

From Disorder to Agility

How Integrated Business Planning Can Help
Companies Become Disruptors



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

Business disruption is a fact of life, but it doesn't have to spell disaster. By following a structured, integrated business planning process across the organization, companies can put in place robust processes, supported by embedded technologies, that let them anticipate and mitigate damaging impacts of disruptive events. Meanwhile, teams are empowered with the insights required to make rapid, informed decisions that can help a business proactively create new opportunities and become a successful market disruptor.



Counting the Cost of Business Disruption

Living with Day-to-Day Operational Issues

Employees often become adept at dealing with minor operational issues, such as a supplier running late on a delivery or an equipment fault on the production line. Day-to-day challenges are considered the norm and are overcome by **“action hero”** team members that spend a considerable amount of time and effort developing fixes and workarounds to keep the business running.

On the surface, it may seem that these low-level disruptions do not impact businesses significantly. However, there can be far-reaching and costly consequences of employees having to spend so much time focusing on issue resolution.

With much of their time taken up by firefighting, team members are not able to focus on important questions such as **“What’s causing delays in the supply chain?”** or **“How can I make purchase approval workflows run more smoothly in the future?”**. Without the time to identify root causes of disruption and mitigate the risk of recurrence, the same issues impact businesses time and time again. This not only erodes operational efficiency and profits, but it also limits business ability to prepare for future trends and opportunities.



Navigate Global, Disruptive Events

Severe events with widespread and often global consequences, known as “**black swan**” events, can take companies by surprise. Natural disasters, financial crises, the introduction of new legislation or tax regulations, or healthcare emergencies such as the COVID-19 pandemic can result in far-reaching impacts for organizations in every sector.

All too often, companies are entirely unprepared for these major, worldwide events. A lack of risk analysis, inadequate business continuity planning, and an inability to access accurate information quickly to support rapid decision-making can mean that organizations struggle to succeed – or even survive – in disrupted markets.

Turning Disruption into Positive Outcomes

However, disruption can result in positive outcomes as well as negative impacts. Whether minor supply chain hiccups or global disruption events, many organizations are able to turn these situations to their advantage and even find new ways to disrupt the markets in which they operate.

By identifying and analyzing day-to-day operational issues, supply chain planners can adapt and enhance workflows to avoid the repeat of problems in the future. In this way, companies can constantly refine processes to improve productivity, enhance efficiency, and grow profits.

Meanwhile, market-transforming business strategies can emerge from the disruption caused by significant black swan events or major market shifts. Technological advances can force whole industries to reimagine themselves, with both winners and losers. The arrival of online video streaming services rang the death knell for video rental companies, for example. However, it also saw the emergence of a multibillion-dollar media industry that has completely redefined the entertainment business.

Successful disruptors see opportunities rather than challenges, and they innovate to survive and thrive in difficult circumstances. For example, many high-street retailers took their businesses online during the COVID-19 pandemic and are now accessing customer bases far wider than they could have reached before.

Furthermore, worldwide trends such as globalization can lower entry barriers and lead companies to completely rethink their business models. For example, a firm that built its reputation through the manufacture of kitchens may decide to scale back in-house production. Outsourcing manufacture and logistics to third-party companies on the other side of the world, the firm can then focus solely on design and orchestrating its supply network and ecosystem of partners to enable rapid business growth.

Understanding What Successful Disruptors Are Doing Right

Successful disruptors have a number of things in common. They can quickly identify disruptive events, understand the potential impact, and rapidly change their plans to support the most-advantageous approach for the business. Having readily available access to current and accurate decision-making information and technology is crucial in helping companies operate in an agile and competitive manner.

Another important factor is full visibility and collaboration across complex supply chains that can include a wide range of suppliers, contract manufacturers, wholesalers, and third-party or fourth-party logistics providers. An understanding of business partner capabilities across the ecosystem and an ability to align different supply chain areas so that they can work effectively together helps businesses adapt quickly to changing market conditions.

In addition, it is key not to underestimate the importance of a corporate culture where it is alright to be wrong. Companies need to learn from any issues that arise and adjust plans if necessary. Successful disruptors accept bad news and want to hear about it sooner rather than later. With early action and a clear view of what the issue is (based on facts, not opinions), planning executives can devise strategies to overcome challenges before they become problems. Companies can also be first to market to take advantage of new business opportunities resulting from a disruptive event.



Establishing Integrated Business Planning in the Organization

By running an integrated business planning (IBP) process, organizations can gain the agility to process data quickly and make smart and informed decisions. In this way, they can move fast to adapt and disrupt changing markets.

Integrated business planning requires three key elements.

