

# IBP MATURITY MATTERS

## IBP VALUE AT STAKE

Typical Benefits from a 5-Star IBP process:

Benefit	Range	Average
Inventory Reduction	10% - 60%	31%
Purchase Cost Reduction	5% - 25%	13%
Productivity Improvement	5% - 125%	20%
Customer Service Achievement	98% - 100%	26% Improvement
Sales Growth	10% - 74%	32%
Obsolescence & Write Off Reduction	22% - 68%	29%

## IBP PERFORMANCE

Surveys indicate that more than 50% of companies IBP/S&OP increase sales revenue. The % of companies surveyed that reported improvements in the following areas were:

Performance Area	Improvement
Revenue	52%
Forecast Accuracy	31%
Customer Service	31%
Schedule Adherence	31%
NPI	28%
Inventory Reduction	27%
Capex Planning	21%
Logistics Planning	19%
Asset Utilisation	17%

## BENCHMARKING

This benchmarking data was sourced from Munir Ahmad and Roger Benson and collates closely to the Top 10% rates that two recent DMi clients have achieved from FMCG and Engineering industry sectors.

Benchmarking	Industry					
	Process / Pharma		FMCG		Engineering	
	Average	Top 10%	Average	Top 10%	Average	Top 10%
Customer Service OTIF	88	99	94	99.5	87	100
Ex-Stock Availability	86	100	97	100	91	98.5
Scrap Rate	5.8	0.4	3.9	0.8	2.7	0.3
Inventory Turns	10	19	13	30	9	18
NPI% of Range - 5 Years	2	55	4	63	3	62



A previous DMi client, in the pharmaceutical industry, achieved outstanding results from working with me to develop their S&OP process:

- increased sales of 1.8 m USD
- in market customer service 93% to 98.5 % in less than a year
- obsolescence avoidance worth 1.0 m USD
- 500+ hours of management time saved during AOP and update prep

*"9 out of 10 companies don't deliver their strategy"*

*"64% of strategic decisions are taken outside of the annual process"*

*"85% of Executives spend less than 1 hour per week on strategic issues"*

*"Only 11% of Executives believe that planning is worth the effort"*