



SOLVE 10 OF YOUR TOUGHEST OPERATIONAL CHALLENGES WITH IBP

Manufacturing
industry insights

MANUFACTURING INDUSTRY INSIGHTS

Solve 10 of your toughest challenges with IBP

To move ahead of competitors in today's dynamic market, manufacturers need to understand the interplay between operations, productivity, and profit margins – in real time. Doing so will enable them to anticipate external forces like uncertain demand, shifting supply chains, disruptive technologies, and labor shortages. Yet many organizations still attempt to maximize operational performance and meet financial targets using a disconnected patchwork of disparate systems and processes.

One thing is certain: Manufacturers that want to stay in the race can't continue to run operations and production on disconnected spreadsheets and unintegrated business solutions.

That's where an integrated business planning (IBP) strategy can help manufacturers move ahead. IBP unifies people, processes, and technologies across corporate functions. It aligns financial and nonfinancial data, encourages collaboration, links planning processes, drives communication, and delivers fast, accurate reporting.



Manufacturers often face planning and forecasting challenges that fall into four broad categories:



Connectivity

Tight integration of forecasting systems, processes, and data across all relevant teams and functions



Visibility

A data-centric understanding of forecasts and how they influence — and are influenced by — the forecasts of interdependent teams and processes



Planning and Forecasting Agility

The ability to nimbly identify and respond to unpredictable swings in demand, production, materials availability, labor, and customer preferences



Process and Performance Enhancements

Elimination of outdated manual processes and improved speed and accuracy of reporting tools

To find out how IBP can help your business address these types of operational challenges and thrive in a volatile market, read on.





CHALLENGE 1

PRODUCTION AND OPERATIONS SYSTEMS AREN'T CONNECTED TO FINANCE

CONNECTIVITY

Q Over the years, my company has deployed business solutions for demand, production, materials, labor, and machine-usage planning. But they don't work with one another, nor are they integrated with finance solutions. As a result, teams cannot share information and planning results with finance, and our projections are often inaccurate. How can we integrate operational systems with finance?

A Unintegrated operations and finance data is a huge technology hurdle for resource-strapped manufacturers. An IBP strategy with supporting technology provides a single platform on which multiple solutions and data can be integrated with finance. Doing so increases engagement of finance and the CFO in a collaborative planning process and helps calibrate a consolidated financial plan. This tight integration can enable finance to align metrics for operations and production with the company's overall financial strategy.

LONG-TERM IMPACT: Consolidated systems and data give finance a detailed understanding of operational performance, as well as an up-to-date knowledge of business issues across functions and the supply chain. This allows finance to act as a true business partner to other functions and ultimately oversee forecasts that help anticipate and respond to shifting market conditions.





CHALLENGE 2

DISCONNECTED DEMAND AND PRODUCTION PLANNING

CONNECTIVITY



My company's production planners need to understand demand projections in order to produce the right quantity of units at the right time. But we have trouble accurately projecting production needs, which causes missed delivery times and high overtime costs. How can we better connect demand and production?



IBP solutions integrate demand and production planning using real-time data aggregated from across the enterprise. This allows planners to use SKU-level information from previous periods for analysis and demand forecasts, and to adjust these projections for more accurate assumptions. If demand changes, the production forecast can be updated automatically. More than that, IBP allows manufacturers to more granularly track fulfillment variance by SKU, channel, and customer.

LONG-TERM IMPACT: Integration of demand and production with SKU-level data tightly aligns financial and operational forecasting. Ultimately, this can lower inventory levels, reduce operational costs, improve on-time delivery, and boost revenues.





CONNECTIVITY

TAKE ACTION

To improve collaboration and forecasting accuracy, ensure that all manufacturing business and planning solutions are integrated on a single platform with finance. The first step will be to get input and buy-in from stakeholders across functions to ensure that technology assets and processes are compatible and aligned.



VISIBILITY

CHALLENGE 3

HAVING MULTIPLE, UNRELIABLE SOURCES OF DATA IMPEDES FORECAST ACCURACY

Q We use multiple unconnected data sources for planning and forecasting. Our forecasts are frequently off the mark, and we believe that inconsistent data is largely to blame. How can we improve the reliability and accessibility of data and planning across teams?

A Many manufacturers grapple with the unprecedented volume and variety of data that is generated by disparate business, operational, and plant systems – not to mention new types of equipment such as sensor-based machinery. IBP aggregates and integrates these sources of information to create a “single source of truth” that is synchronized across the enterprise. Information is freely accessible to all planners, who can simultaneously review the same numbers in near-real time. Using this consolidated data, analytics and reporting tools can deliver immediate insights into changes in forecasts across functions.

