

**Deloitte.**



**Integrated Business Planning plus**

Your journey towards digital  
end-to-end planning



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# Several market trends are challenging companies to improve their supply chains

Today's reality in many companies on business planning...

## Planning silos



### Strategic Business Plan

- Positioning in market
- Development scenarios
- Scenario analysis
- Decision-making and target-setting



### Financial Business Plan

- Marketing plan
- Department budget
- Human resource plan
- Investment plan
- Financial plan



### Supply Chain Plan

- Demand plan
- Supply plan
- Inventory management
- Production plan
- Material plan
- Collaborative plan



### Current Business Plan

- Current projects
- Future projects
- Promotions
- Events
- After-sales plan

## Unaligned planning

- Lack of collaboration between different areas within the company
- Process visibility is very limited and not up-to-date / real-time
- Strategic and financial requirements are not sufficiently taken into account
- No improvement within the planning process
- It takes time for information to be distributed, resulting in long response times
- Decisions are based on only some of the influencing factors



**Most companies are still using inadequate silo solutions for planning, for example Excel spreadsheets**

...does not enable adequate reactions to external changes



### Market Ambiguity

- Due to strong connections between companies worldwide, international political uncertainties, like the Brexit, influence most companies
- Traditional business models are challenged by disruptive ideas like 3D printing



### Digitalization

- High complexity and dynamics in the market environment generate vast quantities of data
- Digital business models, like E-commerce, are necessary to keep pace with the rise of big data and analytics



### Customer Centricity

- Increased service offerings from companies like Amazon have raised customer expectations, for example same-day delivery at a low price
- As customers gain more power, they demand customization



### Product Life Cycle

- Customers expect new products or models in a regular, short cycle
- Simultaneous engineering and collaboration needed to ensure fast developments



### Margin Compression

- Global competition and customer requirements lead to decreased margins for most companies
- At the same time, western markets tend to be saturated and in general offer only small additional profit via volume growth



### Globalization

- Longer supply chains with specific requirements due to local features
- Connection and communication around the globe are necessary to stay competitive

# From beginner to pioneer – Where is your company positioned in the planning context?

Evaluate your current S&OP\* status...

<b>People**</b>	<b>Planning**</b>
<ul style="list-style-type: none"> <li>• Limited experience</li> <li>• No prior meeting preparation</li> <li>• Department view</li> <li>• No collaboration</li> </ul>	<ul style="list-style-type: none"> <li>• Unaligned silo planning with no frozen horizon</li> <li>• Focus on next month</li> </ul>
<ul style="list-style-type: none"> <li>• Some experience and preparation</li> <li>• Department view</li> <li>• Minimal data sharing</li> </ul>	<ul style="list-style-type: none"> <li>• Silo planning with no frozen horizon</li> <li>• Focus on next month, consensus on ~3 months</li> </ul>
<ul style="list-style-type: none"> <li>• Experienced</li> <li>• Moderate collaboration and data sharing within functional areas</li> </ul>	<ul style="list-style-type: none"> <li>• Daily planning, frozen horizon is one week</li> <li>• Focus on 2-4 months, limited consensus on next ~15 months</li> </ul>
<ul style="list-style-type: none"> <li>• Experienced, proactive in prepared meetings</li> <li>• Full collaboration and data sharing</li> </ul>	<ul style="list-style-type: none"> <li>• Frozen horizon is 1-2 weeks</li> <li>• Focus on next 2-4 months, consensus on next ~15 months</li> </ul>
<ul style="list-style-type: none"> <li>• Process robotics</li> <li>• Collaboration with digital possibilities</li> <li>• Data sharing in real-time</li> </ul>	<ul style="list-style-type: none"> <li>• Use of tools for integrated business planning</li> <li>• Focus on next 2-4 months, consensus on next ~15 months</li> </ul>

\* Sales and operations planning (S&OP)

**Performance\*\***

- Limited visibility of demand and new products
- Performance metrics not discussed

1

Basic

- Impact of promotional activity discussed
- Ability to track KPIs

2

Developing

- Allocations and supply scenarios are developed /discussed
- Ability to track key metrics

3

Performing

- Discussion of performance and causes/ impacts
- Use of real-time dashboards

4

Leading

- Demand sensing
- Predictive analytics in combination with big data

5

Cutting Edge

\*\* Selected dimensions from the Maturity Matrix

...to find your starting point for improvement



## 1. Respond

Preventing supply shortages and maximizing revenue



## 2. Forecast

Volume-based operational plan using sales planning and supply capability



## 3. Combine

Balancing supply and demand volume across the end-to-end supply chain



## 4. Collaborate

Demand-driven, profitable supply response across the extended supply chain



## 5. Digitalize

Strategy drives the business, cascading down across finance and operations

Path towards end-to-end planning using digital possibilities

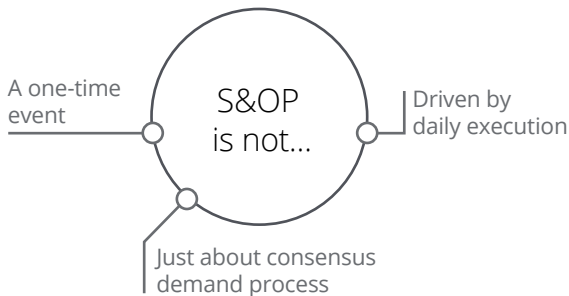
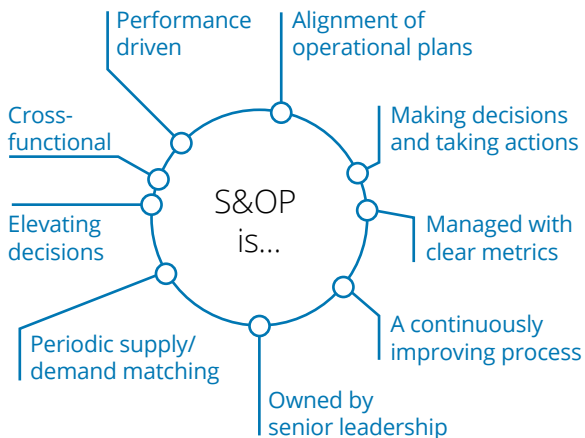




