

# Success Report

Results from  
Integrated Business Planning  
in Less than 12 Months

**ZAGG**<sup>®</sup>  
B R A N D S

Imagine the **possibilities**,  
realize the **potential**.<sup>®</sup>

# ZAGG's Early Results with Integrated Business Planning

## Weathering the Pandemic Storm and Positioning the Company for Future Success

Entrepreneurial values had powered ZAGG Inc to success in the mobile accessories and technology market. The company's top leaders Chris Ahern and Jim Kearns knew, though, that entrepreneurial spirit alone would not ensure continued success.

As sales grew to more than \$500 million, it was more difficult to efficiently fulfill orders without diminishing profit margins. Communications to coordinate between business functions were increasingly more challenging. Sometimes it was like each function ran on its own treadmill set to the highest speed.

"In my experience, when you observe energy like that, there's a need for the company to plan better," Kearns says.

The questions Ahern and Kearns faced: How can we better focus that energy? How can we more effectively integrate the plans of each business function? How can we extend our view of the business to plan over a much longer horizon than just what orders we will receive and ship this week or quarter?

The answer: **Integrated Business Planning.**

Integrated Business Planning (IBP) is a decision-making process to align strategy, portfolio, demand, supply, and resulting financials over a 24+-month planning horizon. (IBP model below)

### IBP Model



# Implementing IBP – in the Midst of COVID

No sooner had ZAGG started to implement IBP than Ahern and Kearns saw warning signals that would urgently shift attention to the near term. China, in response to the COVID-19 virus, extended its New Year holiday. Expected shipments from Chinese suppliers were delayed.

Within three months of starting to implement IBP, COVID-19 spread throughout the world. Retailers, the primary sellers of ZAGG products, closed stores or drastically reduced customer traffic in North America, Europe, and Asia markets.

Some business leaders might decide to delay an implementation like IBP in the midst of a pandemic. Indeed, Ahern and Kearns discussed whether it would be prudent to default back to focusing on the short-term until the COVID-19 crisis abated.

Oliver Wight's Principal, Pete Alle advised that many of IBP's best practices can also be deployed for short-term planning. These practices include the integration of plans, updating assumptions as change occurs, and deciding how best to respond to risks and opportunities.

Ahern and Kearns decided to forge ahead with the IBP implementation.

ZAGG's executive leaders do not regret that decision. CFO Taylor Smith says IBP provided "the framework and backbone to weather the storm."

"There was trust in the IBP process to use it to decide what actions needed to be taken to keep the business strong for the remainder of the year," says Erin Wilson, IBP Leader.

Ahern and Kearns also see the merits of their decision to continue implementing IBP. "If we hadn't had IBP, we wouldn't have responded to COVID-19 as quickly. IBP created collaboration within the company and gave us a better lens on the business. We took material cost of goods sold impact out of the business," says CEO Ahern, who is the IBP Management Business Review Owner.

"What's more," Kearns says, "IBP has positioned us to deliver results next year and beyond."

## About ZAGG Inc

ZAGG is a global leader in accessories and technologies that empower lifestyles for people using mobile devices, like smart phones and tablets. Its award-winning product portfolio includes:

- Screen protection
- Power management
- Mobile keyboards
- Protective cases
- Personal audio.