LONG-TERM IMPACT: In today’s data-driven market, manufacturers must harness the power of information to track and respond to changes in the demand-supply balance. Flexible analytics and modeling scenarios allow manufacturers to quickly understand and share demand, performance, labor needs, and revenues. Employees can use analytics to perform additional what-if scenarios and drill down into data to tweak forecasts and better understand business performance.



VISIBILITY

CHALLENGE 4

SILOED SPREADSHEETS SLOW FORECASTING

Q My company's planning teams spend hundreds of hours every month preparing forecasts and generating reports culled from dozens of unconnected spreadsheets. This manual process is time-consuming, tedious, and prone to inaccuracy. We know we need to eliminate the use of spreadsheets and consolidate reporting capabilities across functions, but we're not sure how to get started.

A IBP not only unifies data and processes across silos, it also provides automated reporting tools and dashboards that replace the use of standard spreadsheet programs. Information is no longer stored in unconnected individual documents – it's aggregated in a central system that gives all planners immediate access to current data. Automated reporting and analytics allow planners to quickly generate forecasts that are more granular and accurate than those calculated in spreadsheets. And information is freed from silos across the organization, which makes the planning process more collaborative, dynamic, and accurate.

LONG-TERM IMPACT: Replacing manual spreadsheets and processes with automated reporting and analytics enables all planners to promptly understand and predict business performance. Forecasts generated from multiple sources of real-time data also enable manufacturers to respond nimbly to shifting market conditions and unexpected events like climate or labor swings.



VISIBILITY

TAKE ACTION

Volatile forces like supply and demand, material requirements, and supply chains can change overnight. Manual processes and siloed data cannot deliver the insights and analytics needed to quickly manage these fast-evolving conditions. Manufacturers need to integrate data and business solutions to gain immediate visibility and respond to pressures in today's changeable manufacturing landscape.



CHALLENGE 5

LABOR AND PRODUCTION PLANNING ARE UNCONNECTED – AND AT ODDS

PLANNING AND FORECASTING AGILITY

Q Each month, my company misses delivery deadlines and pays unnecessary overtime charges because we cannot quickly update production projections. By the time the labor-planning staff receives revised production estimates, it's too late to reduce or increase the number of scheduled shop-floor workers. How can we solve this?

A Without visibility into current production estimates, manufacturers may lack adequate workers to meet on-time delivery and may need to resort often to staff overtime. This erodes revenues, and it can also impact safety because increased work hours can result in more employee injuries. IBP solutions can connect production and labor planning, and build in head count assumptions at the department level. When production estimates move up or down, scheduling adjustments are automatically made in tandem, and that allows planners to more accurately model production and personnel costs.

LONG-TERM IMPACT: Connected labor and production systems enable manufacturers to meet production demands while minimizing overtime. That can help avoid safety incidents, as well as improve job satisfaction among plant workers and decrease employee turnover. Ultimately, connected labor and production forecasting will help improve margins.





CHALLENGE 6

HAVING THE MEANS, BUT NOT THE MATERIALS

PLANNING AND FORECASTING AGILITY

Q We have trouble making sure that appropriate materials are on hand when production demands increase unexpectedly. As a result, we often have to expedite shipment of materials, which increases production costs and strains our workforce. How can we better link demand and materials planning?

A IBP can be configured with material requirements planning (MRP) capabilities that help ensure that the right components are available for production at the right time. MRP uses data from operational systems to calculate materials on hand, determine if additional components are needed, and schedule purchases. With an IBP platform, organizations can integrate MRP and production systems so that products are delivered on time while inventory levels are minimized.

LONG-TERM IMPACT: Alignment of materials and production planning allows forecasters to use real-time data to update requirements as supply and demand fluctuate. This helps ensure that the right materials are available for production, and also optimizes the use of manufacturing equipment, improves on-time delivery, and boosts labor efficiencies.



**PLANNING AND
FORECASTING
AGILITY**

TAKE ACTION

Balancing materials, production, and labor requires integrated systems and processes that can simultaneously adjust for market shifts. It also demands in-depth, accurate data and flexible analysis models to calculate and predict operating requirements.



CHALLENGE 7

MATERIALS AND MACHINES ARE MISALIGNED

PROCESS AND PERFORMANCE ENHANCEMENTS



We sometimes lack available machine time to meet our production needs. So while we may have the right materials in place, we lack the equipment to produce the products. How can we better balance materials and machine availability?



On-time manufacturing requires a precise alignment of available machine capacity, materials, and labor resources. But for many manufacturers, machine availability planning remains an ad hoc, manual process that does not factor in demand for materials and production. Getting machine availability right requires not only correctly calculating equipment capacity, but also preventive maintenance and repair of production systems.

