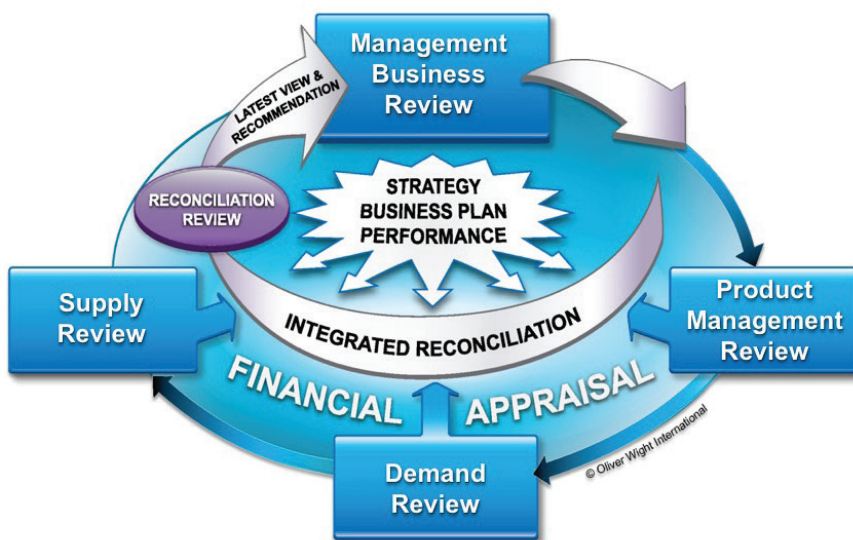
² James Correll and George Palmatier, *How Good Is Your Sales and Operations Planning/Integrated Business Planning Process? Take a Simple Test and Find Out*, www.oliverwight-americas.com/resources/whitepapersarticles

³ Jim Matthews and Leon Dixon, *Is Your S&OP or IBP Process Delivering the Results You Expected?*, www.oliverwight-americas.com/resources/whitepapersarticles

To realize improvements to the top line and bottom line, companies need a fully integrated IBP process that culminates in a Management Business Review owned and attended by the senior leadership team. Even when companies struggle to utilize the IBP process optimally, a fully integrated process almost always yields top-line and bottom-line results. It is not unusual to start achieving these results in the first few months of operating the process.

It is recommended to review the original strategy, charter, and business case documents for the implementation. Compare these documents to the standard definition of IBP (see Figure 1) and best practice principles embodied in The Oliver Wight Class A Standard for Business Excellence.

Figure 1



What Is Integrated Business Planning?

Integrated Business Planning is a decision-making process to align strategy, portfolio, demand, supply, and resulting financials through a focused and exception-driven monthly replanning process. The result is a single operating plan, over a 24+-month rolling horizon, to which the senior executives hold themselves and their teams accountable for achieving. Done well, it is the formal way that the business is managed.

In reviewing these documents, answer these questions:

- Was the aim of the project appropriate but execution poor?
- Was the aim too low to achieve the type of results that other companies typically achieve?

Step 3: Reexamine Roles and Accountabilities

Aligning responsibilities and having capable people in key roles is critical for any successful Integrated Business Planning process. Sometimes DIY implementations struggle to define and agree upon roles and needed capabilities. These can be sensitive subjects that are difficult to address head-on.

To get things back on track, that may be exactly what is needed, however. Some of the questions to ask when examining the current roles and accountabilities include:

- Is ownership clearly defined for each process step? Does the executive leader that owns each step accept accountability for driving excellent performance of the step?
- Are there gaps in skills – planning, analysis, communication, and presentation of information (telling the story at the executive level)?
- Is there a lack of engagement or discipline? Are the reviews held on time each month? Is the information ready in advance of each review? Do people, including the executive leader, skip the reviews?

- Are the right resources in the right places to do the work? Are people allowed the time to perform the work?
- Are executives and leaders exhibiting the behaviors required to make decisions for the good of the enterprise as a whole?
- Are there examples of delivering good and bad news in sufficient time to adjust? Are there examples of open and honest communications rather than trying to hide unpleasant information? Do executive leaders expect IBP to be a truth-telling process?