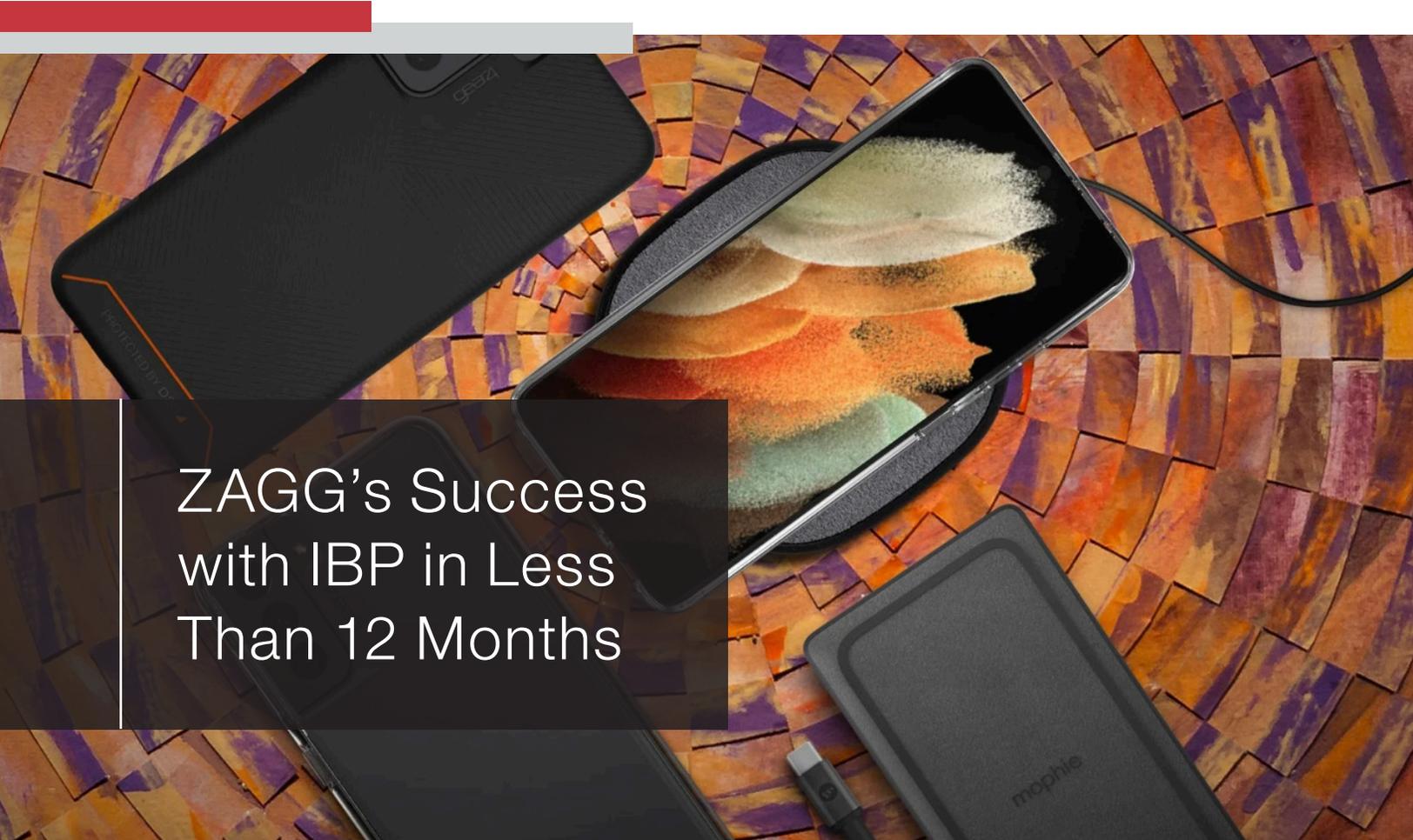
The brands under which products are sold include InvisibleShield, mophie, and ZAGG.

ZAGG was founded in 2004 and is headquartered in Midvale, Utah, and Shannon, Ireland. The company was acquired by a buyer group led by Evercel, Inc., in 2021.

For more information, contact [zagg.com](http://zagg.com) or 801-263-0699.

Corporate headquarters:

- 910 West Legacy Center Way, Suite 500, Midvale, Utah 84047, USA
- 103 Shannon Industrial Estate, Shannon, County Clare, Ireland



## ZAGG's Success with IBP in Less Than 12 Months

**ZAGG's accomplishments with IBP in less than 12 months – and during a steep business downturn – are impressive. Here are highlights:**

### **Earlier Warning of Disconnected Plans**

For IBP, ZAGG plans at the category level over a 24-month rolling horizon. This approach, called aggregate planning, gives the executive team a different lens on future business than they get from their short-term planning process at the SKU level.

Aggregate planning makes it much easier to see disconnects between product, demand, supply, and financial plans over the entire 24-month horizon. ZAGG's executive team also readily knows whether the business strategies and financial goals will be achieved. By identifying problems further out in the future, they – and their team – have more time to plan actions to close those gaps.

“The nature of IBP forces you to look long term and not just put numbers on a page, but put plans together that you hold yourself accountable to,” Smith explains.

Jonathan Downer, Senior Vice President of Global Sales, believes those plans are also more credible. “I feel better about our plans for 2021 and 2022,” he states. “We are already making assumptions about 2022. We've expended much less energy than ever before and have a much higher degree of confidence in those plans. We feel so much more prepared than in the past.”

Photo above: ZAGG is a global leader in accessories and technologies for mobile devices. Their products include chargers for power management.

## Stronger Communications and Collaboration

The IBP plans include assumptions, risks, and opportunities, or what ZAGG's people call AROs. The AROs are shared across functions, as appropriate.

Most people involved in IBP cite AROs for improving communications and collaboration. They say it's helped to understand the needs and challenges of each function in executing their plans. It also provides a way to communicate risks to the business and opportunities that may be leveraged with a collaborative effort.