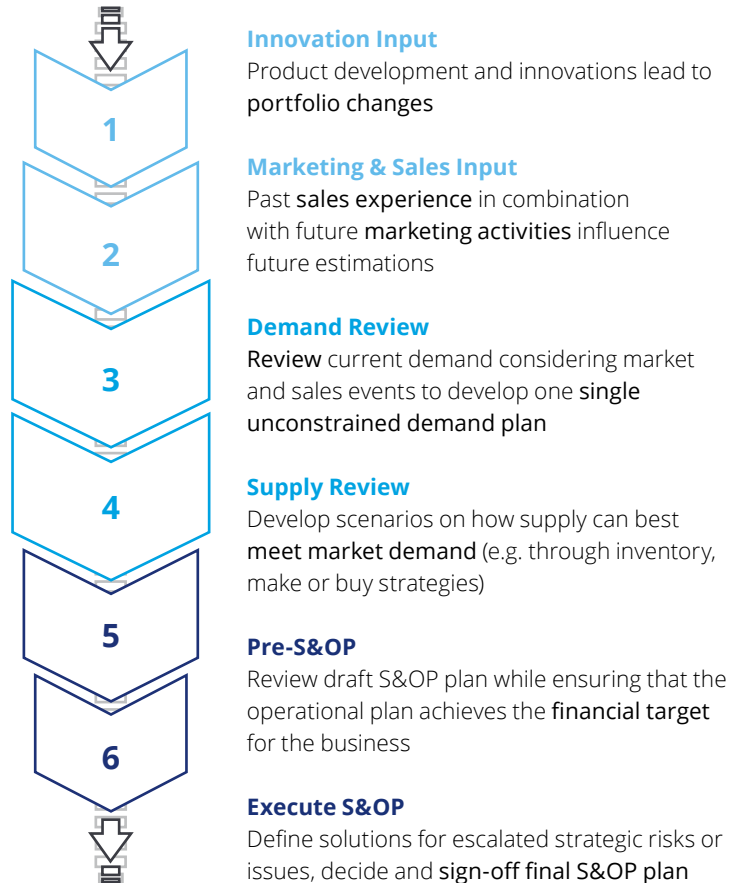
# A stable S&OP process is needed as a basis for further improvement

How setting up structured S&OP...

## Definition



## Monthly S&OP Cycle



...leads to significant business impact

### Advantages of proper S&OP

1. More and better information lead to higher inventory accuracy, allowing a reduction in inventory and safety stock
2. Shorter reaction time, improved forecasts and informed decision-making
3. Important market information is distributed within the whole supply chain in a regular and holistic way
4. Exception-based planning and lower manual effort in planning process
5. Harmonized, consensus-based, and collaborative planning



### Shareholder value increase

#### Higher Operating Margin

Improved forecast accuracy combined with enhanced transportation and distribution processes result in higher percentage margins than the industry norm

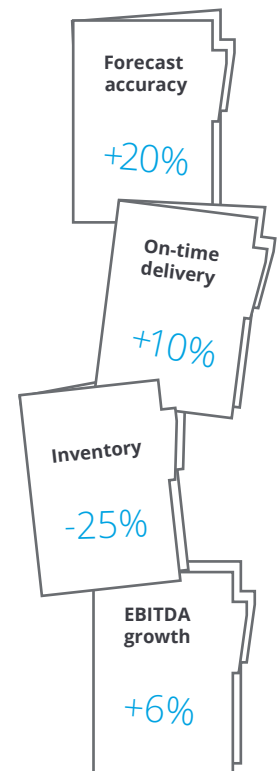
#### Increased Asset Efficiency

Due to improved inventory management, inventory can be reduced

#### Revenue Growth

A better customer order fulfilment experience leads to overall EBITDA growth

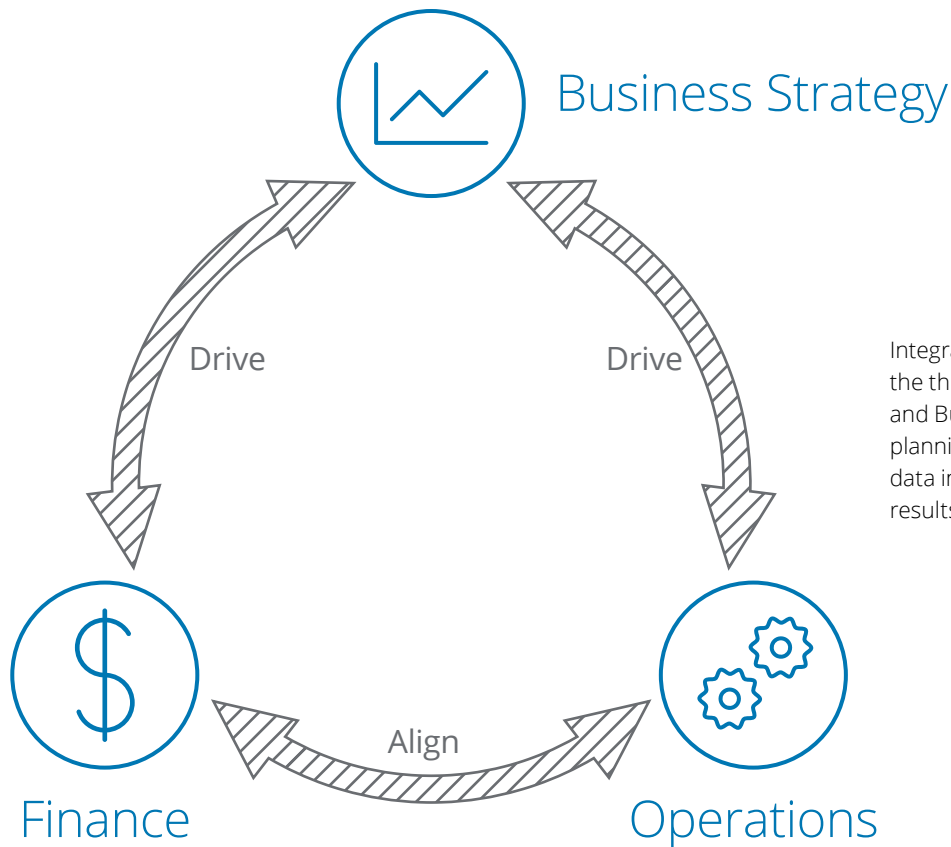
### Selected Project Examples



# Integrated Business Planning is the next step for valuable insights

How holistic integration...