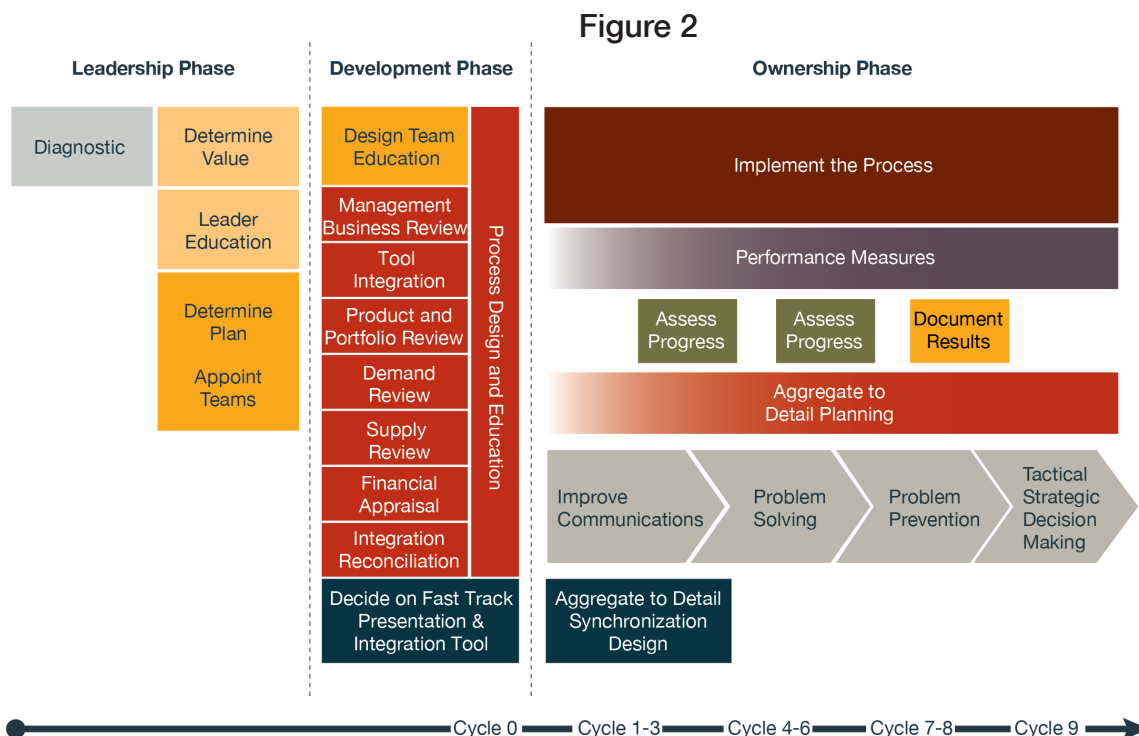
Step 4: Revisit the Implementation Process

Without a suitable and robust implementation approach, even the best intentions will not deliver successful implementations. And oftentimes, project plans go awry, especially with projects that are so dependent on the availability of people and data to meet timelines.

In Oliver Wight's more than 30-year experience with IBP, it should take months, not years, to implement IBP. So, one indication that a DIY implementation is heading off track is the amount of time it is taking to put IBP in place. Every month lost waiting for the process to mature is another month of real value that is lost to the business.

To support clients' efforts with IBP, Oliver Wight has documented what we call a FastTrack Proven Path for implementing IBP (see Figure 2). In revisiting your DIY implementation, it is useful to compare the implementation approach used to the FastTrack Proven Path. This comparison helps determine:

- Whether all implementation steps were completed. If not, what steps were skipped?
- How well each step was implemented.



To help determine the quality of the implementation, ask the team responsible for each IBP step to show the current capability of the process step versus the original design definition. Consider how well the process, practices, and skills in place reflect best practice. Also ask how each step currently compares to the original intention or requirements for the project.

This comparison helps identify weaknesses in the process itself as well as in the practices and skill sets. It enables quick identification of what steps in the implementation approach must be reimplemented. It also helps identify any design flaws that need to be corrected.



Sometimes when companies are at this stage of evaluating their current process, they need additional perspective. Some of the questions that typically arise include:

- What are other companies doing that we are not doing?
- Have other companies encountered the same kind of issues – and how have they dealt with these issues?

To gain a better perspective, companies often choose to attend Oliver Wight's public class on Integrated Business Planning. The education itself serves as a review of all the steps in an IBP process. The focus is on the process, information to support the process, and roles and accountabilities. Just as importantly, the education session also provides time to exchange experiences with the class participants.

Other companies opt for a tailored education session delivered just for their company's leaders and managers at a site they select. This approach allows time for intensive discussions on the company's process, data, skills, and behaviors. Discussions lead to better alignment of expectations for IBP and leaders' roles in the process.

Education, whether public or private, enables the participants to more quickly evaluate what is needed to improve and to develop a recovery plan.

Step 5: Agree Upon the Improvement Plan – And Gain Commitment to Quickly Execute It

Upon completion of the first four steps, enough insights and information should have been gained to identify what needs to be improved and how those improvements must be accomplished. The project leader and the leads for each step of the IBP process should develop an improvement plan.

The most effective improvement plans include what specifically will be improved, who is responsible for the improvement, and when the improvement will be implemented. Any roadblocks for making the improvements should be identified, along with a mitigation plan.

