CONTENTS

	INTRODUCTION	
	SECTION 1: BACKGROUND TO THE PLANNING FRAMEWORK	5
1	PLANNING FUNDAMENTALS	7
	What is Planning?	7
	Components of Planning	8
	Planning in Today's Business Environment	10
	The Increasing Speed of Business and Globalisation	10
	The Increasing Complexity of Business	11
	The Decreasing Planning Time Horizon	11
	Planning Challenges	12
	Dissatisfaction With the Planning Process	12
	Issues With the Planning Culture	13
	Need for a Holistic Approach	13
	Need for Better Planning Technologies	13
	Planning Principles	13
	Principle 1: Planning Connects Inputs and Outputs and is Therefore Directly Related to Organisational Activities	14
	Principle 2: Planning is About Maintaining a Shared Understanding of the Economics of a Business	14
	Principle 3: Planning is About Shifting Focus From the Past and Onto the Future	15
	Principle 4: Planning is About Aligning Budgets With Strategy to Achieve Corporate Objectives	16
	Principle 5: Planning is a Continuous Process	16
	Principle 6: Planning is a Learning Process	17
	Objectives of the Planning Framework	17
2	PLANNING METHODS AND METHODOLOGIES	21
	Planning: Who, What, When, and How	21
	Planning Within a Sole Trader	21

	Planning as a Small Manufacturer	
	Planning as a Listed Company	23
	Planning as an International Group	23
	The Rise of Management Frameworks and Methodologies	24
	Popular Management Methodologies	25
	Budgetary Control	25
	Quality Management Movement	26
	Lean Management	27
	Balanced Scorecard	28
	Beyond Budgeting	29
	Planning and Success	30
	Planning Process Maturity	31
	Planning Objectives	31
	Planning and Forecasting Maturity Levels	33
	Basic Planning	33
	Financial Integration	34
	Partial Integration	35
	Matrix Planning	35
	Dynamic Planning	36
3	PLANNING TECHNOLOGIES	39
	Supporting the Decision-Making Process	39
	Planning Technologies: The Spread Sheet	40
	Two or Three Dimensional	41
	Cell Meaning	41
	Limited Business View	42
	Single User	42
	Lack of Workflow Capabilities	43
	Planning Technologies: Multi-Dimensional Databases	43
	Multi-Dimensional	44

	Business Hierarchies	45
	Name-Based Rules	45
	Multi-User, Role-Based Security	46
	Unlimited Size	46
	Financial Intelligence	46
	Spread Sheet Access	47
	Multi-Dimensional System Issues	47
	Comprehension	47
	Complexity	48
	Data Uniformity	48
	Effort and Price	49
	Modelling Tools	49
	SECTION 2: BUSINESS PLANNING FRAMEWORK	53
4	BUSINESS PLANNING FRAMEWORK	55
	Logical Overview of the Framework	55
	Framework Components	56
	Operating Activity Model (OAM)	56
	Cash Funding Model (CFM)	59
	Detailed History Models (DHM)	59
	Target Setting Model (TSM)	61
	Detailed Forecasting Model (DFM)	61
	Optimise Resources Model (ORM)	61
	Performance Measures Model (PMM)	62
	Strategy Improvement Model (SIM)	62
	Management Processes	64
	Knowledge	65
	Reporting From the Planning Framework	66
	Case Study Overview	66
	About the Case Study Organisation	66

	Company Structure	67
	Company Strategy	68
	Versions and Other Information	68
5	OPERATIONAL ACTIVITY MODEL	69
	Overview	69
	Model Structure	69
	Measurement Types and Relationships	70
	Step 1: Define High-Level Objectives	71
	Step 2: Define Core Business Processes and Assumptions	72
	Step 3: Identify Core Business Process Activities	73
	Step 4: Identify Support Activity Measures	79
	Step 5: Define Profit and Loss and Other Financial Measures	80
	Putting the Model Together	85
	Measures and Attributes	85
	Model Dimensions	86
	Model Rules	86
	Reporting From the OAM	87
	Departmental Outcomes, Activity, and Resources	87
	Outcome Versus Activity	89
	Outcome Versus Assumptions and Resources	90
6	CASH FUNDING MODEL	91
	Model Purpose	91
	Defining the Model	92
	Model Content	92
	Additional Data Requirements Within the OAM	93
	Identifying Cash Payment Profiles Within the OAM	93
	Defining Payment Profiles Within the CFM	94
	Other Cash Measures and Rules	95