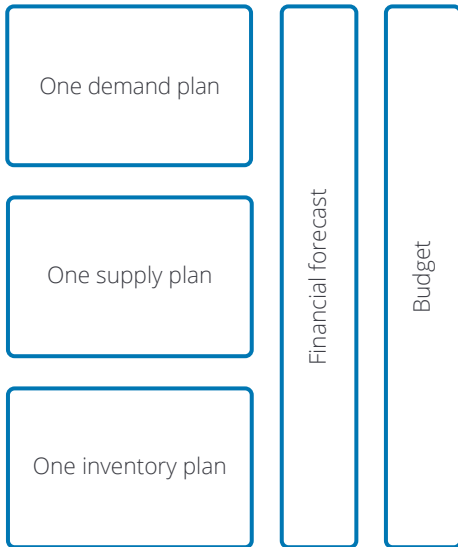
## Extended planning scope of IBP



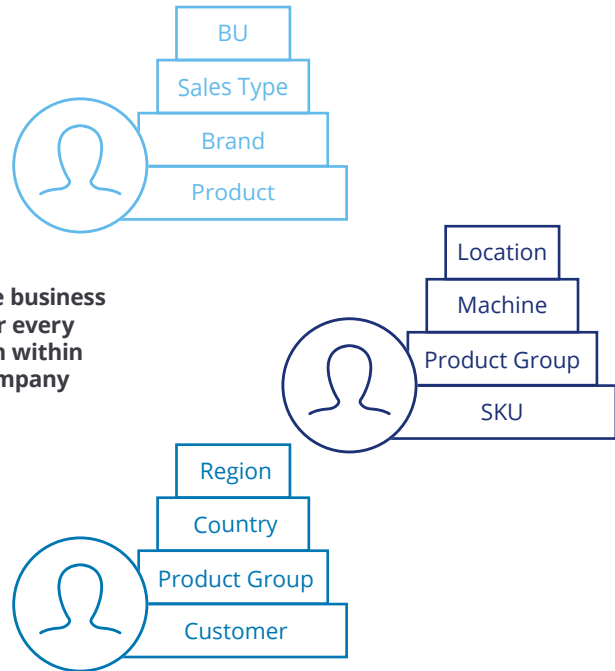
Integrated Business Planning combines the three areas of Operations, Finance and Business Strategy to enable a holistic planning process that takes all relevant data into account for better planning results, especially in the long term

