



Over Three Decades of Industry-led  
Collaborative Research

# Enhancing Value & Profits Through Effective Planning & Budgeting

## The CAM-I Planning & Budgeting Interest Group

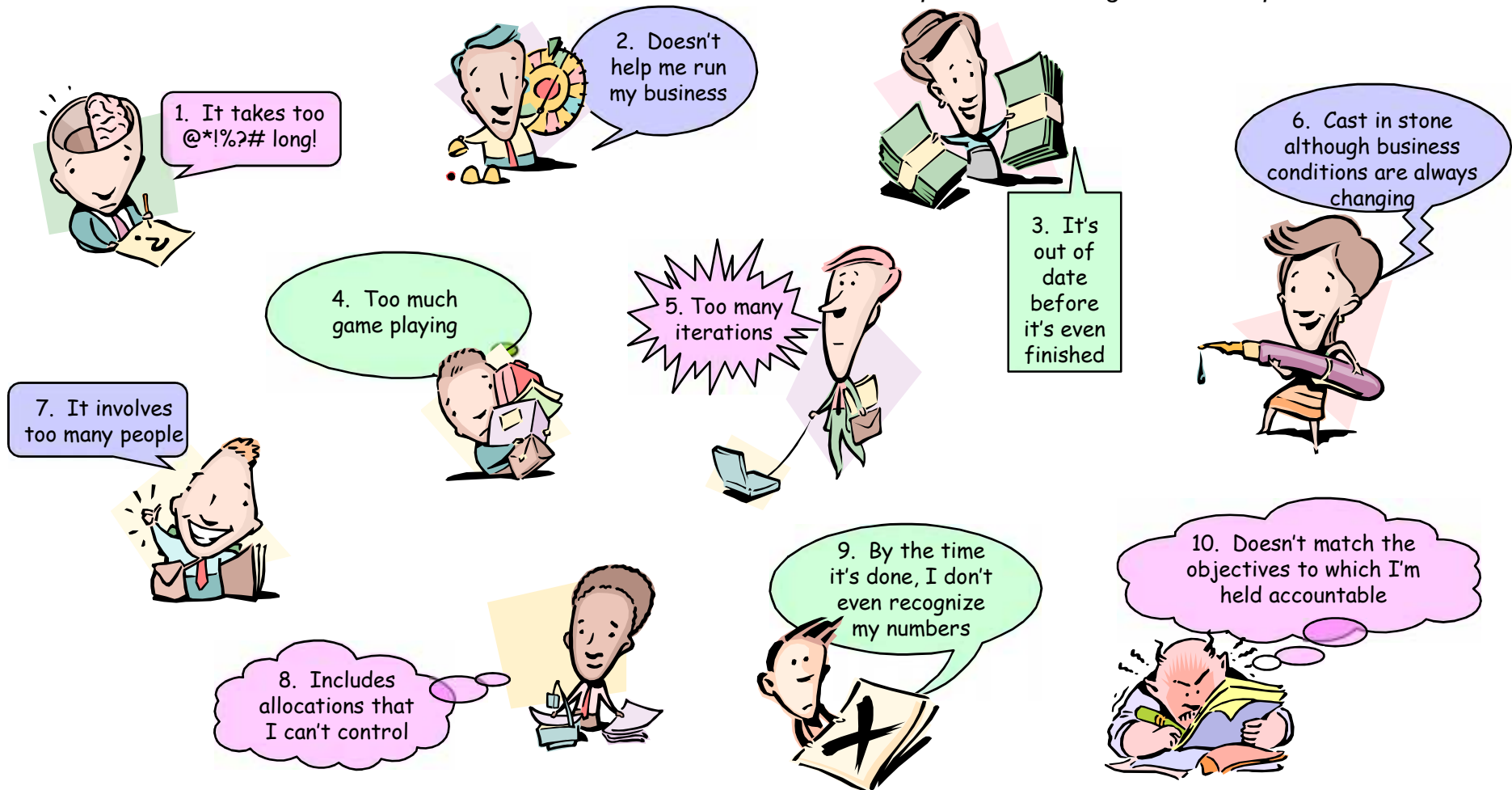
Alan Stratton  
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## Outlining the Business Planning Process

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Unfortunately, the process elements are all too often not designed for customer – here are 10 Top reasons managers hate the process!