The framework of IBP, including AROs, complements many of ZAGG's core values, such as the value to "be brave." Edgar Guzman and the ZAGG team apply that value when communicating issues that may be "bad news." Doing so has reinforced a best practice that is critical to a successful IBP process: That is, basing plans and decisions on reality, and truthful communications.

Guzman uses the Be Brave value in his own leadership role as well. "One of my biggest leadership learnings from IBP has been not to stay quiet and don't shoot the messenger," says Guzman, the Director of Purchasing and Inventory Management and Supply Review Lead.

When problems arise that cannot be readily resolved, issue resolution statements are created and communicated. The issue resolution statements require more than just stating a problem. Functional leaders work together to identify possible solutions and evaluate the financial impacts, costs, and benefits of each solution. This approach results in what ZAGG leaders call "data-driven decisions."

Michael Cordova, Director of Financial Planning and Analysis and Integrated Reconciliation Lead, explains:

"Rather than making decisions in silos, people throughout the business are involved to think through the impact of the various solutions. This approach brings a level of comfort by having data behind possible decisions. It helps to know we are making the most strategic and advantageous decisions."

Data-driven decision-making has resulted in greater alignment across the organization, including the executive team. "IBP aligns the executive group. We can think together on how to approach problems and opportunities. We can also communicate a cohesive plan to the organization," says Patrick Keenan, Vice President of Product and Owner of the Product Management Review.



Drop protection *and* style. That's ZAGG's Gear cases for mobile devices.

# Advice to Others Implementing IBP

– in ZAGG’s Words

**“Invest time upfront to ensure you understand what IBP is and what are the benefits.”**

*- Patrick Keenan, Vice President of Product and Product Management Review Owner*

**“Coach the executive team to choose people in the IBP Lead roles who have an aptitude for learning. Fight hard to have those individuals selected. IBP Leads are the backbone of the process.”**

*- Erin Wilson IBP Lead*

**“Senior leaders have to go all in and realize IBP is a marathon, not a sprint. They have to bring the broader organization with them. Quickly identify the advocates and skeptics. Leverage the advocates and win over the skepticism with successes.”**

*- Jim Kearns, Chief Operating Officer and Supply Review Owner*

**“Change is hard. Embrace it. The good change will come through better and earlier insights. Strategy will get better as visibility improves.”**

*- Bryce Craig, Director of Product Management and Product Management Review Lead*

**“People need to be forewarned it is not easy at first, but will pay dividends. IBP needs strong advocates internally. When people understand the benefits, believe in IBP, and understand it will impact the company, they will believe in the process.”**

*- Jonathan Downer, Senior Vice President of Global Sales and Demand Review Owner*

**“Resource IBP effectively. You will get the benefits quicker. Take IBP seriously and don’t view it as an add-on. IBP changes what you are doing. IBP becomes THE way you are doing.”**

*- John Nestor, Senior Director of International Ops and Product*

## Greater Visibility of Product Plans

All the business leaders say IBP has stimulated improvements in product management. These improvements – and collaboration across the functions – create greater confidence in ZAGG’s future business performance.

The Product group now releases product road maps, striving to cover the two-year planning horizon. Product managers share the road maps with the demand, supply, finance, and strategy organizations. Doing so has caused product managers to think differently about the future.

“We don’t know specifically what’s going to happen that far into the future with mobile device makers. But we do know when it is likely that mobile device makers will launch their newest phones. When we start thinking of it that way, we realize that things are much more predictable than we had thought,” explains Bryce Craig, Director of Product Management and the Product Review Lead.

Greater visibility of the product plans has resulted in better advance planning and collaboration from all business functions. Examples cited include:

“We have now begun to integrate new product introductions into the longer range sales plans, and we engage customers much earlier,” says Jonathan Downer, Senior Vice President of Global Sales and Owner of the Demand Review.

David Fikac is the Senior Manager responsible for Americas Demand Planning and Inventory Management and the Demand Review Lead. He has seen how collaboration across functions have improved. The sales organization, for example, now feels free to provide feedback to product management on their needs. “It puts better eyesight on what the sales organization is thinking and needing,” he says.

Neil Gordon, Vice President of International Sales, concurs. “We have a more rounded and fuller understanding of product life cycles. We discuss how to approach customers with a story and evidence of performance. We’re challenging ourselves to find ways to perform better with either more support or with different products,” he says.

Gavin Slevin, International General Manager, says that accountability is one of the biggest cultural changes realized from IBP. “There’s accountability for planning the sale and selling the plan. In the past, we didn’t have healthy tension between the sales and product departments. That led to over-spending. The product team didn’t have the power to say, ‘You forecasted it, but didn’t sell it.’”