Reliable processes

Centralized, standardized, and integrated processes across all business units and functions enable streamlined workflows and help employees work more efficiently and collaboratively. Meanwhile, having a unified, process-driven approach helps improve visibility across operations, so planners can quickly access the information needed to support data-driven decision-making.

Capable technology

Advanced enterprise software, such as the SAP® Integrated Business Planning for Supply Chain (SAP IBP) solution, supports digitalized and automated processes that enable employees to carry out day-to-day tasks efficiently. Furthermore, by establishing a single source of truth across the organization, companies can run enterprise-wide reports in real time.

The right behavior

Comprehensive, integrated processes guide employees' behavior so they are working as efficiently as possible – in compliance with key requirements for each task – while enabling tracking, monitoring, and reporting on core KPIs. However, if processes are disjointed and unreliable, people invent their own ways of working with silo-focused KPIs and success definitions. This behavior results in a proliferation of spreadsheet-based management systems, creating data silos that can make reporting a challenge.

Reaping the Rewards of an IBP Approach

IBP supports a wide range of capabilities that enable organizations to become more efficient at detecting and proactively adjusting to changing markets. In this way, they can:

Look further into the future

Scenario modeling lets planners explore the options in the case of potential disruptions, such as a delay in the delivery of a raw material or what would happen if VAT changes in a particular market. By running a wide range of scenarios across the organization, companies can anticipate the impacts on their ability to meet demand and the load on the supply chain as well as any financial consequences. Then, they can identify specific vulnerabilities or emerging opportunities and take appropriate decisions to prepare for them.

Furthermore, extending the planning horizon beyond the next year is also critical if businesses are to track and respond proactively to changing markets. A planning horizon of at least 36 months enables companies to constantly align themselves to developing market requirements and detect new trends that may affect specific product development requirements or peaks in demand.

Spend time on analysis, not data collection

Unified data management eliminates the need to manually compile reports from multiple sources. Furthermore, with robust processes supported by advanced technological capabilities in place, employees have the time to run scenarios and carry out analysis rather than collecting and collating data. Intelligent AI and machine learning analytics help ensure easy access to meaningful insights, meaning that planning executives can focus on business-critical decision-making.

Make data-driven decisions based on the latest information

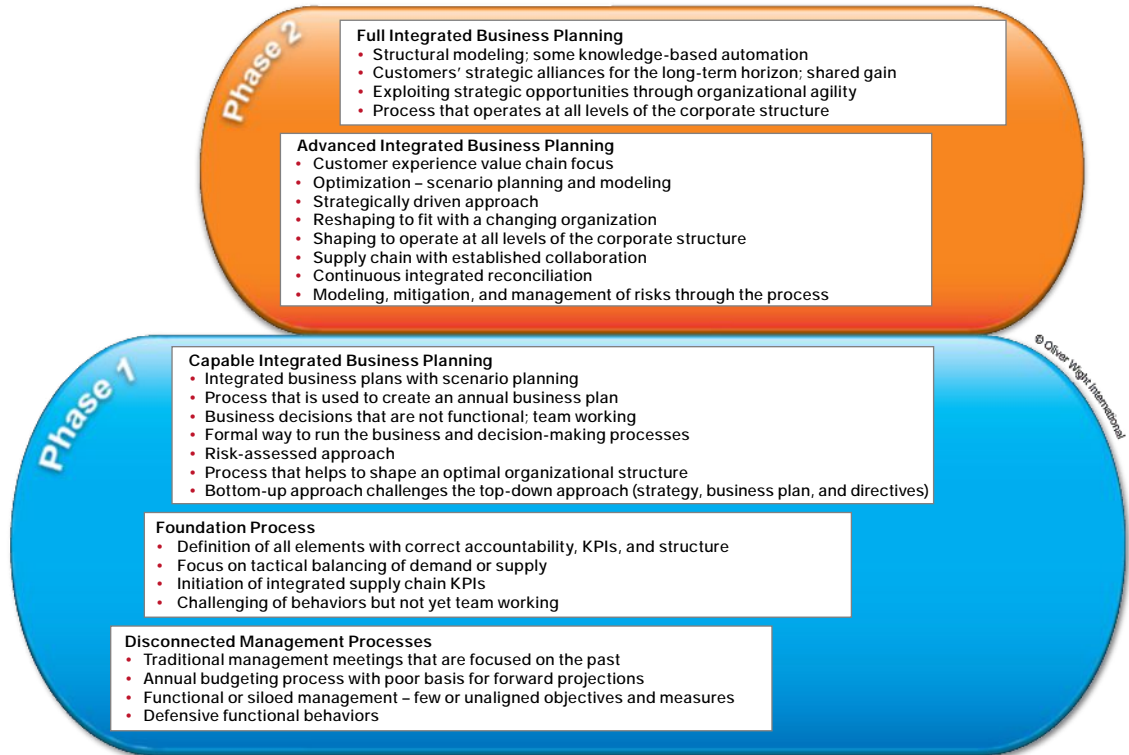
Too often, strategy is determined on gut feel rather than in-depth analysis of the market. Where decision-making is based on data, yearly budgeting practices can mean that information is out of date.