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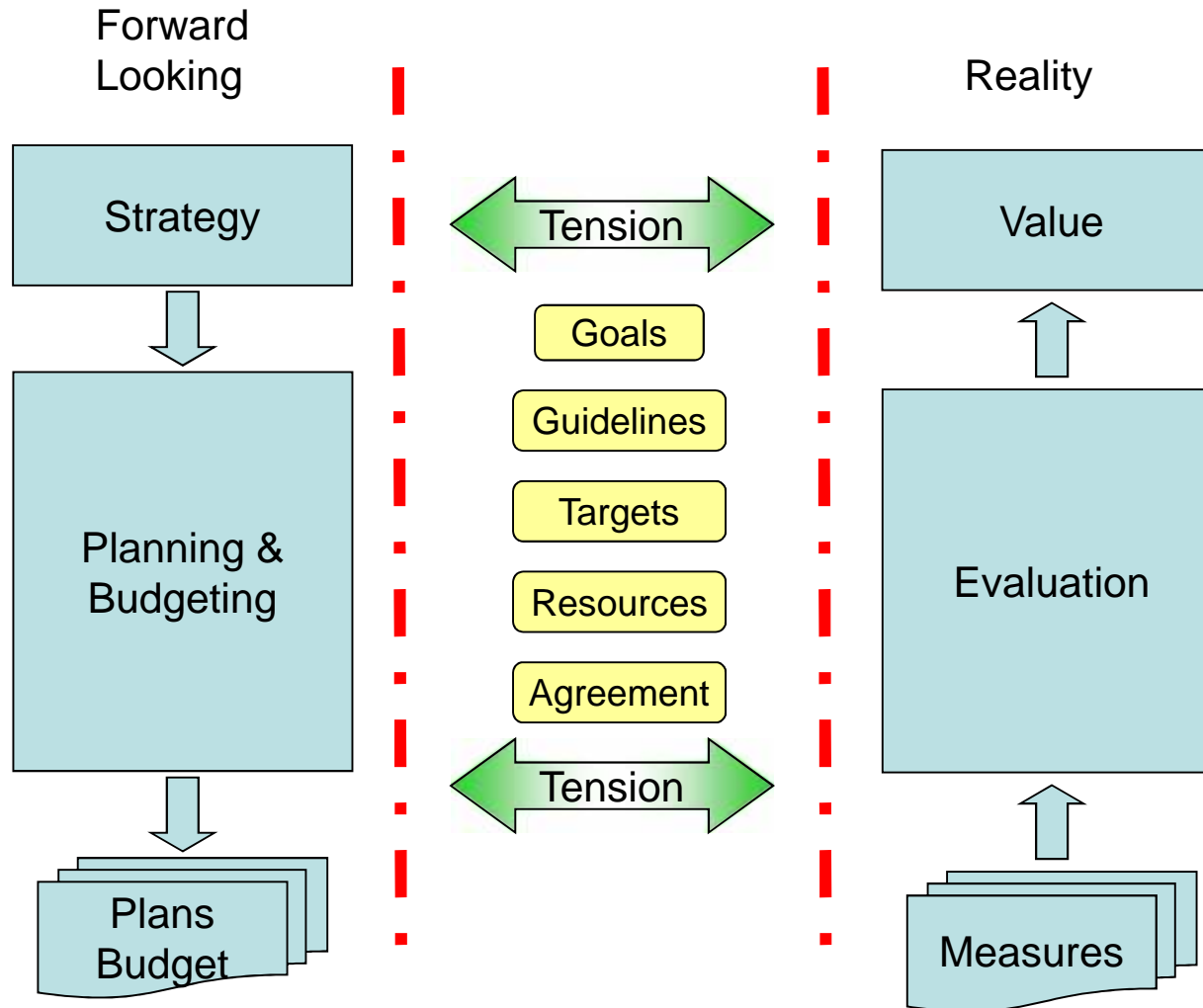
## Why planning & budgeting are essential business processes

- Avoid mistakes & surprises
- Be more profitable
  - Where to put emphasis for the best bang for the buck
- Have a long range plan – know the direction you are going
  - Communicate so all head the same direction
  - Avoid one person's agenda
  - Avoid frivolous mistakes
  - Set baseline for comparison
- Make best use of the resources you have
  - Keep employees from being burned out to keep them happy too.
  - Avoid over-buying
- Prevent flip-flopping—over correction
- Take advantage of specials and in-season items
- Prepared for emergencies



# The budgeting process

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# Answers to Proposals

- Never
- No
- Not Now
- Maybe
- Yes but
- Yes



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# Fairness in Planning & Budgeting

- Opportunity to be heard
- Understand the reasons for rejection
- Possibility to be revisited