Gordon also credits IBP for the cultural shift to greater accountability. “Before we were guilty

of shooting for the moon with uber growth forecasts. Now we are more rigorous in not only what the sales forecast looks like, but how we are performing to it,” he says.

Brad Bell, Senior Vice President of Global Marketing, also has more confidence in the plans. “We’re having more forward-facing discussion and planning. I have more confidence in our overall sales forecast and business plan than I ever have,” he says.



For unforeseen problems, HALO kits are the go-to devices in emergencies to keep mobile devices powered and even to jump-start cars.



ZAGG products are built to support active lifestyles, whether it's protection for mobile devices or speakers designed to weather wet and cold.

### Accountability for Financial Results

Greater accountability transcends delivering on functional plans. The functional teams are also focused on achieving financial results for the overall business.

“The keyword is integration,” explains John Nestor, Senior Director of International Operations and Product. “Once you get everyone pulling in the same direction, it is so much easier. People can see the consequences of their actions downstream. It’s transformational.”

The organization as a whole is more cognizant and responsive to margin improvement activities. “With IBP, we’re talking about the overall financials and what’s driving improvements and losses. Throughout the organization, we better understand how day-to-day decisions drive profit,” says CFO Smith who serves as the Integrated Reconciliation Owner.



## Well-Positioned for Strong Financial Performance

The eye on margin – and alignment of plans – is starting to impact financial performance. Inventory has been reduced, even in a year of lower sales caused by the pandemic. During this time, material cost of goods sold impact have been taken out of the business.

With a stronger second half of the year after the shock of COVID-19, ZAGG's leaders expect further reductions in discounting activity and returns in 2021 and beyond. They are also projecting improvements in gross to net performance.

ZAGG's business leaders have no regrets about implementing IBP during a pandemic. It provided a framework for survival in unprecedented times. ZAGG's business leaders and managers also now have the experience with IBP to confidently respond to the anticipated upswing in business – without compromising customer loyalty and margins.

"IBP is not a process, it is modus operandi that actually gets you to operate way more efficiently beyond just planning. IBP enables us to take ideas and turn them into operational reality," says COO Kearns who also is the Supply Review Owner and Overall Executive Sponsor of IBP.

## The Next Emphasis in the IBP Journey: Developing and "Operationalizing" Strategy

With modus operandi in mind, one area of focus in the coming year will be connecting strategy to execution through IBP. Within six months of operating IBP, ZAGG's leaders realized that strategies needed to be sharpened to help the company realize its full potential, especially in the longer term. They also realized that IBP provided the way to integrate the corporate strategy at the functional level.

The effort to sharpen the corporate strategy began at the end of the year. "Once the 2021 strategies are launched, we will use IBP to track and make sure we are making progress against initiatives," says Marika Patto, VP of Strategy.

Integrating strategy with IBP will also enhance the way people think about the future. Patto says it gives the leadership team the opportunity to say, "That's great, but what happens afterward? What is the strategy? How does it need to change? How do you see it evolving?"

Kearns also explains:

"We now appreciate the end-to-end nature of IBP, with the Management Business Review ultimately being the forum to make the tough decisions. IBP is data driven; it is not a qualitative type of discussion. As an operations guy, I love it. With quantifiable data comes accountability. It's about decibels, rather than decimals. IBP is a powerful way to operationalize strategy."



ZAGG's keyboards and cases make it easy to use tablets most anywhere.

# The Critical Role of the IBP Leads

The role that IBP Leads play in implementing – and sustaining – the IBP process cannot be overstated. The qualities needed to be a successful IBP Lead also should not be underestimated.

Those are key learnings from ZAGG’s experience with IBP.

Five people serve in the roles of IBP Leads – a lead for each IBP review (see IBP Model, page 2). The IBP Lead for the Management Business Review also serves as the overall IBP Lead.

When first implementing IBP, the IBP Leads must rely on their project management skills. They lead their functional organizations in understanding IBP, designing their functional review process, and then starting to use the IBP process.

In the first few IBP cycles, the IBP Leads do the “heavy lifting” in developing the plan and deliverables for the individual reviews they lead. This is often called “standing up the process.” With each successive cycle of IBP, more people begin to make stronger contributions, and greater collaboration occurs.

This evolution allows the IBP Leads to think more about business implications and to collaborate with the other functional IBP Leads. They transition from a project management focus to developing more credible plans and actions for achieving the business strategies and goals.