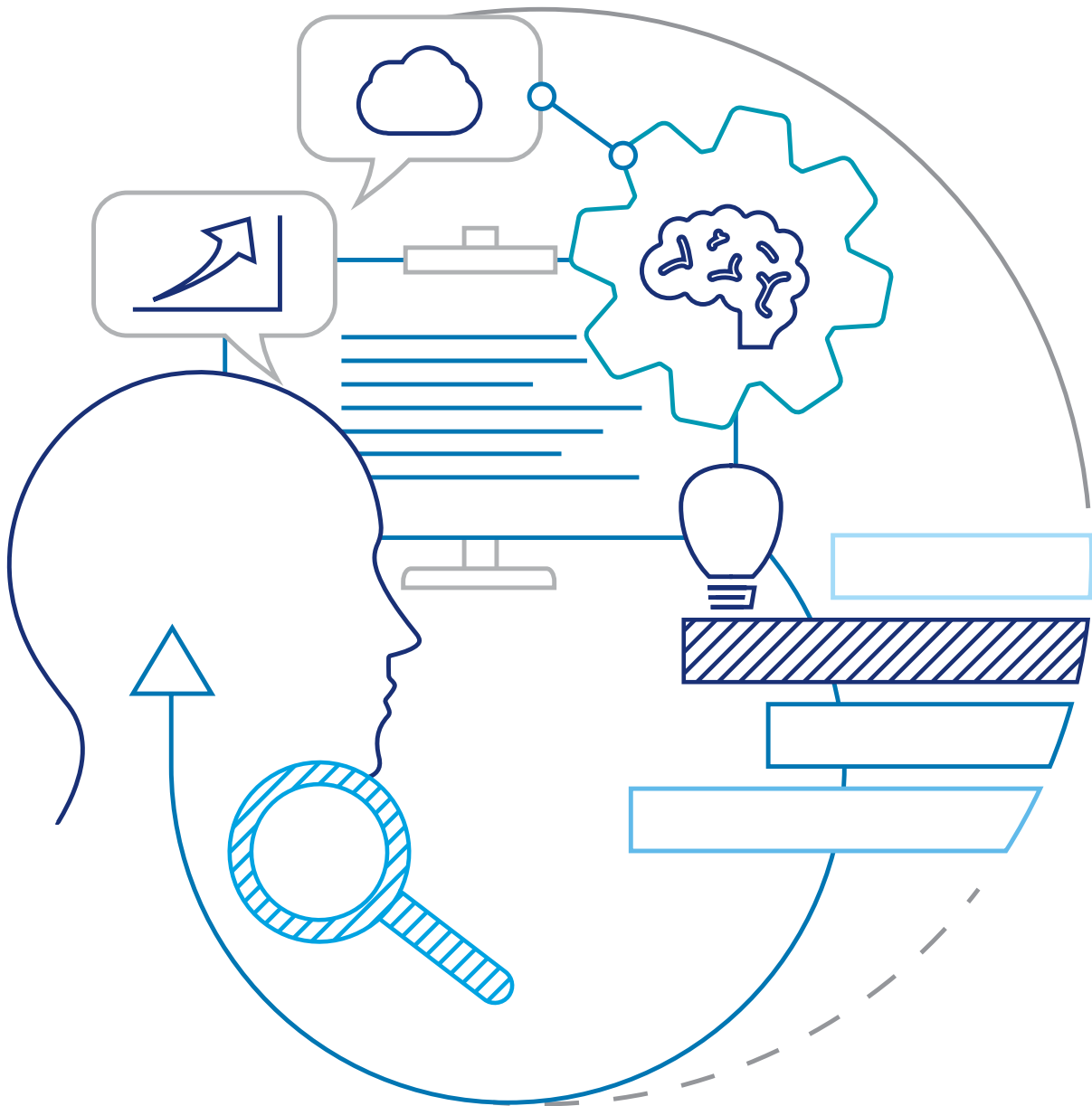
# Integrated Business Plan

## One overall plan



## One single business plan for every function within the company





...enables a better overview within the whole company

### Governance

Clear roles, decision rights, policies and incentives that promote behavior to drive the organization to achieve its mission

### Talent

The competencies, skills, talent infrastructure, and workforce planning that enable an optimal talent base to execute the capability

### Analytics

The capabilities needed to drive scenario planning and real-time, insight-driven decision-making

### Mission

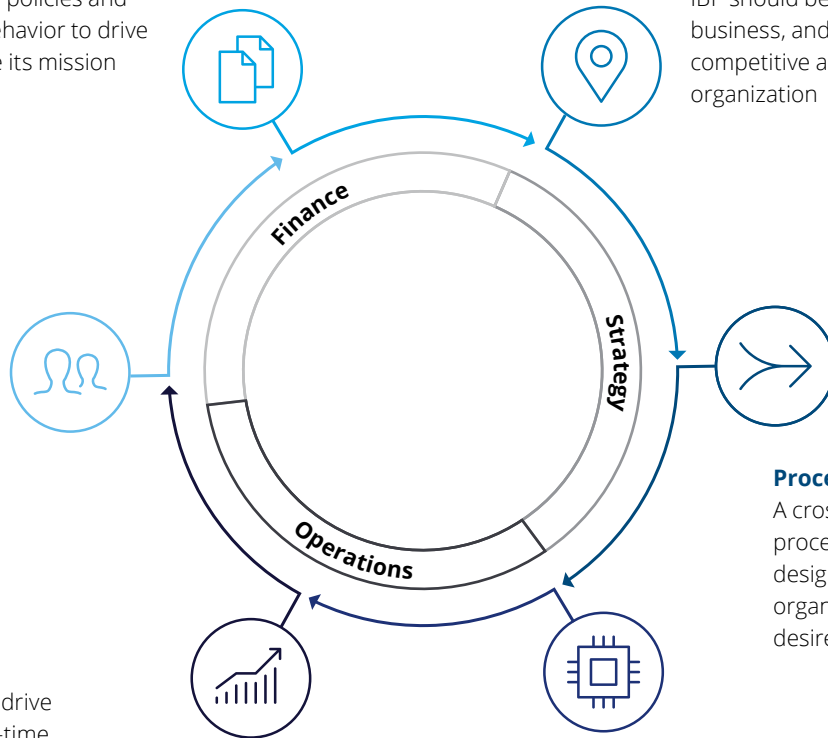
IBP should be “how” you run the business, and it should deliver competitive advantage to your organization

### Process

A cross-functional set of processes and activities designed to align the organization to one desired outcome

### Technology

The technologies (software and hardware) and tools required to support the capability



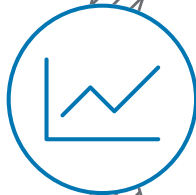
# Take IBP to the next level by using digital possibilities

How digital opportunities ...

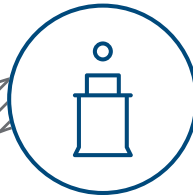
## Financial Planning

Integrate financial planning data with sales and operations planning to match financial planning against demand and supply planning (top-down) and provide financial budget and forecast figures to financial planning based on the current operations (demand and supply) planning (bottom-up).

## Sales Planning



## Demand Planning



## Point of Sale Data enables Demand Sensing

Integrate real time point of sale data into demand planning, which enables you to react even more precisely in the short term.

## Predictive Analytics

Integrate market / customer-specific data points and generate value out of these.

## Supply Planning



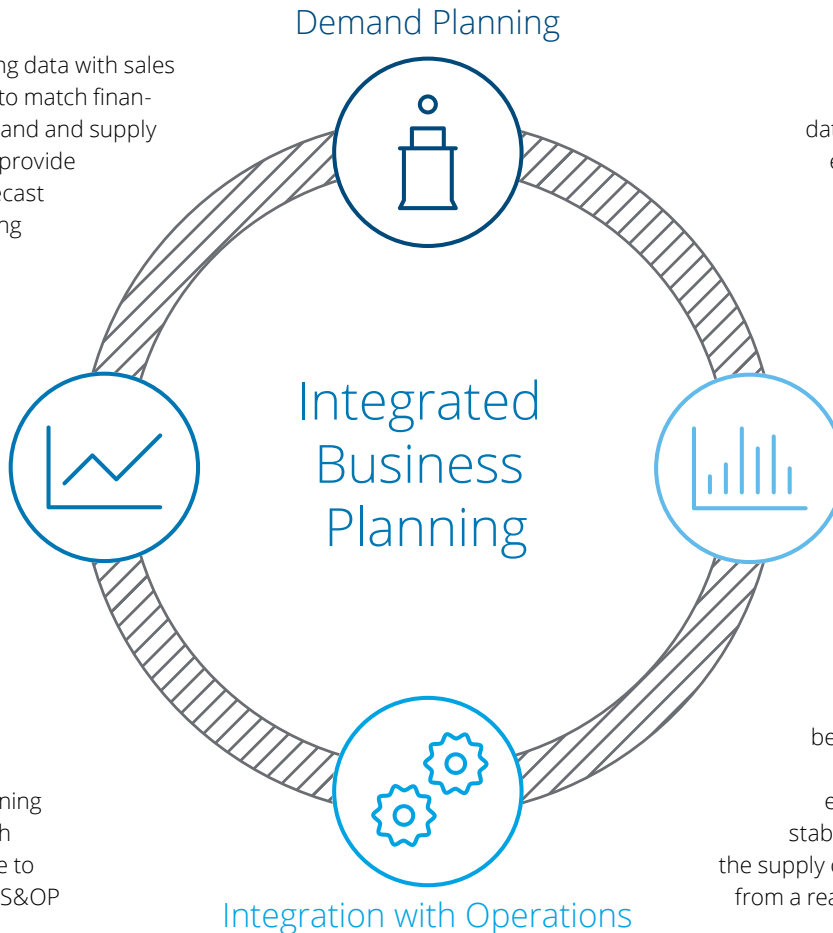
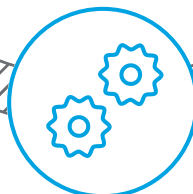
## Sensor and Demand-Driven Supply Planning