## What is Fair?

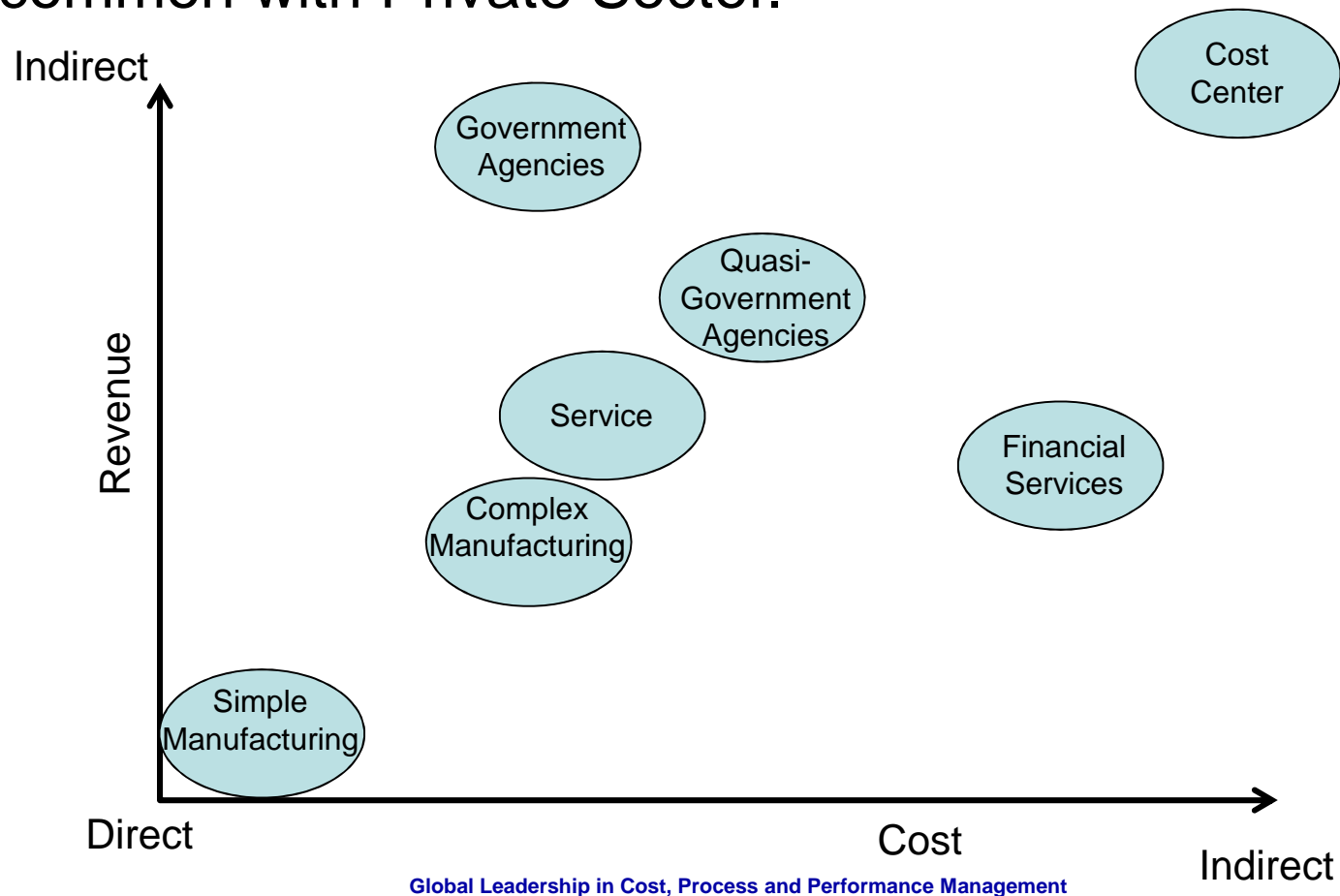
- Share Equally
- Share Proportionally
- Rotation
- Neutral



# Public vs. Private Sector

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- Early presumption that Public Sector would have little in common with Private Sector.





# Characteristics of Planning & Budgeting

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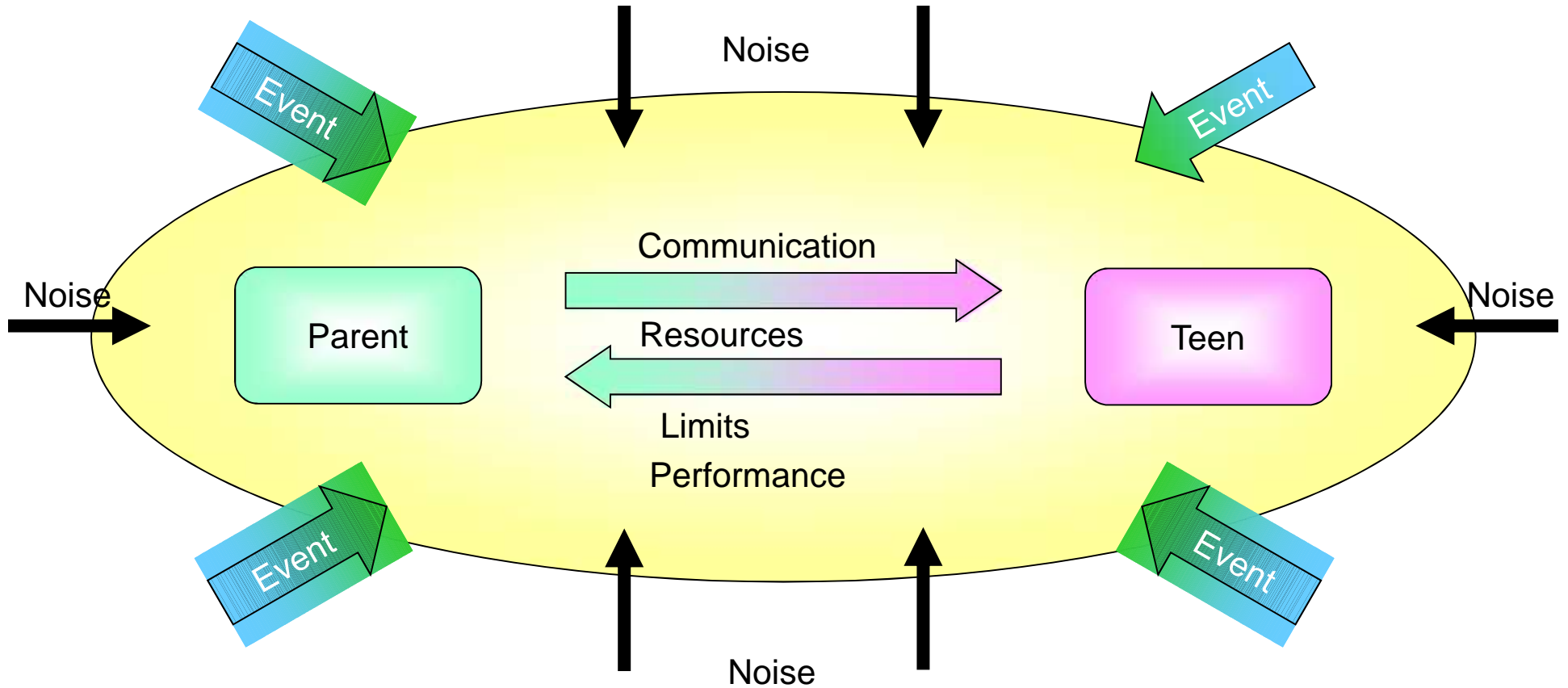
- Balance tension in the management process
  - Resolve conflicts before they happen
- Conflict – an essential characteristic of the planning & budgeting process
- Driven by time deadlines
  - More than any other business process





