

# Integrated Business Planning – Why is it Important for Organisations?

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Integrated Business Planning (IBP) is a newly popular method of connecting a variety of business goals to one another. With a properly developed and implemented IBP, organisations can provide themselves with a perfectly clear idea of what their goals are and how they are going to achieve them.

Developing business plans that connect each aspect of an organisation together has long been a difficult task for many organisations. With disjointed planning practices, organisations put themselves at risk of running with inefficiency which can lead to a major loss in time, energy, and money.

Luckily, the [digitisation of business](#) operations has allowed for innovative thinking and the development of new businesses practices – like Integrated Business Planning.

In a world where [digitisation drives success](#), IBP is quickly becoming a “best practice” approach to business planning. It allows for the seamless incorporation of data from each sector of an organisation – from sales to operations to finances and beyond. With this kind of incorporation, companies can maximise their output and get a better picture of exactly how their resources, abilities, and outcomes all work together, as well as assess how each sector of the business contributes.

IBP platforms combine enterprise performance management (EPM) and sales and operations planning (S&OP) to give organisations capabilities that were previously unknown. Many organisations employ either EPM or S&OP which, while they may work well on their own, they do not work as well separately as they do together.

## **Why is IBP better than old-school planning methods?**

Old-school business planning methods like EPM and S&OP don't exactly make it easy to connect one sector of a business to another. Spreadsheets with incomparable information, combined with a lack of communication between departments, make it difficult for leaders and stakeholders to be well-informed about the goings on within their organisation.

[Studies show](#) that collaboration and teamwork are the best ways for organisations to increase productivity and efficiency. When the many parts of a whole are all working together toward a common goal, they can do their respective jobs with a higher level of precision, solve problems effectively, and check in with each other to ensure everything is going as planned.

When different sectors of business are operating completely separately from one another, and do not have a cohesive plan in place, the organisation is doomed to run inefficiently and,

therefore, perform poorly. This may be due to the fact that their current model is much too simple and/or was not built with sustainability in mind.

For example, EPM does not always have the ability to translate demand scenarios into costs, inventories, and cash flows that are operationally realistic. S&OP tools do have the capability to provide such insight, but they are lacking in their ability to run scenario planning on a large set of financial statements that can be used to develop operational plans.

Modern IBP platforms have the ability to address the shortcomings of EPM and S&OP with logical systems that are embedded within them. These systems include ones that keep track of different business aspects – bills of materials, routings, inventory specifications, lead times, costs, material requirements planning, etc.

Additionally, IBP has certain benefits that EMP and S&OP are lacking:

- Time sensitivity, in that models and parameters can change with time.
- Multiple versions that enable regular S&OP and strategic analysis
- The ability to make changes to scenario models at will
- Shared model ownership that results in shared responsibility for model maintenance

### **What are the key benefits of Integrated Business Planning?**

By now, you should have a good picture of the things that IBP can do for your organisation, but let's get a bit more specific.

A well-developed IBP can overcome many of the challenges that exist with traditional types of business planning by doing the following:

#### **1. Increasing visibility**

IBP allows organisations to take data from supply chain projections, financial reports, and strategic plans and incorporate them into their business plan. The ability to gather data in this way gives businesses more insight into how each part of the supply chain is working individually and as a whole. This means that they can discover and remedy pain points with increased efficiency.

#### **2. Increasing accountability**

When there is an increase in visibility, there automatically comes an increase in accountability. A proper IBP makes it nearly impossible for members of the supply chain to sweep things under the rug, so to speak. When employees can see the impact of their actions on the business as a whole, they are able to ensure that they are sticking to the business plan the way that is intended. Similarly, they have a clearer picture of exactly what their responsibilities are.

#### **3. Aligning goals and actions**

When an organisation has visibility and accountability ingrained into its' operations, they can get a better picture of exactly what it is they're setting out to achieve, and make sure everyone

is taking the necessary steps to do so. Not only will this help each individual to do their jobs more efficiently, but it will enable the entire organisation to run with a newfound efficiency, as well.

#### **4. Allowing for better decision making**

A well-developed IBP helps a business to have more structure than ever before. This structure enables them to analyse outcomes and make well-informed decisions based on the information that is presented to them.

In the Digital World, time seems to move faster than normal. If your organisation is incapable of keeping up with the latest technologies, you are putting it at risk of falling behind the competition. Integrated Business Planning is the optimal solution for business that use scenario mapping, complex supply chains, and want to attain all of their business goals. With a new year right around the corner, there has been no better time to integrate a new method of planning into your organisation and reap the benefits of an IBP platform.