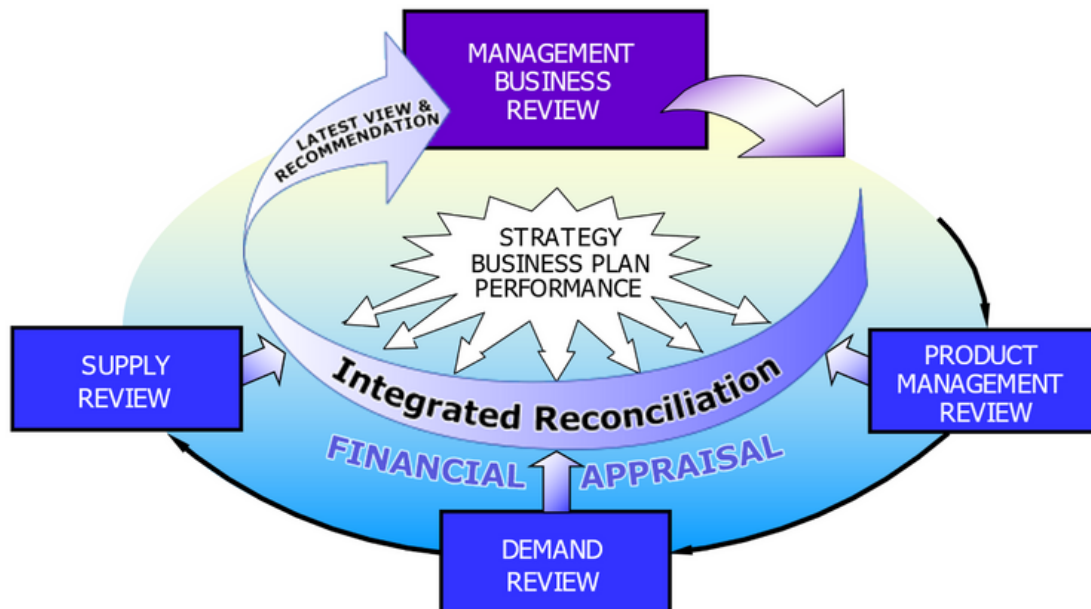




THE S&OP/IBP EVOLUTION CONTINUES

When S&OP was first defined back in 1981 by Walt Goddard who was Oliver Wight's partner and future president of the Oliver Wight companies who became one of the greatest influences upon my career, the focus of S&OP was the balance of Supply and Demand over an 18 month horizon, which was the message that I heard when I attended one of the first S&OP courses presented in the UK in 1983. Then back in the mid 1990's the iconic '5-Step' IBP process was developed by Oliver Wight by which time I was a managing partner of Oliver Wight Europe.

Integrated Business Planning



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Oliver Wight

The 5-Step process turned the supply chain focused S&OP process into 'as it says on the tin' an Integrated Business Planning process.

In the early 2000's IBP took on a more strategic execution and AOP focus over a rolling 24 month horizon. This gave rise to the concept of beyond budgeting which replaced the traditional annual budgeting process with a 'snap shot' from the rolling 24 month IBP process.



Beyond Budget

Financial projection is a snap shot of the Monthly IBP process enabling:

- Visibility of current year performance – early
- Visibility of subsequent year(s) to enable budget to be an integrated set of numbers – and enable Strategic and Stakeholder expectations management



Requires mind-set change:

- No sandbagging of the numbers
- "Roughly right" rather than "precisely wrong"
- Don't play the game
- Long-term Focus
- Not too much detail
- Assumption based

The concept of IBP being the vision and strategic execution process also started to be recognised as a primary IBP focus which was in line with IBP being the primary process through which the Leadership Team manage the business.



Integrated Business Excellence



Back in 2010 I had many conversations with clients that I was helping to develop IBP as to where people fitted into the IBP process. This was then brought into more focus for me by many surveys that try to establish which issues were high on the leading CEO's agendas. The predominant answer was "the attraction, development and retention of talent". If this was true and IBP is 'the primary business management process' where does this issue have its place in IBP.

It was this issue that back in 2018 convinced me that the classic 5-Step process needed to evolve into a '6-Step' process which included a People Development Review step.



People Development Context

"Train people so that they can leave, treat them so they want to stay" Richard Branson

'The worst situation is don't develop them and they stay!'