# A Family Analogy

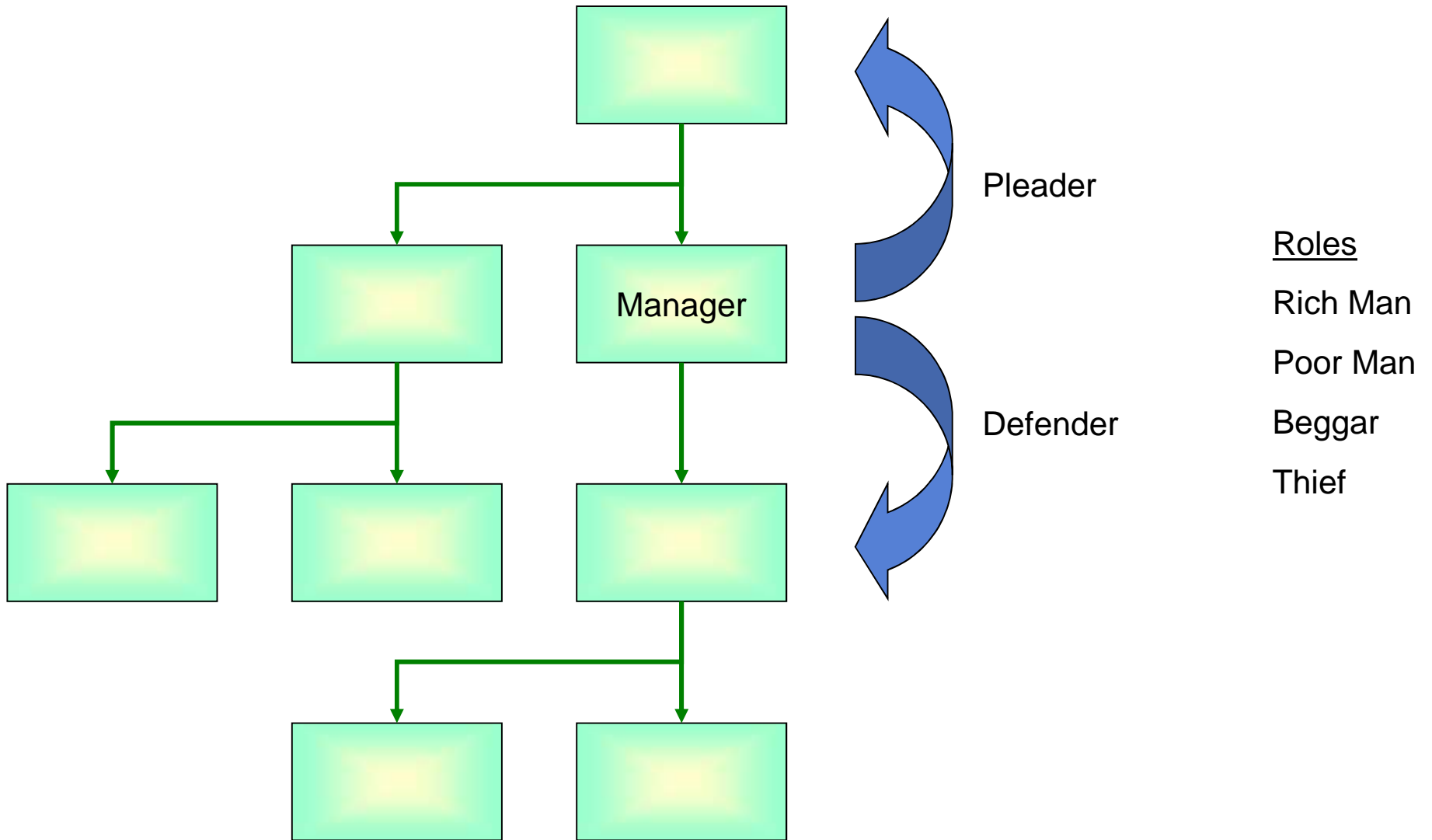
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# Same Person – Different Roles

