



VENTANA RESEARCH



Next-Generation Business Planning

Utilizing Information and Technology to Improve the Planning Process

White Paper



Sponsor

January 2015

Proformative

Ventana Research performed this research to determine attitudes toward and utilization of next-generation business planning. This document is based on our research and analysis of information provided by organizations that we deemed qualified to participate in this benchmark research.

This research was designed to investigate next-generation business planning practices and needs and potential benefits. It is not intended for use outside of this context and does not imply that organizations are guaranteed success by relying on these results to improve business planning. Moreover, gaining the most benefit from next-generation business planning requires an assessment of your organization's unique needs to identify gaps and priorities for improvement.

The full report with detailed analysis is available for purchase. We can provide detailed insights on this benchmark research and advice on its relevance through the Ventana On-Demand research and advisory service. Assessment Services based on this benchmark research also are available.

We certify that Ventana Research wrote and edited this report independently, that the analysis contained herein is a faithful representation of our evaluation based on our experience with and knowledge of business planning processes and technologies, and that the analysis and conclusions are entirely our own.

Ventana Research
2603 Camino Ramon, Suite 200
San Ramon, CA 94583-9137
info@ventanaresearch.com
(925) 242-2579
www.ventanaresearch.com

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Executive Summary

Planning is the process of creating a detailed formulation of a program of action to achieve some overall objective. Business planning encompasses all of the forward-looking activities in which companies routinely engage, such as sales, production and head-count planning as well as budgeting. Among the several benefits it conveys, planning helps to get everyone onto the same page to ensure that activities are coordinated. When they are, it becomes possible to understand the impacts of policies and actions in one part of the company on others and the organization as a whole.

Today, budgeting and operational planning efforts are typically only loosely connected. In contrast, next-generation business planning closely integrates unit-level operational plans with financial planning. Relying on information technology, it enables companies plan faster with less effort while achieving greater accuracy and agility.

Ventana Research undertook this benchmark research to determine the attitudes, requirements and future plans of organizations that engage in business planning and to identify the best practices of those that are most mature in it. We set out to examine both the commonalities and the qualities specific to major industry sectors and sizes of organizations. We investigated 11 types of planning that span the range of business activities and take place in most organizations. We also aggregated the findings for each type to arrive at general conclusions about the state of planning, issues companies encounter in the process, the technology they use and their intentions going forward.

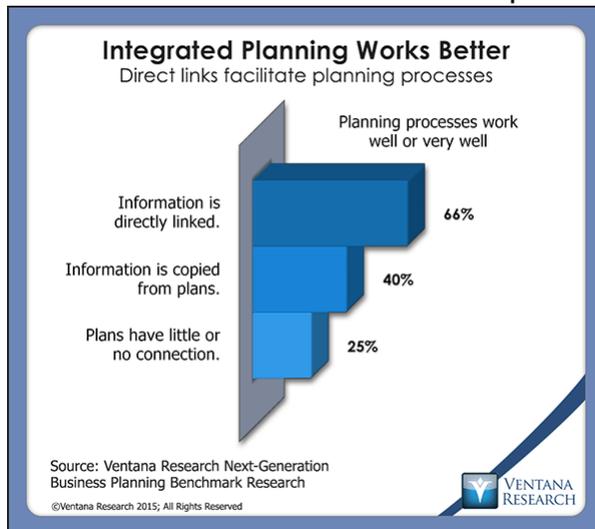
The most common types of planning typically are created by departments in a stand-alone fashion and receive little or no direct input from other parts of the organization.



The research finds that all 11 of the most common types of planning activities typically are created in a stand-alone fashion by the departments primarily responsible for them and receive little or no direct input from other parts of the organization. The main exception is the budget, which is the only integrated business plan; most companies connect individual plans with the budget in some way.



The research finds a correlation between how a company connects individual plans with the budget and how well the planning process works. Two-thirds of companies that have direct links from individual plans to their budget said their planning processes work well or very well, compared to two in five that copy detailed information from individual plans into the budget and just one-fourth that have little or no connection between individual plans and the budget.



Coordination is an important part of an effective business planning process, and the research confirms that communication is essential to coordination. A key channel is communication of strategy and objectives from top management to the rest of the organization.

Yet only one-third of research participants said that executives and managers do well at communicating strategy and objectives related to planning, and only 12 percent said they do that very well. The impact is evident: More than three-fourths of companies in which strategy and objectives are communicated very well said they have a process that works very well; only 3 percent that have adequate or poor communication said they have a process that works very well.

