



ONE EIGHTY

A new perspective for your enterprise performance

January 2014

Upcoming Events

- CAM-I First Quarter Meeting
March 11-13
Alexandria, VA
- APQC 2014 Knowledge Management Conference
April 29-May 3
Houston TX

People in the News

- Dave Anderson, of the Royal Australian Navy who received the 2013 Robert A. Bonsack Award for his Distinguished Contribution in the Advancement of Cost Management
- Carolyn Nash, promoted to Director of Business Intelligence and Analytics at Cisco
- Stephan Chase, promoted to VP Consumer Insight and Analysis at Marriott Hotels

Here we go again!

Since inception, the January edition of One Eighty has always been devoted to forecasting, planning, and budgeting processes that are broken and obsolete in most organizations.

The annual January message has always been the same: If you want to improve your forecasting, planning, and budgeting capability, **START NOW**.

To begin with, recognize that the approved budget for 2014 is the start of the budgeting and forecasting, not the end. You manage the future not the past.

Changes to the sales forecasts, sales plans, production plans, inventory plans, backlog, new product development, strategic initiatives, and the resulting financial plan are inevitable.

There are a variety of steps you can take going forward to manage these changes more effectively. Start this month by documenting the problems and issues from last year while still fresh on everyone's mind.

Make an approximate estimate of time and resources consumed to put together the 2014 budget. This creates a baseline in cost, manpower, and time you can use to evaluate the return on your planning and budgeting improvement efforts.

Diagram the vision of what you want to see in the next planning cycle. This creates a set of improvement targets. Pin it on your wall and look at it at least once a day.

Ideally you will be using rolling forecasts, always looking ahead a year or more, to identify opportunities and potential threats.

In a perfect world, you would be tracking competitor performance, and leading indicators of your organization performance and drivers of the work.

For those of you that endured another year of "Excel Madness", this might be the year to move away from Excel to commercial, integrated software designed specifically for forecasting, planning and budgeting needs and requirements.

Finally, and most importantly, 2014 might be the year to introduce "Optimized Planning" where the objective is to solve for the sales and marketing spend that produces the highest profit and ROI.

You'd need to know the response curves (how your organization responds to a change in sales and marketing spend), cost curves, capacities, and restraints. The result is an enterprise master plan (EPM) to identify the 25-75% profit upside you may have left on the table for 2014.

This year take our advice, START NOW to improve your forecasting, planning and budgeting capability...

John A. Miller