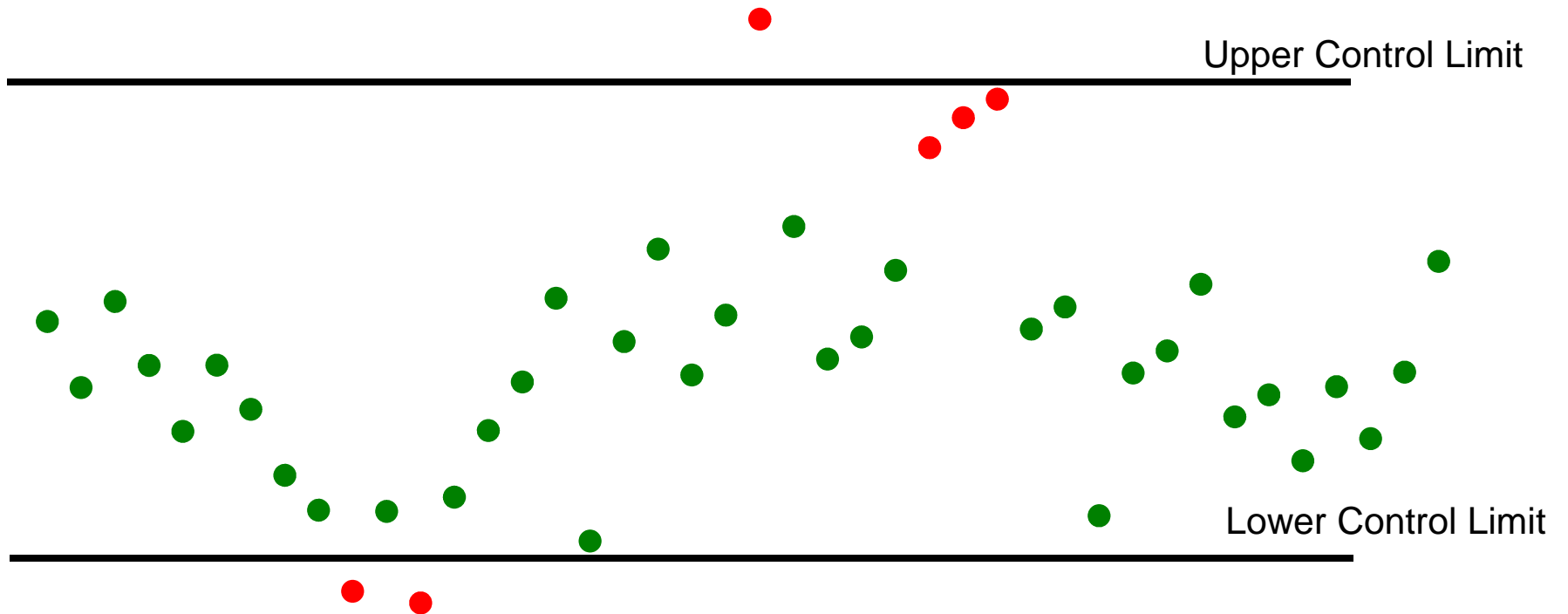


Global Leadership in Cost, Process and Performance Management



# Statistical Process Control

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# Typical Budgeting Processes Lack Predictive Capability

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## Issues:

- Use “last year’s number +/- 5%
- Treating all functions equally
- Sandbagging
- Budget negotiations
- 20% Across the board cuts
- Iterations and updates
- Market dynamics
- Bonuses
- Lack linkage between Customers and Functional Resources