A second critical aspect of coordination is collaboration. Perspectives from people in different roles or departments can help produce more complete plans and identify risks and opportunities. Here again many organizations fall short: Only half collaborate effectively or very effectively. And this, too impacts the process: 85 percent of organizations that collaborate effectively or very effectively said they manage the planning process well or very well. Along similar lines, nearly half (47%) of participants reported that they have only a general idea of the impact of their department's plan on the rest of the company.

Research participants rated business and social collaboration second in importance among six types of innovative technology. However, the forms of collaboration they said are most important are conventional:



email and sharing files through the company intranet. But 36 percent use discussion forums and one-fourth or slightly more use wall posting or Facebook-like capabilities, broadcast or Twitter-like capabilities, and social recognition for contributing to or accomplishing tasks.

In general, leaving planning to be done using ad hoc approaches is likely to undermine its success. In all but small companies (with fewer than 100 employees), planning processes should be managed formally to ensure that the efforts are efficient and the results are optimally useful to the business. Our analysis correlates how well a company



manages its planning processes with efficiency: 85 percent of those that manage planning well or very well said that they spend the right amount of time on it, compared to 46 percent of those that manage it adequately and just 6 percent that do it poorly. Three-quarters of the companies that plan poorly said they spend too little time on the processes. Likewise, more than three times as many that manage planning well or very well said that the plans they develop are accurate or very accurate as did those

that manage their process adequately, and almost none of those that manage it poorly said they have accurate plans.

Inefficient processes conducted in isolation inhibit effective planning, and the use of inappropriate technology tools can compound problems. Desktop spreadsheets are the tools most commonly used: The research finds that seven out of 10 midsize or larger companies use them across the range of the 11 planning processes we examined, yet nearly half (48%) of participants said that spreadsheets make it difficult to manage planning processes. Conversely, just 30 percent use dedicated planning applications, but those participants said they are satisfied with their planning process and that their process is well managed more often than did spreadsheet users.

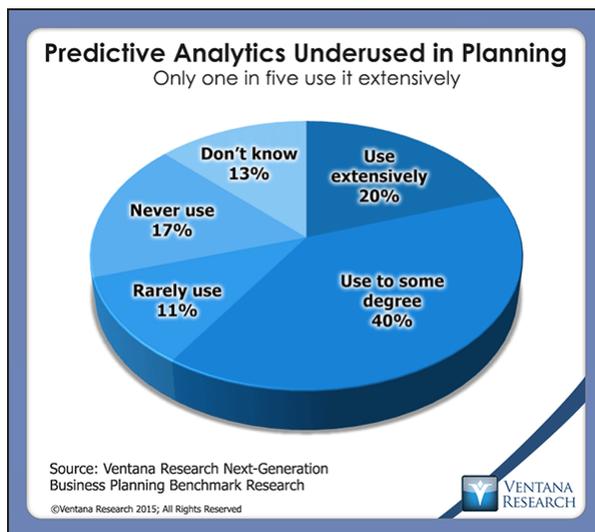
The research shows also that capable software can help improve coordination and align departmental plans to corporate strategy and the plans of other departments. Companies that use dedicated



planning applications are able to estimate accurately one plan's impact on others twice as often as those that use spreadsheets (26% vs. 13%). Those applications also can help users collect the information they need to evaluate potential trade-offs. While 58 percent of all research participants have limited or no ability to measure the trade-offs in plans in which they are involved, three out of five that use dedicated planning applications have all or most of the numbers they need to do that.

Tools designed for the task can enable users to undertake more advanced planning techniques as well. For example, scenario planning can help companies anticipate responses to future trends and compare trade-offs in selecting one direction over another. In this case, however, the largest percentage (42%) of participants have a limited ability to explore and understand scenarios or do not use scenarios at all. Spreadsheets in particular are limited in their ability to deal with multiple business dimensions simultaneously and so can't be much help in working through any but rudimentary scenarios. On the other

hand, more than half of users of dedicated planning applications can explore all relevant scenarios and examine their implications.



Emerging technologies also are beginning to impact organizations' ability to plan in more forward-looking, coordinated ways, but the research finds that most organizations have yet to take advantage of these innovations. Among next-generation technology categories, the largest percentage of research participants (70%) said

analytics is critical for improving their business planning. Predictive analytics in particular can provide insights into future possibilities, keeping plans relevant longer and enabling planners to anticipate trends and spot important deviations from them. For example, users can identify quickly when actual results are not matching what was expected and determine how to take corrective action. Currently two out of five organizations use predictive analytics to some degree, but only half that many use it extensively. Nearly all of that latter group, however, said that their plans that are accurate or very accurate.