Sensor data predict at which point in time products will become available and change the current way of planning. Multi-echolon stock level optimization stabilizes demand disruption within the supply chain. Both enable you to move from a reactive, post-event driven supply chain to pro-active planning.

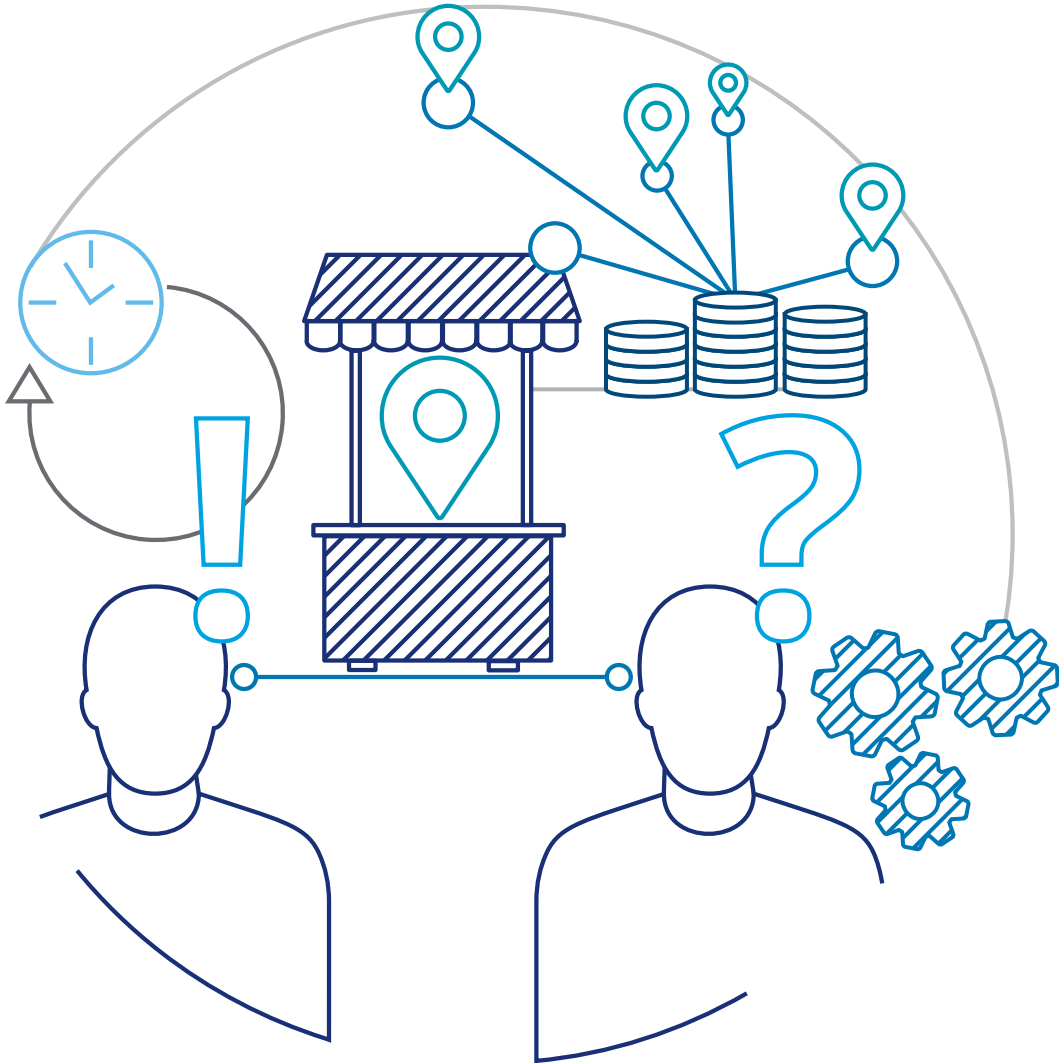
## Real-Time integration with Operations (ERP)

Demand and supply planning results are integrated with execution, providing close to real-time information for S&OP planning cycles.

