

Many companies with multiple planning processes cannot respond quickly to changing market demands and often miss the insight that is obtained with a more integrated approach. By integrating financial planning with sales and operations planning, and demand planning, companies achieve organizational benefits of faster cycle times, improved forecast accuracy, and enhanced collaboration, that translates into bottom line revenue and margin benefits.

Hitachi Consulting teams with companies to proactively leverage and integrate information across the organization, helping to reduce forecast errors and improve collaboration that makes for timely and effective business decision making.

Solution Overview

Integrated Business Planning

Background

Today's market environment increases the pressure on an organization to produce accurate and timely information across demand, capacity and financial planning processes. Global companies are at a transformative point - often facing significant challenges in unexpected supply issues, changing customer preferences, business acquisitions or restructurings that can wreak havoc on an organization's ability to forecast financial results. It's difficult to imagine navigating these issues with "siloes" or static planning processes and systems.

According to a joint study conducted by Hitachi Consulting and Aberdeen Research, companies with integrated planning were seven times more able to monitor daily performance against company metrics, and twice as likely to be able to respond to unplanned events. In addition, more than half of top-performing companies have the ability to sense and forecast based on customer demand – confirming that demand management enables effective sales and operations planning. In fact, it was discovered that companies with the most flexible, cohesive business plans achieved:

- 17% improvement in profitability over the last two years
- 10% increase in gross margin over the last two years
- 7.5% increase in Return on Net Assets (RONA) over the last two years

Companies with short or decreasing product life cycles, extremely tight margins or those impacted by rising commodity costs, all need the ability to gather information from across organization in order to analyze and predict the business-wide impact of plan revisions and market changes. When aligning financial and operational planning, companies improve fact-based decision making that helps simulate future outcomes and streamline planning processes, allowing for enhanced execution and ultimately, better business results.

Solution

Evolving Business Processes to Improve Planning Efficiencies

With Hitachi Consulting's Integrated Business Planning, we combine best practices in financial budgeting, planning and forecasting with sales and operations planning to improve overall efficiency and effectiveness. These improvements to planning processes, combined with technology that provides transparency of information and better collaboration between teams/departments, enable a transformation that results in accelerated cycle times, increased forecast accuracy and improved financial results.

With Integrated Business Planning, the operational and financial organizations work together to simultaneously consider *demand* (including product and customer profitability), *supply* (including internal manufacturing constraints, supplier material and capacity), and *financials* (from both a constraint and an output standpoint).



Integrated Business Planning

Our Approach

Hitachi Consulting works with companies to assess current business planning processes, review systems and information management issues, and identifies areas of risk to the organization, using scenario-based planning and modeling tools.

By bridging the chasm between department planning processes, we allow plan data to be integrated with actual and historical data, and address the gap that so often lives between finance and operations. The result provides finance with visibility into operational realities; and allows operations to focus on supply / demand, while still aligning with financial forecasts.

Business Benefits

Integrated Business Planning combines technology tools with planning best practices to connect strategic, financial and operational planning throughout the enterprise. With these firmly in place, companies see the business benefits with:

- Cohesive yet flexible plans that address dynamic markets and issues
- Increased forecast accuracy via accelerated planning cycle times
- Frequent iterations using the most timely information available
- Enhanced risk management through “what if?” analyses and the evaluation of multiple scenarios
- Improved financial outcomes resulting from tighter linkage between planning and execution

Hitachi Consulting's Integrated Business Planning is an enterprise solution that enables real-time forecasting and faster business decision making. With Integrated Business Planning, companies achieve results such as:

- Reduced monthly forecast cycles by nearly half the time (from 21 days to 11)
- Reduced forecasting errors down to less than 34 percent
- Live collaboration and consensus – resulting in faster, timely decisions

Hitachi Consulting brings together the best of it business intelligence, data management, and industry expertise to provide an Integrated Business Planning solution. For more information or a primer on where to start with breaking down your organization for improved forecasts, planning and execution, go to www.hitachiconsulting.com.

About Hitachi Consulting Corporation

As Hitachi, Ltd.'s (NYSE: HIT) global consulting company, Hitachi Consulting is a recognized leader in delivering proven business and IT solutions to Global 2000 companies. With a balanced view of strategy, people, process and technology, we work with companies to understand their unique business needs, and to develop and implement practical business strategies and technology solutions.

Hitachi Consulting's client base includes nearly 25 percent of the Global 100 and many leading mid-market companies. From business strategy development through application deployment, we help clients quickly realize measurable business value and achieve sustainable ROI.

Hitachi Consulting – Inspiring your next success!®

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