

Tapping the Power of Integrated Business Planning



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Tapping the Power

In recent years, Integrated Business Planning (IBP) has been gaining traction among companies looking to improve their supply chain strategy. This planning method promises greater flexibility and resilience in a world where disruptions are increasingly unpredictable. But the concept is far from new. Coined in the 1980s by supply chain management firm Oliver Wight Americas, Inc., Integrated Business Planning has been helping companies deal with crises for decades. As companies across the board face the complexities of today's global supply chain, many more are turning to this proven method to build resilience.



Andrea Montecchi, a Business Advisor at Oliver Wight, cites greater volatility in the marketplace and a need for faster response to consumer demands. The COVID-19 pandemic was a dramatic catalyst for this volatility, and the implications of the pandemic are still surfacing more than three years later. “The trends in today's environment often generate from the unpredictable nature of where we are,” he says. “As a result of COVID, the supply chain challenges from before manifest themselves now in things like cash and liquidity pressure that have a very short timeline on them. The desire and need for fast implementation and solutions is alive and well.”

But what exactly is Integrated Business Planning, and how can companies adopt it quickly and successfully without causing undue disruption to the daily operations of the business?

What is Integrated Business Planning?

IBP is the process the leadership team utilizes to run the business. The key to IBP is flexibility, collaboration, and real-time response. It's a planning method that requires all functions of a business to participate in the same strategy and set of plans, as opposed to working in silos. The strategy and plans are reviewed on a monthly basis, and the company adjusts to changing conditions as needed, ensuring that all business departments and collaborators are on the same page every step of the way.

Typically, when planning the year ahead, a company will publish its annual budget, along with predictions for how disruptions might impact the business in the coming months. According to Ben Sellers, a Business Advisor at Oliver Wight, this approach falls short in several ways. In today's world, where business conditions can change on a dime, the predictions of today may be obsolete tomorrow. With IBP, the company can, instead, stay on the pulse of change, so it is always prepared for a real-time, company-wide response.

“It’s really about building trust and capability in the organization,” says Sellers. “It’s the leadership’s process to realign the business as things are changing. So, every 30 days you get to say, ‘What’s changed and how does it impact how we go forward?’ What’s really powerful about IBP is it gets everybody back on the same page to those new priorities and realities.”

The Key to a Successful IBP Transition

For Oliver Wight, IBP is much more about people than mechanics or technology. For those implementing IBP into their own planning processes, Sellers says, this is a crucial element to understand. “Ultimately, this is a people process, right?” he says. “It’s about why aren’t we using the official demand plan to run the supply piece? Why is finance doing their own planning? It’s because there’s been a fundamental breakdown of trust and the data and the people and the processes.” It’s the people, he says, who ultimately solve problems, change course, make decisions, and bridge those harmful gaps.



To that end, leadership is another important element of an IBP implementation. Because many of the key issues that tend to arise require high-level decision-making, the leadership of a company needs to understand why IBP is important and why it’s worth their while. “I see so many people embark on IBP because they heard it’s a nice thing to do without really understanding what it is going to be able to deliver for the business. So, the leadership team specifically needs to be able to articulate that very well.” Only then, he says, will you be able to secure the attention and resources necessary for success.

But this process cannot simply stop at the leadership level. The entire company, across all departments, needs to be on board. For IBP to work, organizational silos, where each department makes its own decisions, produces its own numbers and keeps that information private, must be dissolved. “It’s trying to get people to change their mindset from ‘taking care of my own department’ to ‘how do we do what’s best for the business.’ The process is very much centered on that,” says Sellers.

This spirit of collaboration is also important as companies integrate both short- and long-term planning into their overarching IBP solution. Montecchi notes that while IBP embraces short-term planning, the most successful companies intertwine this with a broader strategy. While senior management can be well suited for the latter, Montecchi says that elements pertaining to the near-term horizon can and should be delegated to those within the company that handle tactical planning. At the end of the day, it’s all about human collaboration.

The Role of Technology in IBP

People are central to a successful IBP implementation, but today, technology also has a role to play. What few tend to realize, though, is that this role should only be a supporting one. “There’s a tendency to overfocus on what a tool can deliver and under-prioritize the behavioral or human aspect of it,” says Montecchi.