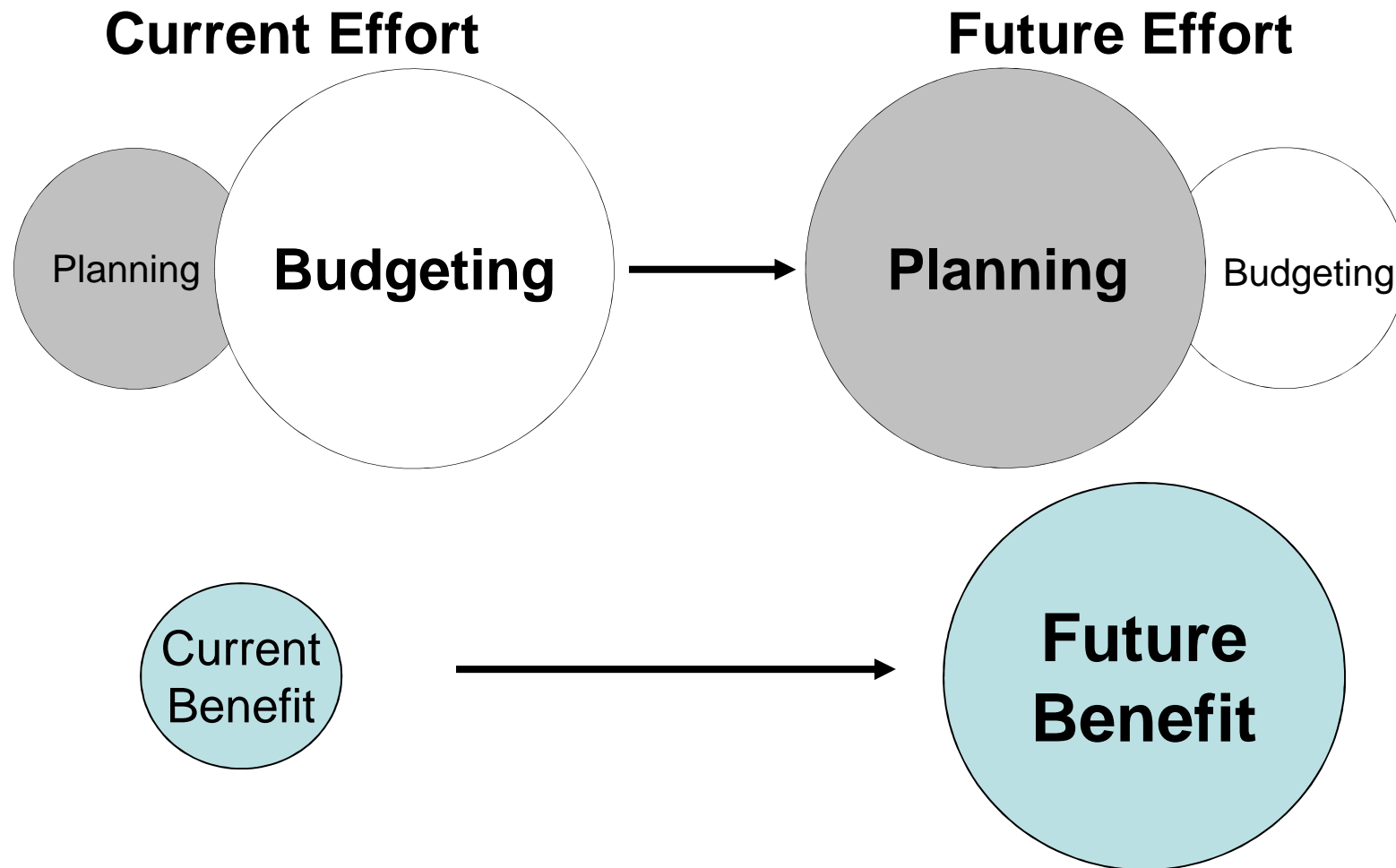
## How does your budget process:

- Enhance visibility to business processes
- Enhance resource visibility
- Enable critical choices
- Feedback to strategy
- Enable agile decisions