## Integration with Operations

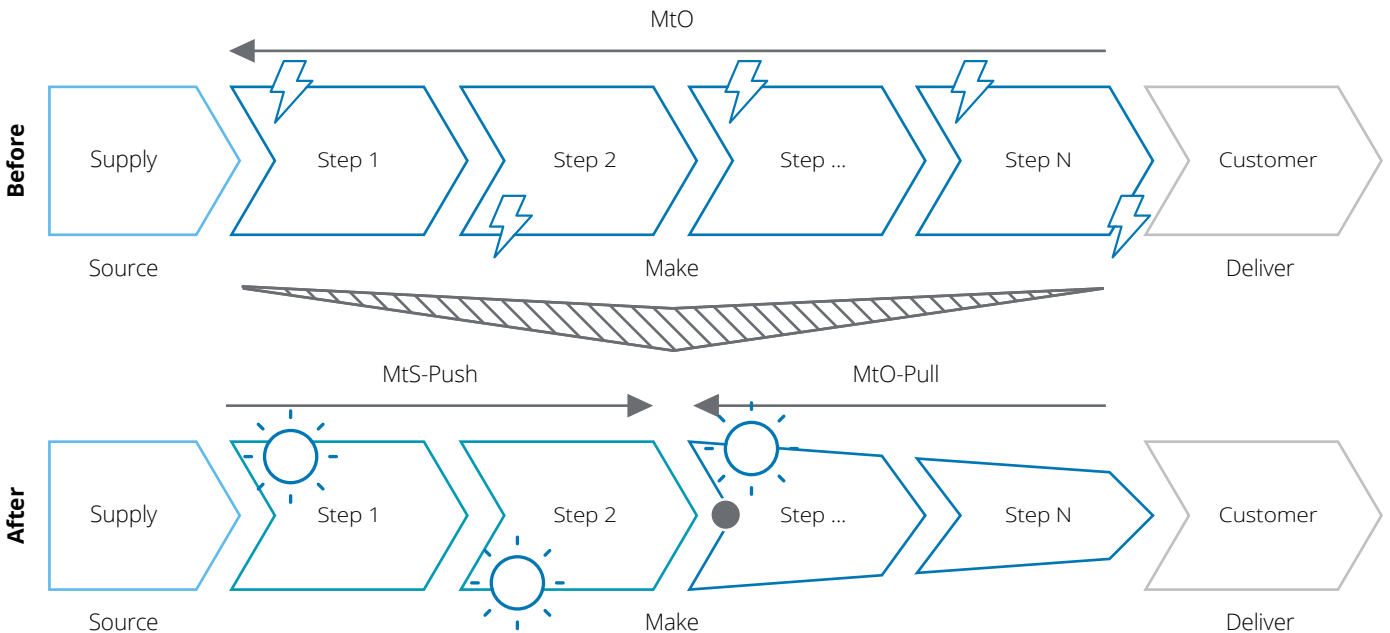






... facilitate your company to stand out from competitors

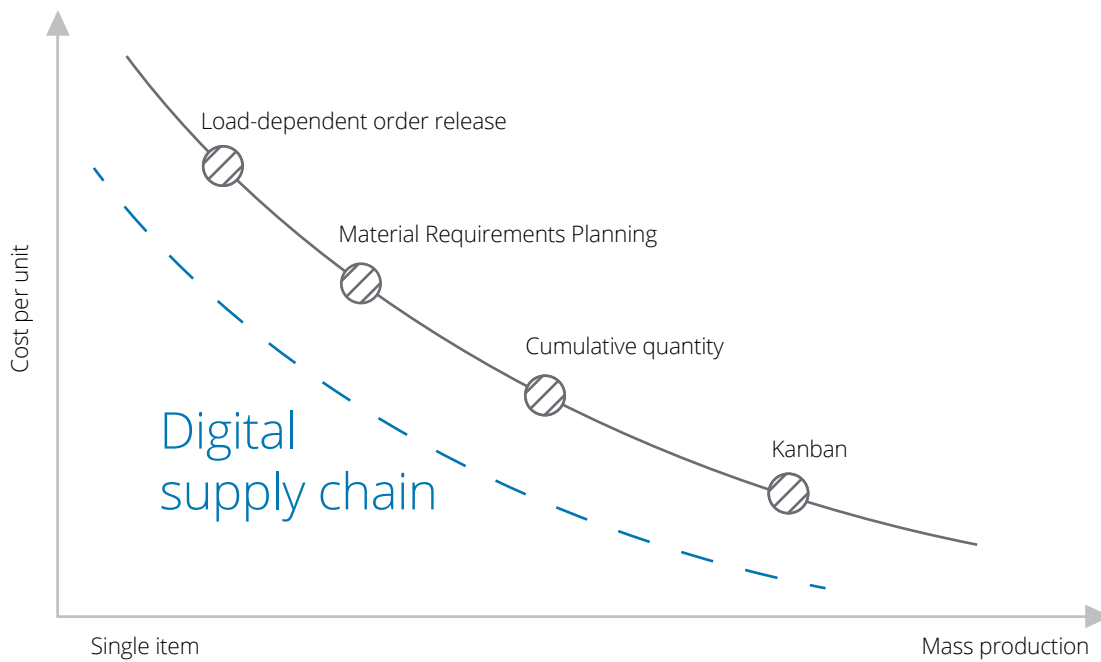
### Demand-driven Planning with Predictive S&OP



- Increasing number of disruptions causes bullwhip effects
- Dynamic adjustments of Make-to-Stock and alerts help to align supply and demand
- Leverage latest analytics technology (e.g. machine learning and artificial intelligence)
- Disruptor prediction enables more precise demand prediction, reducing the risk of lost sales and over-stock

MtS: Make-to-Stock    MtO: Make-to-Order    ⚡ : Disruptions    ☀ : Alerts    ● : De-coupling