Here are some comments from ZAGG’s IBP Leads about their experiences:

“As the IBP Lead for the entire IBP process, it’s important to understand that you are the subject matter expert on the process itself, but not on the function of each individual IBP step. The IBP Lead must guide integrating the process into each individual function step without stepping on the functional Leads’ toes.” *Erin Wilson, IBP Lead*

“People need to understand that IBP evolves and improves over time. Around cycles 4 and 5, it felt like a light switch turned on. We went from putting information together and hastily creating slide decks to stopping and asking: What is the narrative of the business? What do we need to work on? How do we use the IBP reviews to drive the business forward?” *Erin Wilson, IBP Lead*

“I am always reaching out to the Supply and Demand Review Leads. I ask if there is anything we are not touching on in the Product Management Review (PMR) that they would like to see. The PMR is the starting point of the IBP cycle each month. I want to make sure that integration is happening.” *Bryce Craig, Product Management Review Lead and Director of Product Management*

“I try to be as collaborative as possible. I give the other IBP Leads a heads up on issue resolution statements we are developing. I also liaison with the Sales team and give voice to the Sales team by attending the other IBP review meetings.” *David Fikac, Demand Review Lead and Senior Manager responsible for Americas Demand Planning and Inventory Management*

“I have learned that I am not the one who has all the answers, but must take a collaborative approach in planning and problem solving.” *Edgar Guzman, Supply Review Lead and Director of Purchasing and Inventory Management*

“One role of the IBP Leads is to hold people’s feet to the fire to be accountable for their own steps in the IBP process. While my role in IBP may seem limited, I encourage people to consider how their plans and decisions affects the downstream functions. My role is also to make a difference in people being in tune to the financial picture of the business.” *Michael Cordova, Integrated Reconciliation Lead and Director of Financial Planning and Analysis*



ZAGG award-winning accessories for mobile devices are essential for work and play.

## Oliver Wight's Role in ZAGG's Success

Oliver Wight transfers their knowledge and experience to their client companies. The client company does the work in designing and implementing so as not to create dependency on the consulting firm. This approach also helps the client to better develop independently sustainable processes.

With ZAGG, Oliver Wight performed a readiness assessment, followed by education of the leadership and management team. Once there was an understanding of what IBP is and isn't, Oliver Wight conducted design workshops where ZAGG's project team defined how IBP would work in ZAGG's environment.

Launch of IBP followed quickly, and Oliver Wight provided coaching, feedback, problem solving, and mentoring during the early months of ZAGG's using IBP. Follow-on consulting and advising has continued as needed.

Here's what ZAGG's team members say about Oliver Wight's role in implementing IBP:

"From the outset Oliver Wight was honest in telling us they don't do the work that the ZAGG organization is supposed to own. They coach while the client does the work. If Oliver Wight had stood up Cycles 0 and 1 of IBP without our participation, we would not have been able to make the business decisions in the second quarter that saved ZAGG."  
*Erin Wilson IBP Lead*

"Oliver Wight has been our conscience. They call it as they see it. They identify when we are akin to best practice or slipping back into old ways."  
*Jim Kearns, Chief Operating Officer and Supply Review Owner*

"We would have struggled without Oliver Wight, especially in developing the long-term view of the business. We would have been very tactical if we had done IBP on our own."  
*Marika Patto, Vice President of Strategy*

"Oliver Wight opened our eyes to the potential of our organization, what is lacking, what we can improve and have to improve."  
*Michael Cordova, Director of Financial Planning & Analysis and Integrated Reconciliation Lead*

"Oliver Wight is a trusted, not advisor, but partner."  
*Jonathan Downer Senior Vice President of Global Sales and Demand Review Owner*

## About Oliver Wight

Oliver Wight has a 50-year track record of delivering business improvements to some of the world's best-known organizations. We believe that sustainable improvement can only be made through your own people. Unlike other consultancy firms, we transfer our knowledge to you, which means you can achieve performance levels and financial results that last. Our principals

are seasoned professionals who have real-world manufacturing experience. They are thought leaders in the fields of supply chain management, integrated business planning, demand management, and product management. The largest worldwide consultancy of its type, Oliver Wight has offices throughout Europe, North and South America, and the Asia/Pacific Region.

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### **Oliver Wight Americas**

P.O. Box 368, 292 Main Street  
New London, NH 03257, US

T: +(800) 258-3862

E: info@oliverwight.com

<https://www.oliverwight-americas.com/>

### **Oliver Wight Asia/Pacific**

118/3 Male Street, Brighton  
Victoria 3186, Australia

### **Oliver Wight EAME LLP**

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

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