Sellers agrees, citing the potential delays an overdependence on technology can cause. “There are very capable packages out there, but they become a distraction. They’re expensive, they take years to implement. And IBP should be a process you can stand up in months.” In many cases, the reason for this delay, he says, is because of how companies apply the tool, often investing in a platform that’s more powerful than what they really need. And while it may be noble to strive for a system that offers the highest level of integration, it could also delay the project for up to a year or two, which may be more time than a company can afford to lose.

“Sometimes,” adds Montecchi, “simplicity is better than perfection. We can get mired in the details rather than some of the elemental things that are necessary in order to facilitate that IBP process change,” he says. Instead of spending all the company’s time questioning and challenging the data or trying to pinpoint exactly who’s responsible for what, the better question to ask may simply be, “Is the information good enough for us to make smart decisions with?”

Oliver Wight’s Approach to Integrated Business Planning

When implementing IBP, especially for those new to the process, choosing the right partner is crucial. Perhaps those best suited to articulate the benefits of IBP are the representatives of the company that founded it. “We’ve been doing this longer than anybody,” says Sellers. “We have a toolkit that our very experienced advisors use that I think is unmatched — from the education, to how to design it, the templates, everything. And then we also

have Ollie Accelerator - an IBP technology platform that has more powerful analytics capability and robust scenario planning features to help you model risks, explore opportunities, and plan for future disruptions. We’ve had the software since the ’90s, previously called IBP-A, that helps stand this up under an aggregate model that takes weeks, not years to implement.” Oliver Wight prides itself on taking the mystery out of IBP implementation and improvements.



Montecchi adds that the business advisors at Oliver Wight come into the company not only with prior IBP and supply chain experience, but also with executive and senior-level experience, giving them an appreciation for the urgency needed to execute a successful IBP transition. “We are able to build the relationships and understand at an intimate level what our clients’ needs are,” he says, “not just in the IBP process, but also in asking how does it fit their company, their needs and their situation.”

Whether you’re new to IBP or a founding adopter, one thing seems universal in today’s business environment. Integration, collaboration, and flexibility are becoming nonnegotiables for supply chain resiliency. IBP has the power to break down silos and help companies deal with the uncertainties of crises, both today and into the future.

About The Authors



Ben Sellers

Oliver Wight Business Advisor

Ben Sellers, an Oliver Wight business advisor, is a coach and educator providing companies with guidance on the design and implementation of effective business processes. Ben has dozens of Integrated Business Planning (S&OP) implementations in his experience. Ben has “hands-on” experience helping companies achieve significant results in the areas of Integrated Business Planning (S&OP), Demand Planning, Master Scheduling, and Lean Manufacturing. He is currently working with clients to implement and improve their Integrated Business Planning (S&OP) process, as well as the supporting process of Master Scheduling.



Andrea Montecchi

Oliver Wight Business Advisor

Andrea Montecchi, an Oliver Wight business advisor, is an accomplished operations executive and has extensive international experience in strategy development and global supply chain management. He has a sound understanding of cross-cultural influences in business relationships and excels at managing teams that deliver sustained growth and performance improvement in highly competitive industries.

Andrea is a demonstrated leader of significant process development and change management with 12 years in senior- and director-level positions in the manufacturing industry following 10 years in the United States Marine Corps.

About Oliver Wight

When you talk to Oliver Wight about improving your business, we'll assume you want results, not just better processes – things like increased revenues and margins and greater market share. If you have the ambition, it is possible to make improvements that truly transform the performance of your organization and create more fulfilling roles for the people within it. We believe this can only be delivered by your own people. So, unlike other consultancy firms, we transfer our knowledge to you; knowledge that comes from over 50 years of working with some of the world's best-known companies.

Oliver Wight has a long-standing reputation for innovation, and we continually challenge the industry status quo so you always get the latest in new thinking. Your Oliver Wight partners will use their real-world experience to ensure your people, business processes, and technology are fully aligned and integrated across your organization.

They 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 around here.” It's a proven, sustainable approach that will deliver results straight to the bottom line.



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