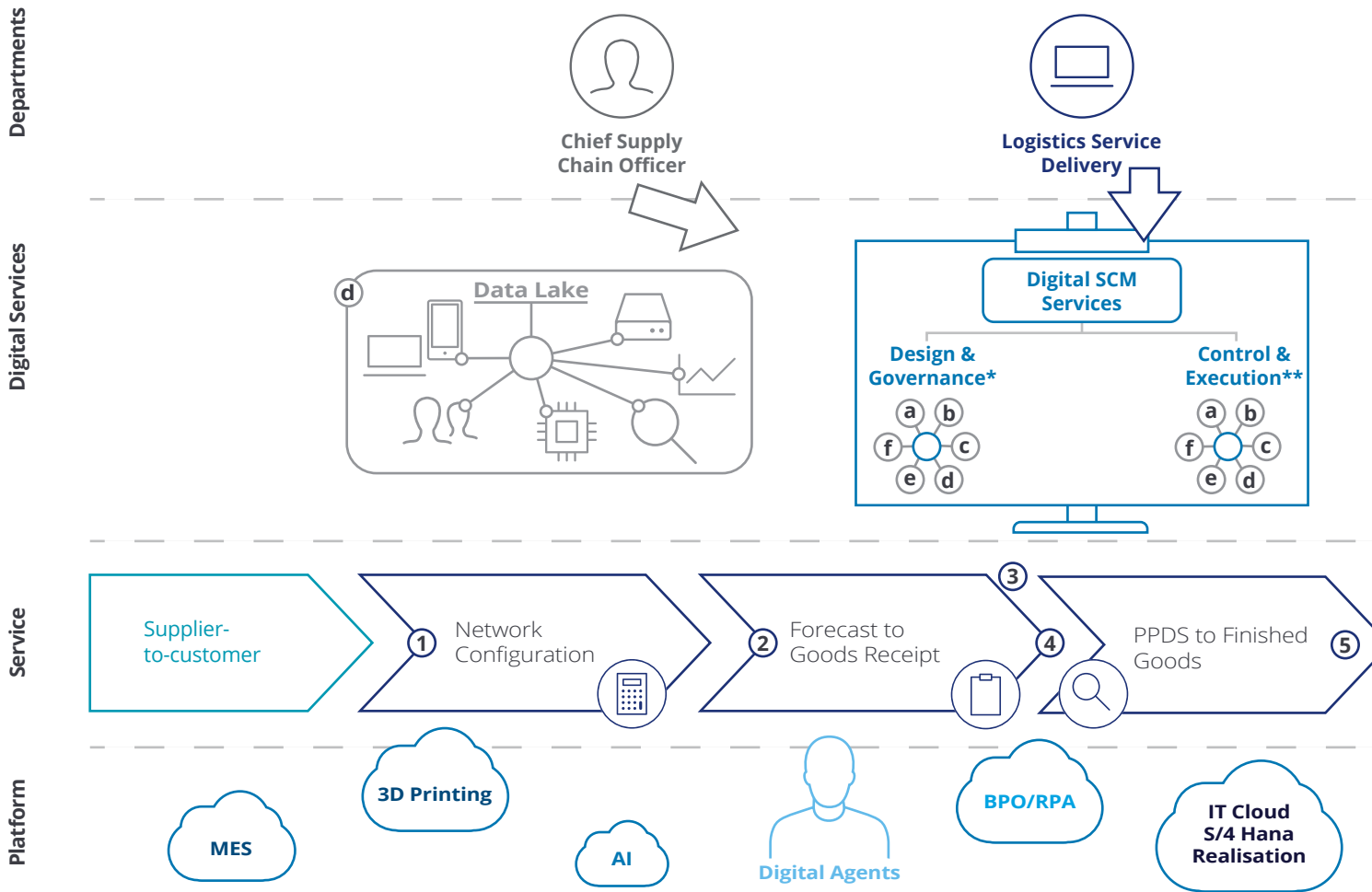
## Benefit of Digital Supply Chain Management

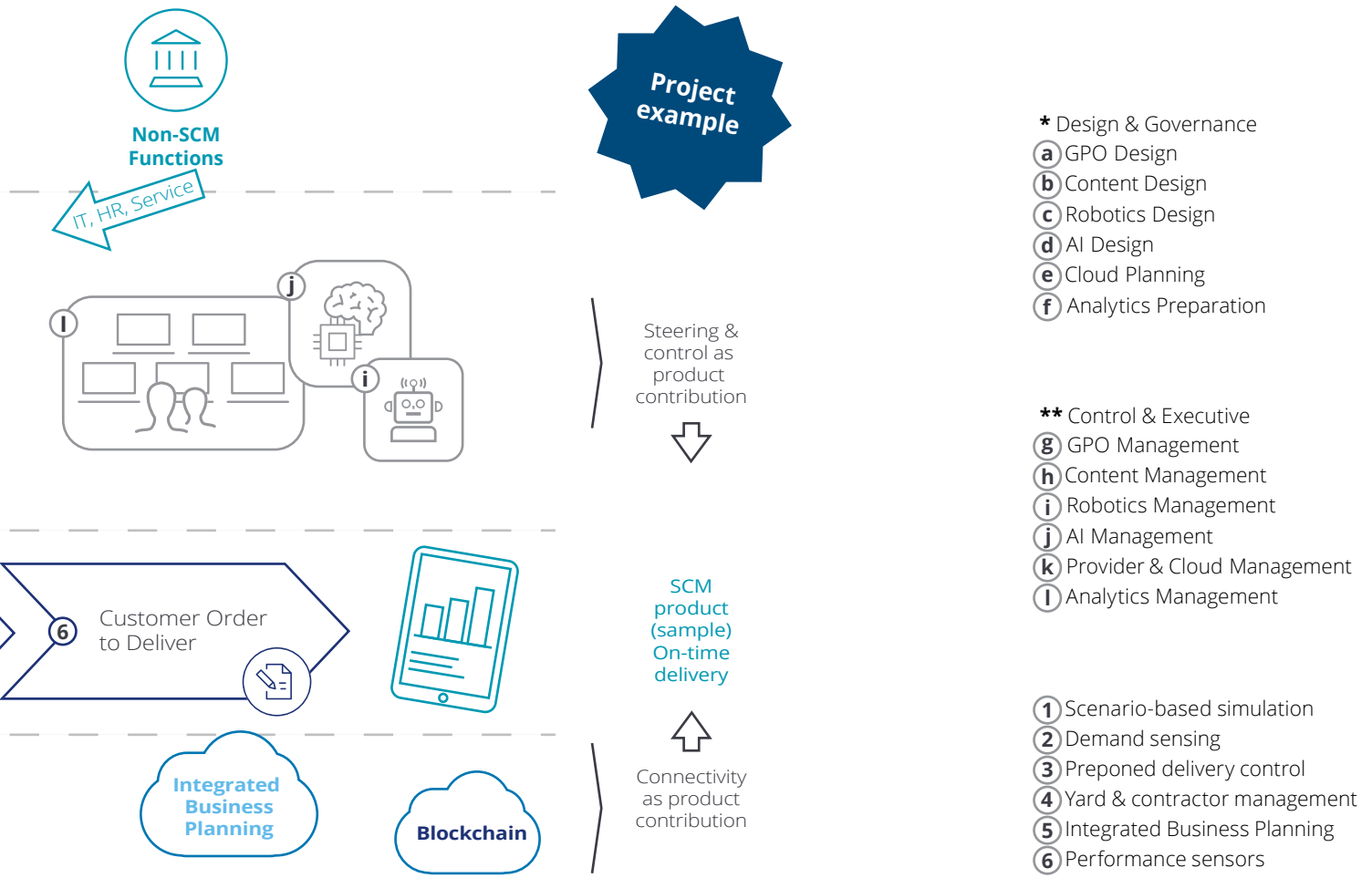


- Combine demand-driven approaches with latest digital technology
- Align supply chain efforts with factory development and PPDS evolution
- Identify disruptors and apply predictive analytics to understand underlying drivers

# Deloitte's point of view

The supply chain organization of the future will be a CIO type of organization with strong IT capabilities and significantly less resources





# Next steps for our customers

1.