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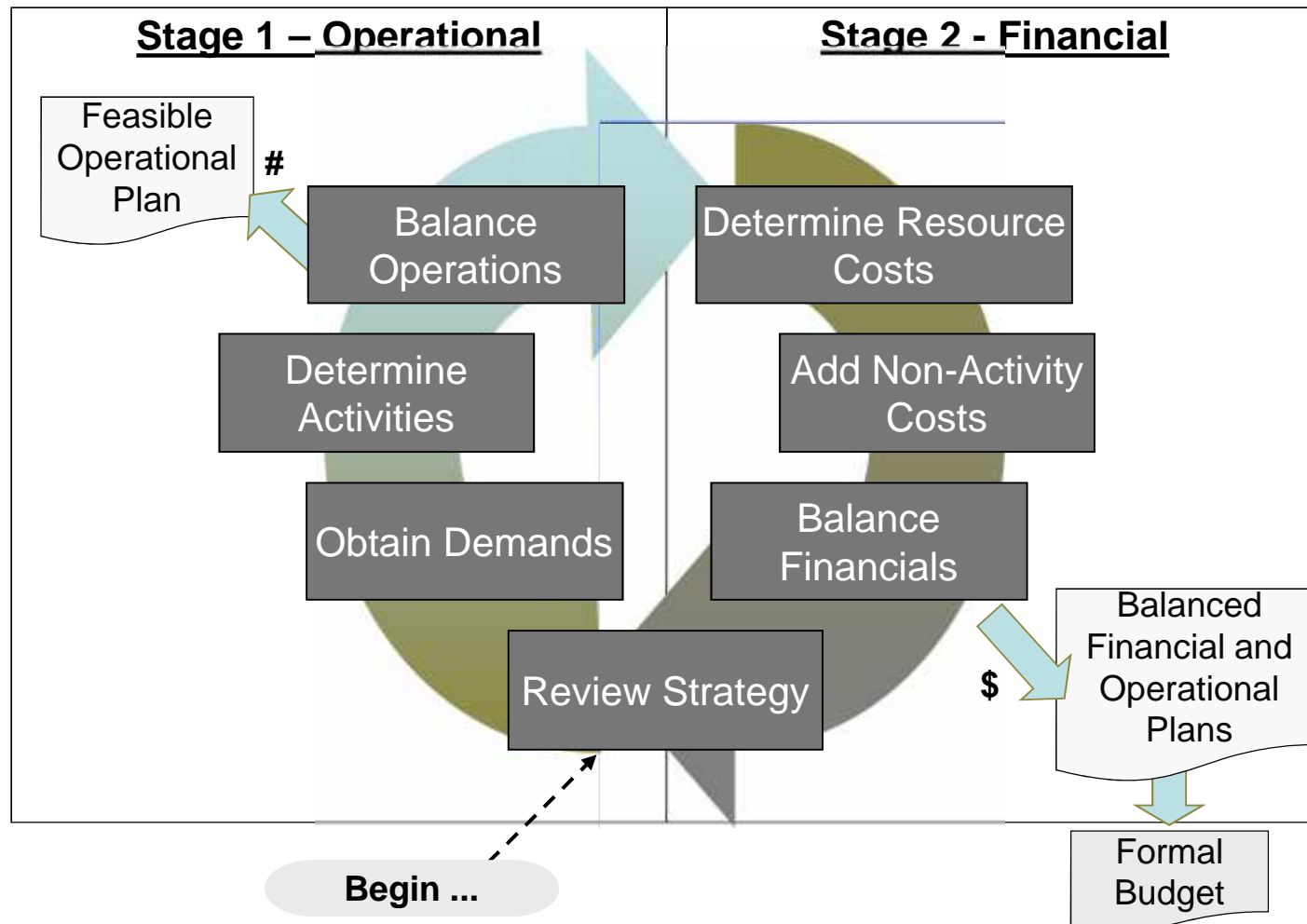
## The Shift in the Relative Effort from Budgeting Towards Planning





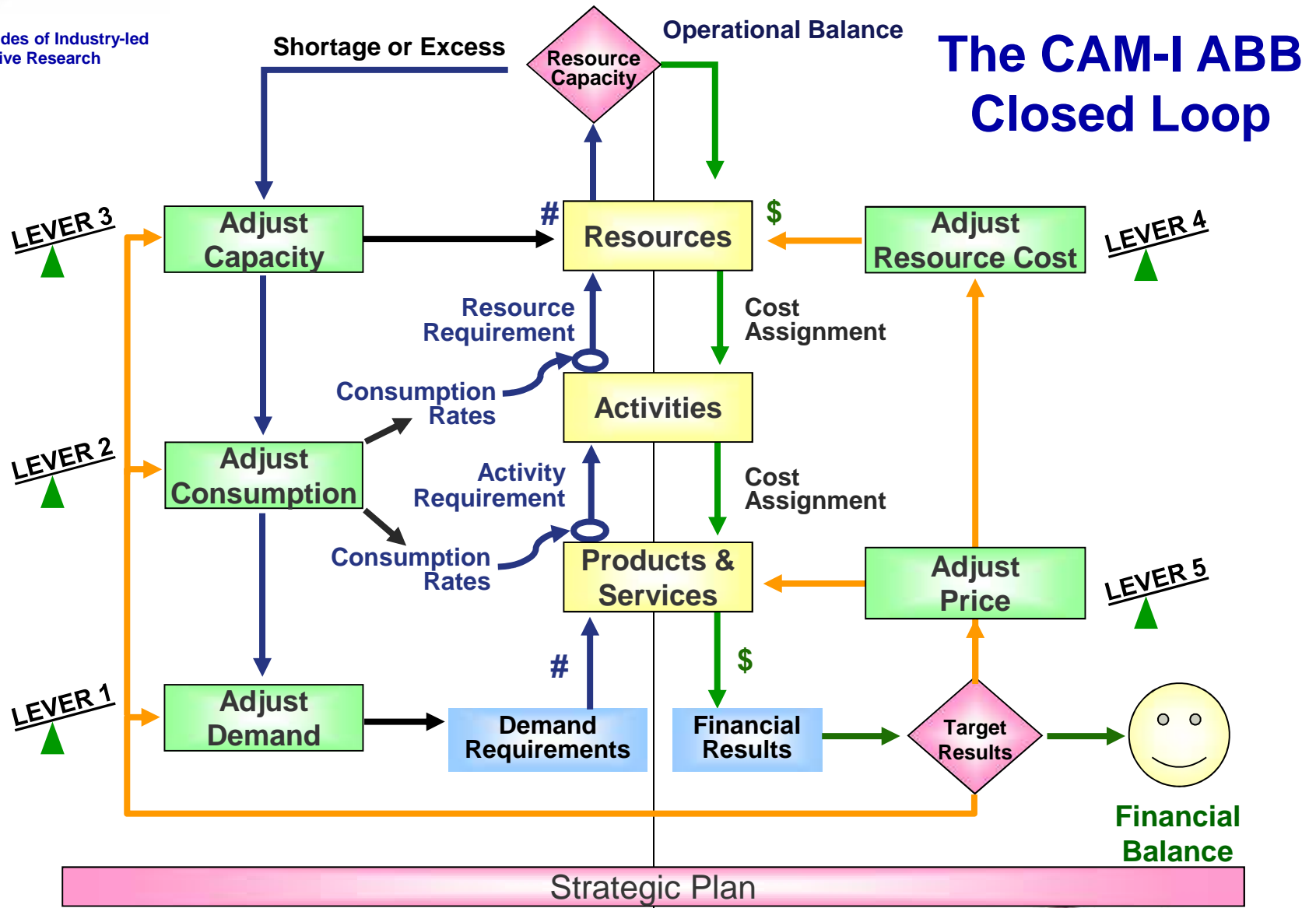
# Overview of the CAM-I ABPB Closed-Loop Model