The improvement plan should be presented to the leadership team for their buy-in and commitment of resources to accomplish the improvements. The improvement plan should include a “glide path” for improving competency, performance, and business results over several years.⁴

Progress in making the improvements should be reviewed at least quarterly, but ideally monthly. The improvement review often is included as part of the performance measurements presented in each IBP process step.

The presentation of the improvement plan can also serve as a reminder of what is to be gained by properly implementing and operating IBP. Some project leaders will include typical industry results when presenting the improvement plan to executives.



⁴Crystal Lee, *Too Important to Fail: How to Ensure Improvement Projects Drive Sustained Results*, www.oliverwight-america.com/resources/whitepapers/articles

Figure 3 is an example of how typical industry results can be linked to the company's own goals. This type of presentation serves as a useful reminder and motivator for the leadership team and managers of the process.

Figure 3

	Industry	Our Company Goals			
	Reported % Improvement Ranges	Baseline Measure	Satisfied With Performance? Yes/No	Desired % Improvement	Impact of Achieving Improvement
Revenue Growth	10-31%				
Gross Margin	25-29%				
Demand Plan Accuracy	18-43%				
On-Time Delivery In Full	10-50%				
Order Fill Rate	29-34%				
Perfect Order	22-30%				
Customer Satisfaction	29-39%				
Inventory Turns	24-28%				
Inventory Value	33-37%				
Inventory Reduction	18-46%				
Safety Stock Reduction	11-45%				
Working Capital	25-30%				
Asset Utilization	32-49%				
Increased Productivity	30-45%				
Return on Assets	24-30%				

IBP Implementations Do Not Have to Die

With a structured approach, stalled IBP implementations can be resurrected. It takes leadership commitment as well as stamina to do so.

Otter Products⁵ is a case example. The company's initial DIY effort to implement a form of IBP called Sales and Operations Planning did not achieve the original vision. The process was stymied by lack of senior management support and roles that were misunderstood.

Otter Products reimplemented the process with the guidance of Oliver Wight. A customer profile is available that describes how Otter Products turned S&OP into a fully integrated IBP process with active senior leadership participation. Within one year, Otter Products saw results – financially, operationally, and culturally.

As for my friend, his company has started developing a recovery plan, and things are looking brighter. If you would like to discuss how to improve your IBP process, feel free to contact me. A best practice IBP process is well worth the effort.

⁵ Customer Profile: "Performance Follows Culture" – How Integrated Business Planning Is Helping Otter Products Strengthen Its Cultural Footing, <https://www.oliverwight-america.com/client/otter-products>

ABOUT THE AUTHOR



Throughout her career, **Crystal Lee** has been involved in leading the implementation of various types of projects – including system implementations, new processes and process improvement, and talent development.

While at Cummins for nearly 10 years, Crystal held various leadership roles in different locations and divisions. As Director, Synchronized Business Planning, she was responsible for Integrated Business Planning and Planning and Control efforts in the Components business segment, covering 5 global business units across 20 manufacturing sites. This responsibility included change management, education, and engagement strategy focused on skill development, process design, and technology enhancements.

Most recently, Crystal was with Adventist Health System as Director of Implementation for their system-wide Talent Development Transformation. In this role, Crystal was responsible for managing the alignment between strategy, functional process design, system configuration, training, and change management to ensure the successful launch and adoption of the new process and technology.

Crystal joined Oliver Wight in 2018. She is an Oliver Wight Certified IBP Overview instructor and earned her Six Sigma Green Belt. She has a BS in Psychology and an MA in Industrial Organization Psychology.

ABOUT OLIVER WIGHT

At Oliver Wight, we believe sustainable business improvement can only be delivered by your own people. So, unlike other consultancy firms, we transfer our knowledge to you; knowledge that comes from nearly 50 years of working with some of the world's best-known companies.

The Oliver Wight Class A Standard for Business Excellence is recognized by organizations and industry commentators as the definitive measure of business excellence. We have a long-standing reputation for innovation; we continually challenge the industry status quo, so you get the latest in fresh thinking around core business processes and their integration with people and technology.

Your Oliver Wight partners will coach, guide, and inspire your people to drive change throughout your organization, allowing you to create a culture of continuous improvement and innovation that simply becomes, for you, 'the way we do things.' We call our approach to change management the Proven Path; it's a proven, sustainable approach that will transform your business performance and deliver results straight to the bottom line.



Oliver Wight Americas, Inc

PO Box 368, 292 Main Street
New London, New Hampshire 03257, USA

Telephone:
1.800.258.3862
1.603.526.5800

Facsimile:
1.603.526.5809

info@oliverwight.com
www.oliverwight-americas.com

© Oliver Wight International

Asia/Pacific

131 Martin Street
Brighton, VIC 3186, Australia

Europe, Africa & Middle East

The Willows
The Steadings Business Centre
Maisemore, Gloucester GL2 8EY, UK