



ONE EIGHTY

A new perspective for your enterprise performance

January 2015

Here We Go Again! Again

Upcoming Events

- Arkonas Webinar:

Planning &
Budgeting for 2016
Wednesday
February 24, 2015

- CAM-I First Quarter
2015 General
Meeting
March 9-11
Alexandria Virginia

- APQC
20th annual
Knowledge
Management
Conference
April 27-May
Houston Texas

People in the News

- Tony Adkins (SAS) and Lauren Caricato (Grant Thornton) both awarded the 2014 Robert A. Bonsack Award for Distinguished Contribution in the Advancement of Cost Management

Since the inception of the One Eighty newsletter in 2007, the January edition has always focused on planning and budgeting, a process that is broken and obsolete in most commercial organizations.

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

In 2011, we featured Rolling Forecasts where companies continue to modify budgets and plans on a rolling quarterly basis to reflect changes in the economy and business environment.

In January 2012 we published Forecast for MAX Actionable Profit followed in February with Planning: Series Summary that covered Relief from Budget Pain, more on Driver-Based Planning, Planning Response Functions, Cost Function Curves, and Forecast for Maximum Actionable Profit

In January 2013 we published Sales and Operations Planning followed by Optimized Planning in May, which advocates relaxing the assumption of a fixed sales forecast to solve for the optimum level of sales and marketing spend that results in the highest profit and ROI.

In January 2014 we published, Here We Go Again! Our attention was on getting companies to embrace new tools and techniques and to dump the current methods of planning and budgeting that don't provide a lot of flexibility.

In May 2014 we published The Closed Loop approach to planning and budgeting developed by CAM-I. The Closed Loop Model approach emphasizes and links operational performance with financial results. The Closed Loop Model is an activity-based algorithm that achieves operational balance, then financial balance, and explicitly matches resource demand and resource capacity.

In spite of all this, it's fair to say that not much has changed in the way most companies plan and budget. Many companies still use excel spreadsheets and continue to plan and forecast as if they had the ability to predict the future. But we won't give up. Planning and budgeting should be a continuous effort not a once a year event.

To quote David A.J. Axson, author of *Best Practices in Planning and Performance Management*: "For most people, the annual budget process induces emotions akin to tooth extraction without Novocain. Budgeting takes too long, is too detailed, and delivers little lasting value. For most organizations the budget is obsolete the day it is created".

Use 2015 to improve your 2016 planning and budgeting capability...

***We'll show you how
John A. Miller***

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