By shifting to a rolling financial forecast, companies can help ensure that decisions are made based on the very latest data-driven predictions. In this way, planners are not simply making decisions based on historical data but are instead navigating their way forward using the very latest insights into market trends and opportunities. Meanwhile, constant reevaluation of market conditions enables businesses to pivot quickly and change direction if circumstances change.



As companies grow in their integrated business planning approach, they transition through different levels of maturity. These are shown in the figure below.

Figure 1: Key Phases of Maturity in Integrated Business Planning



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Meeting the Challenges of Disruption, Whatever the Size of the Business

Disruption events can be particularly damaging for small and midsize companies. Large enterprises are often in a better position to access financial help such as bank loans when times get tough. Furthermore, they are often more likely to be in stronger cash position, whereas smaller companies without significant cash reserves can run the risk of bankruptcy in challenging markets.

However, many of the world's leading commercial players such as Amazon.com Inc, Mattel Inc, Microsoft Corporation, Apple Inc, and Ben & Jerry's Homemade Holdings Inc began as small companies that innovated and disrupted their markets. They achieved success because they were able to identify an opportunity and move quickly and decisively to make the most of it.

Using IBP as the way to run a business can help deliver insights that enable smaller companies to outstrip larger, less-agile rivals. Furthermore, whereas sophisticated IBP technology was once only available for larger enterprises, modern solutions are accessible to companies of every size, providing game-changing insights to help organizations detect and act on new opportunities.

How Does Demand Sensing Accelerate the Digital Journey to a Sustainable Supply Chain?

Arla Foods Amba is an international cooperative headquartered in Denmark owned by almost 13,000 farmers in seven countries. Recently, the dairy company set its sights on sustainability and reducing waste. So, Arla sought a solution that could support these goals by better sensing and reacting faster to changes in demand to optimize its supply chain planning. Arla also wanted to improve customer service and decrease inventory while reducing effort and manual time spent forecasting.

“SAP IBP is the future for us. The demand sensing component is the first step on our journey to true end-to-end supply chain planning, and we are already implementing multiple processes supported by SAP IBP.”

**Alfred Benny Christensen, Senior Solution Architect,
Arla Foods Amba**

[Learn more >](#)

Vari: Elevating the Workspace Design and the Modern Office with Unprecedented Innovation

Organizations all over the world use Vari's collection of office furniture such as conference tables, moveable walls, seating, storage, and lights. Vari's fast growth contributed to a lack of best practices, including time-consuming supply chain planning processes amidst new market realities. SAP Integrated Business Planning was deployed in only 13 weeks and, as of today, Vari has recorded a reduction of inventory carrying costs by 10% to 15% and an increase in planner productivity by 20% to 30%.

“SAP gives us the ability to scale more effectively under any business conditions. Deeper insight, more reliable data and better processes are all crucial as we evolve as an innovative workspace company.”

**Jeff Dinard, Chief Information Officer,
Vari**

[Learn more >](#)

Learn More

Discover how complementary offerings from Oliver Wight and SAP can help companies of all sizes on a journey to business resilience through IBP. Oliver Wight's 50 years of experience in business process engineering, combined with SAP solutions, enable businesses to become resilient and disruptive in the marketplace.

For more information, visit [SAP](#) and [Oliver Wight EAME](#) online.

Authors



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Mike has more than 20 years experience working in manufacturing. With extensive hands-on knowledge of best practice manufacturing processes, Mike has delivered substantial gains for clients that, helping them increase productivity in the business while reducing overall costs. Mike believes success lies in inspiring people to have confidence in their ability to deliver world-class performance. As an Oliver Wight Partner, Mike applies his expertise in all aspects of planning and control and integrated business planning. His focus on education and detail, along with his talent for building engagement with people, ensures any improvements are sustained for the long term.



Claus Jensen
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Claus Jensen (*1974) studied Marketing and Logistics in Aarhus, Denmark. After graduation in 1995 he held various supply chain roles with A.P. Moller/ Maersk, Global Transaction Services and Superfos. Claus joined SAP in 2008 as Solution Advisor for SAP's Extended Supply Chain portfolio. Since then, he has held roles in Business Development, Corporate Strategy, Presales and Value Engineering. Claus currently runs Center of Excellence for Digital Business Planning across the EMEA North region. Throughout his career, business process transformation has been a core activity for Claus, executing and supporting transformation projects before and during his SAP tenure.



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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 right 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.



Sponsored by



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