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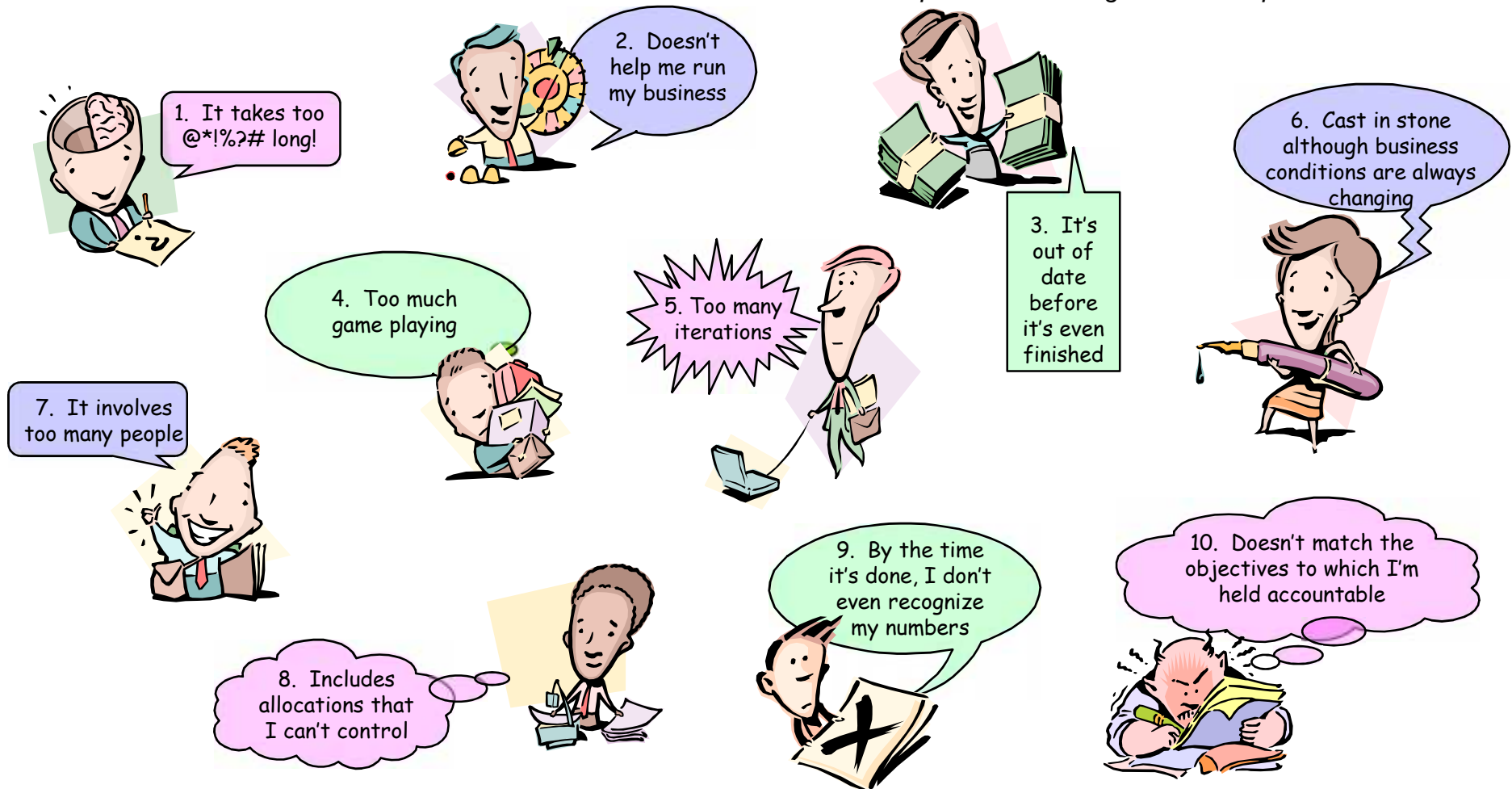




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## Questions ?

Q&A

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