People are your only asset

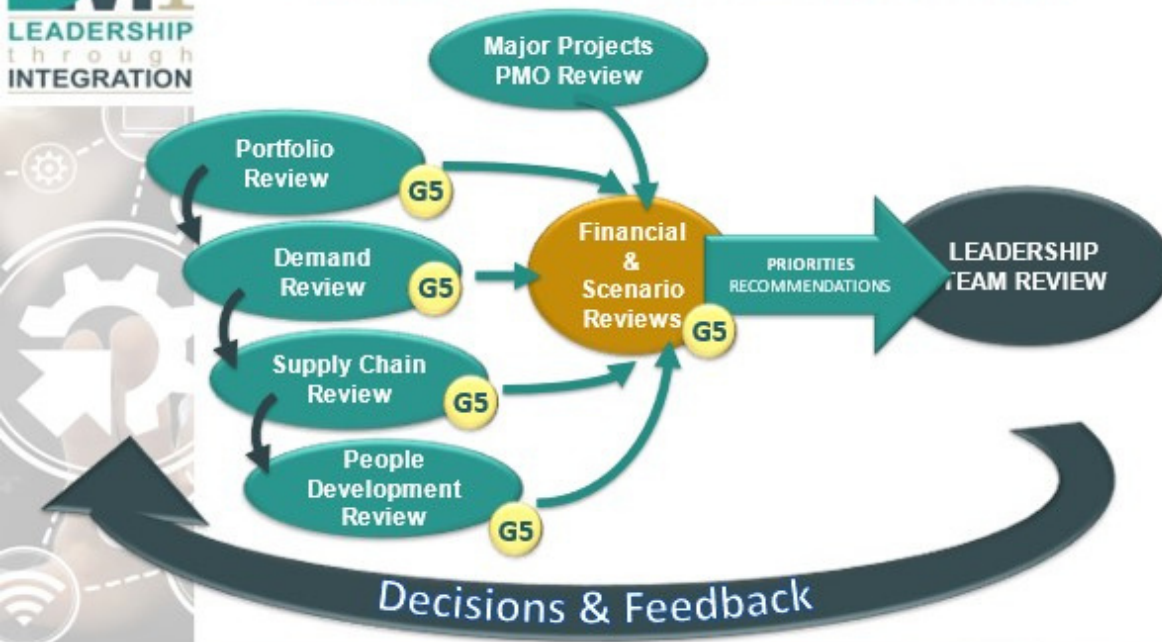
LEADERSHIP through INTEGRATION

DMi IBP 09 18 Slide 1

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Integrated Business Planning Process



LEADERSHIP through INTEGRATION

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People Development Review

Scope:

- Plan for future human resource requirements, skills and capability
- Create learning and education opportunities
- Talent attraction, retention and development
- Training plans based upon individual training needs analysis and PDRs
- A mentoring and coaching programme
- Management of:-
 - Salary negotiations
 - Union considerations
 - Annualised hours
 - Hybrid working
- An effective communications and briefing approach
 - Employee Feedback and actions



People Development Review

- Right sizing and outsourcing
- Leadership development at all levels – secure based leadership
- Health, safety and Environment/HSE/ESG
 - Wellness (personal and mental)
- Culture Change Management
 - Team development
 - Empowerment
 - Innovation
 - Continuous improvement
 - Generous listening
 - Empathy
- Values and purpose (Vision)
 - A thriving people environment
 - What is your 'Cathedral' ?
- Effectiveness of KPIs to drive the desired behaviour
 - KPI Line of sight





People Development Work/Life balance

‘ A different perspective ’

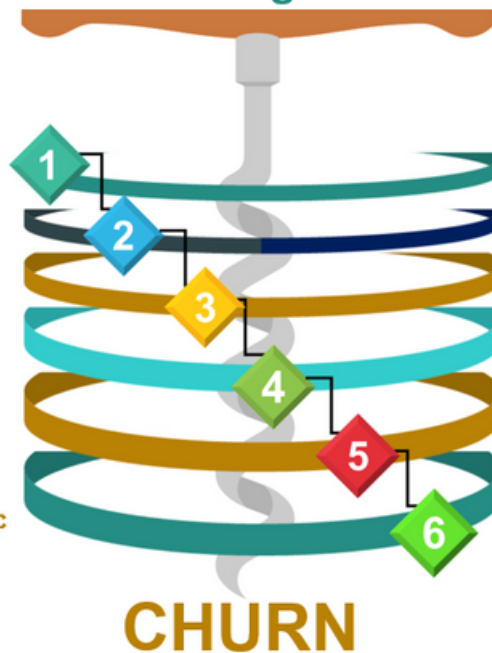
- Not measured in the classic work versus home (life) hours
- Are we not ‘living’ while at work?
- But hours ‘thriving’ versus total hours living!

No process ever stands still but I believe that the DMi Six Step IBP process is currently leading edge and best practice. One of the keys to success is to recognise that any IBP process is not a series of ‘IBP meetings’ it is a 24/7 process.



Integrated Business Planning – a Cyclical Churn Process: Continuous Management of Change

- Portfolio Management
- Demand Management
- Supply Chain Management
- People Development
- Financial Planning
- Leadership Decisions & Strategic Execution



This is why the IBP team of orchestrators (facilitators) or so called 'Gang of 5' – G5 is critical to making the process a process of preparation, recommendation and decision making within the 'arrows' (churn) that enables decision making and empowerment through the IBP process.

Dave Manning
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