	Reporting From the CFM	97
	Displaying Cash Requirements by Department	97
	Evaluating Sources of Cash	99
	Scenario Analysis	100
7	DETAILED HISTORY AND PERFORMANCE MEASURES MODELS	101
	Reporting Past and Future Performance	101
	Relevance	101
	Context	102
	Data Issues	103
	Reporting Performance From the Planning Framework	104
	Identifying DHMs	105
	Case Study—DHMs	106
	Sales Analysis	106
	HR	107
	General Expenses	108
	Defining the PMM	109
	PMM Content	109
	PMM Business Dimensions	110
	Case Study Measures for XYZ, Inc.	110
	Reporting From the PMM	112
8	PREDICT AND OPTIMISE PLANNING MODELS	113
	Predicting the Future	113
	Target Setting Model (TSM)	115
	Driver-Based Modelling	115
	TSM Content for XYZ, Inc.	116
	Using the TSM	120
	Detailed Forecast Model (DFM)	121
	Overview	121

	Developing the DFM	121
	Linking the DFM to the OAM	123
Opt	imise Resources Model (ORM)	123
	Overview	123
	Case Study Example	124
9 STRATE	GY IMPROVEMENT MODEL	127
	Responding to Change	127
	Model Focus	128
	Link to the OAM and CFM	129
	Defining SIM Content	130
	Linking SIM Content to Management Methodologies	131
	Planning Capabilities	132
	Communicate Goals	132
	Propose and Validate Projects	133
	Select and Approve Projects	133
	Monitor and Forecast Projects	133
	Assess Alternatives	134
10 THE PLA	ANNING AND MONITORING PROCESS	135
Defi	ning Processes	135
	Components of a Process	135
	Performance Management Processes and Tasks	137
Stra	tegic Planning	138
	Purpose	138
	Tasks: Inputs, Outputs, and Sequence	138
	People and Planning Models	139
Tact	ical Planning	140
	Purpose	140
	Tasks: Inputs, Outputs, and Sequence	141
	People and Planning Models	141

Fina	ncial Planning	142
	Purpose	142
	Tasks: Inputs, Outputs, and Sequence	142
Fore	casting	143
	Purpose	143
	Tasks: Inputs, Outputs, and Sequence	144
Man	agement Reporting	145
	Purpose	145
	Tasks: Inputs, Outputs, and Sequence	145
Mov	ing Toward Continuous Planning	145
	DN 3: IMPLEMENTING A PLANNING FRAMEWORK DEVELOPMENTS IN PLANNING AND ANALYTICS	147
_	OLOGIES	149
Corp	porate Performance Management (CPM) Applications	149
The I	Rise of Business Analytics	150
	The Next Competitive Edge	150
	BI Versus Analytics Versus Decisions	151
	Business Analytics, Big Data, and Decision Management	151
	Predictive Business Analytics: The Next New Wave	152
	Game-Changer Wave: Automated Decision-Based Management	153
Арр	lication Integration	153
Clou	d-Based Applications	154
In-M	emory Chip Technology	155
12 IMPLEM	ENTING THE PLANNING FRAMEWORK	157
Plan	ning and the Role of the Chief Executive	157
	Entrenched Beliefs Concerning Performance	157
	Organisational Culture	158
	The Unwritten Rules of Budgeting	158

	Rewarding Bad Behaviour	159
	Failure to Execute	159
Impl	ementing Change	159
	Agree on the Role of Planning	160
	Model Existing Processes	160
	Establish Improvement Themes	161
	Plan- and Resource-Specific Change Programmes	161
	Monitor Implementation	161
	Use Technology to Support Change	162
	Continually Develop the Planning Models Within the Framework	162
APPEN	DIX I: CGMA BUDGET AND PLANNING SURVEY RESULTS	165
APPEN	DIX II: REQUIREMENTS OF A PLANNING SYSTEM	213
	With: Why books	