## Analyze your current status

Analyze your existing capabilities across the maturity matrix to identify your company's current level within the planning process



### Value Chain Mapping

- Overall process transparency
- Defining the starting point for improvement
- Current state vs target set-up



### Process Understanding

- Statistical analysis of relevant points
- Visualizing historical data for improved process understanding
- Predictive analytics

2.



## Identify opportunities

Develop business cases to find the best way of improving your planning capabilities while balancing costs and expected profit




### Performance Review

- Inventory days benchmarking based on ERP excerpt
- Walk the route analysis
- Day in the life analysis



### Best Practice Interviews

- Collection of experience knowledge
- Identification of pain points
- Recognition of biggest opportunities for quick wins

**3.** 

**Build your roadmap**

Determine tactical, actionable activities that will enable your business to achieve the desired future state and roll them out in a series of waves



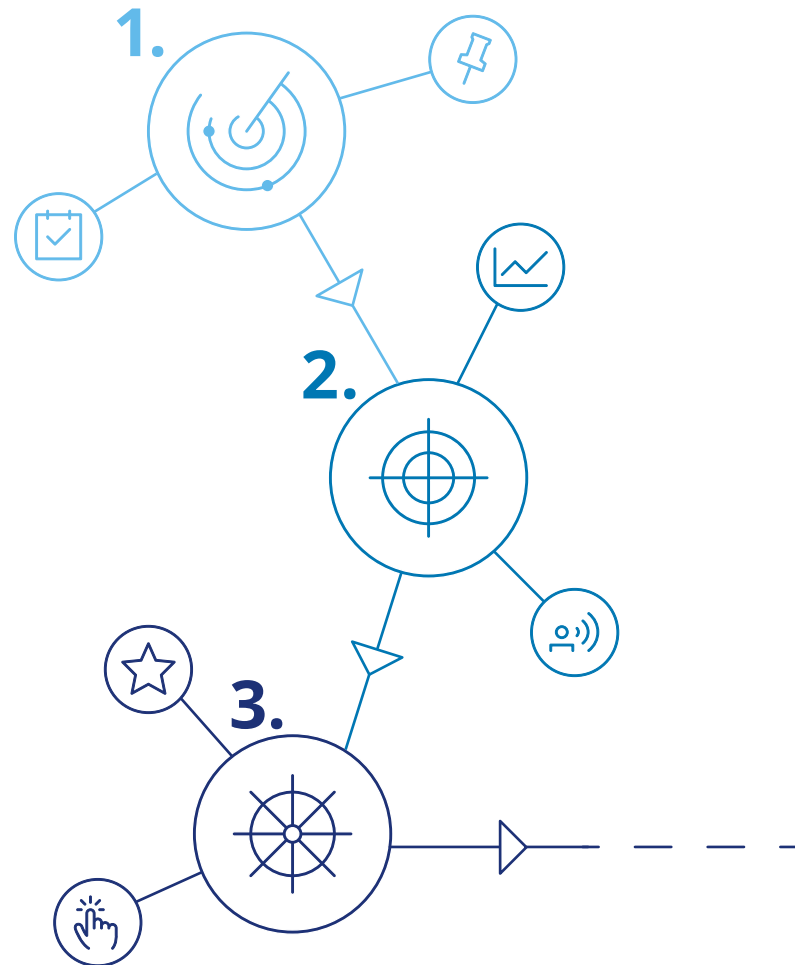
**Future State Models**

- Relevant processes and interfaces
- Visualization of target picture
- Key facilitator for communication
- Process framework



**Process Robotics**

- Programs imitating human interaction with applications
- Increased quality without human error



# Voices from our experts



**Dr. Goetz Wehberg**

Partner  
Strategy & Operations



**Tim Berger**

Senior Manager  
Strategy & Operations

## **A holistic planning process allows your company to show its whole potential**

Integrating all relevant parties into the planning process is not only important from an operational point of view. Although it does improve daily work, e.g. inventory reduction due to better forecasting, what is more important is the strategic aspect: Different areas like marketing and finance work together on a regular basis, share essential knowledge and learn from each other. In addition, a demand-driven supply chain process enables more precise forecasting. In the long term, the effect of true holistic planning is not only the improved plan itself, but the collaboration within the company that influences and enhances long-term value creation.

## **Correct and meaningful data input is essential for improving the planning process**

To unlock the full potential of the planning cycle, the applied standard methods need to be enhanced. True holistic planning requires active collaboration between operations, finance and strategy, using leading optimization software. Correct and meaningful data enables the right analysis and leads to constructive results. Already established technology may work for current processes, but only new technology enables new insights and planning possibilities.





**Constantin Hellweg**

Senior Manager  
Technology

**Sensor data enable real-time planning adjustments**

Effective Sales and Operations Planning has been enabled by today's cloud-based planning suites. Clients are further improving their planning processes by a vertical integration of data into the planning process, allowing them to make their short-term planning even more accurate and automated, e.g. by feeding almost real-time Point of Sale data into the system, triggering the demand sensing process.



**Sebastian Luttkus**

Manager  
Strategy & Operations

**Digital opportunities must to be tailored to the company's needs**

As the process of IBP is enhancing, even for companies with an IBP process in place there are additional methods for improvement. However, it is important to not just implement something new with good-looking graphs, but to focus on possible value and competitive impact. The first step is always to assess the current process status to find advancements that fit the specific company's situation and requirements.

# Your contacts

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