LONG-TERM IMPACT: Machine capacity planning improves reliability of manufacturing plants, enhances productivity and uptime, and optimizes preventive maintenance.



CHALLENGE 8

LACKING THE METRICS TO MEASURE PERFORMANCE

PROCESS AND PERFORMANCE ENHANCEMENTS

Q We use a number of metrics to measure performance and progress toward achieving specific targets. What we really need, though, are scorecards and dashboards that are informed by the right key performance indicators (KPIs) – in real time. What are the metrics that really matter, and how can we implement them?

A Operational metrics allow planners across functions to monitor the interplay of operations, productivity, and profit. Planners can identify and use KPIs to help understand cycle time, capacity utilization, inventory levels, downtime, reject rates, quality control, and unit profitability. With IBP, manufacturers can centralize metrics in a single platform and measure performance in real time using configurable reporting tools and dashboards. Eventually, planners will be able to forecast KPIs in advance – in effect, planning future performance – rather than simply calculating them after the fact.

LONG-TERM IMPACT: Metrics built on accurate data and integrated systems can help organizations improve forecasts for demand, production, inventory, and labor. For optimal results, dashboards and reporting tools should be connected to underlying transactional data.





CHALLENGE 9

MANUAL PROCESSES ENCUMBER EFFICIENCIES

PROCESS AND PERFORMANCE ENHANCEMENTS

Q My company relies on far too many manual processes before production begins. Procurement, for example, uses a series of manual workflows for approval and communications. How can we automate processes to improve operational efficiencies?

A Procurement, like many preproduction workflows, typically involves an excess of manually handled documents and communications. IBP incorporates process automation tools to streamline procurement workflows and supplier relationships. For example, it can integrate tools that automatically generate RFPs, or ones that use optical character recognition to automate invoice processing. Similarly, process automation can improve service by creating a centralized platform for communications that enables more accurate and faster customer response.

LONG-TERM IMPACT: Re-engineering and automation of manual business processes helps improve operational efficiencies and accelerate decision-making. It can also improve employee retention by eliminating rote manual tasks. Ultimately, these efficiencies will reduce operating costs and boost financial performance.



CHALLENGE 10

PLANNING TEAMS ARE ISOLATED BY FUNCTION

PROCESS AND PERFORMANCE ENHANCEMENTS

Q My company is pushing our line of business managers to increase collaboration among operational, executive, and administrative teams. But we remain isolated by functional silos and typically don't have access to current enterprise-wide data. How can we collaborate if we're not connected?

A An appropriate IBP strategy connects data and stakeholders to enable real-time information-sharing and collaboration across teams and locations. IBP is typically supported by preconfigured reporting and dashboard capabilities that help planners understand current performance and monitor forecasting activities across divisions. When one planning team updates a forecast, all stakeholders can review the changes and update their outlooks accordingly.

LONG-TERM IMPACT: IBP can help planners unify their efforts across functions to bolster the accuracy and sharing of forecasts. Planners will be able to work from a single script to break down functional silos and ultimately cultivate a business culture based on collaboration.



PROCESS AND PERFORMANCE ENHANCEMENTS

TAKE ACTION

Manufacturers should revisit their business processes and selectively implement new procedures that address manufacturing trends and drive operational efficiencies.

MANUFACTURING INDUSTRY INSIGHTS

Drive performance and plan for the future with IBP

Successful implementation of a manufacturing-centric IBP solution will require a coordinated plan of action. To get started, you'll need to define the objectives for your IBP program and identify the inefficiencies that create the greatest obstacles to your planning success. You'll also need to determine the systems, data, and processes necessary to address these issues and support cross-functional collaboration and planning.

For many manufacturers, design and implementation of a successful IBP program will be an initiative that will require outside expertise. That's where CohnReznick can help. We have the experience, dedicated personnel, and proven methodologies you need. Our team can help you implement an IBP solution that empowers you to anticipate the future of manufacturing by improving financial planning, business agility, and operational efficiencies.



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Contact



Henrietta Fuchs, CPA
Partner, Manufacturing and
Distribution Industry Co-Leader
646.762.3432
henrietta.fuchs@cohnreznick.com



Helana Robbins Huddleston CPA, CIRA
Partner, Manufacturing and
Distribution Industry Co-Leader
312.508.5813
helana.robbs@cohnreznick.com



Marisa Garcia, CPA
Partner, CFO Advisory
646.601.7786
marisa.garcia@cohnreznick.com



Thomas Crawford
Director, CFO Advisory
732.982.8998
thomas.crawford@cohnreznick.com

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