Mobile technology is another potentially impactful innovation that can broaden access to and participation in business planning. The research shows it beginning to gain favor; although only a minority (24%) have used it for at least a year, more (30%) have begun to use it more recently or will begin to use it within a year.

We find greater adoption of cloud computing for business planning. Like mobility it can facilitate access to information and applications, and it can save money on technology and

Our Performance Index analysis places the most (43%) organizations at the lowest of four hierarchical levels, Tactical, and the fewest (11%) at the highest Innovative level.

maintenance since users rent the applications, access them on the Internet and leave management to the vendor. Nearly two-thirds (64%) of organizations now use cloud systems for planning. Groups doing sales forecasting, marketing planning and supply chain planning most often prefer to deploy their applications through software as a service (SaaS).

Our Performance Index analysis of the research findings places the most (43%) organizations at the lowest of four hierarchical levels, Tactical, and the fewest (11%) at the highest Innovative level. Among the four dimensions by which we segment performance,

participants do least well in Technology, for which the majority, 52 percent, are Tactical. They perform best in the Process dimension, to some extent because planning processes, whether effective or not, often are well established. They also lag in the People and Information dimensions, where more than two-thirds rank at the two lowest levels.

The findings of this benchmark research lead us to conclude that all but a few companies would benefit significantly from investing in improving the various aspects of planning, particularly technology. Applications dedicated to planning and next-generation tools such as analytics, collaboration and mobility can contribute to the development of fast, forward-looking plans that help in the spectrum of planning processes and benefit the entire organization.



Key Insights

This benchmark research yielded the following important general findings and key insights regarding business planning. (We discuss performance levels in the Performance Index portion of the full research report; the actual questions asked in our survey are in an appendix to the research report. Specifics of organization sizes are in the appendix "About This Benchmark Research.")

Competence varies across planning processes.

The research investigated 11 types of planning that span the range of business activities and are used in most organizations. To assess the competence of companies in executing them, we compared how well they perform each, asking about, for example, planning accuracy, the ability to drill down to reveal underlying details, the quality of com-

The research shows that companies have the greatest competence in capital spending planning, workforce planning, demand planning and budgeting. Supply chain planning ranks lowest.

munications and collaboration supporting the plan and the company's agility. Then, to provide a perspective on how well the 11 types of planning are performed, we ranked them on a scale in which the average score is 50.

The research shows that companies have the greatest competence in capital spending planning, which scored 54.6, workforce planning (52.8), demand planning and budgeting (both 51.9). Supply chain planning ranks lowest (45.8) in our analysis, and sales and operations planning (S&OP, 48.1) and sales forecasting (48.6) rank low as well. To some degree, these findings reflect

the difficulty of having to take into account external factors such as market demand. By contrast, capital spending plans involve mainly internal decisions made by a relatively small group, and the process from planning to execution is highly controllable. And while workforce plans may be subject to changing market conditions, in a stable economic environment staffing needs are relatively predictable.

The research makes clear that the competence of companies to execute specific categories of planning processes varies. Thus,



companies – and especially senior executives – must understand the challenges that exist in individual planning efforts and address them systematically.

Integrating business planning leads to more robust plans.

The research finds that virtually all 11 of the most common types of planning activities typically are undertaken in a stand-alone fashion by the departments primarily responsible for them and receive little or no direct input from other parts of the organization. The obvious exception is the budget, which is the only integrated business plan; most

companies connect individual plans with the budget in some way. Not quite one-third (30%) have direct links from individual plans to the budget, so that as changes are made in such a plan, they are incorporated into the budget. Nearly half (47%) copy detailed information from individual plans into the budget, making the linkage indirect. For 20 percent just a summary of information in the individual plans is copied to the budget or there is no connection.

The research finds a correlation between how a company connects individual plans with the budget and how well the planning process works.



The research finds a correlation between how a company connects individual plans with the budget and how well the planning process works. Two-thirds (66%) of companies that have direct links from individual plans to their budget said their planning processes work well or very well, compared to 40 percent of those that copy detailed information from individual plans into the budget and just 25 percent that have little or no connection between individual plans and the budget. Companies that have detailed links to individual plans also find that their initial plans remain relevant through the planning period more often than do those that do not have direct integration of their plans.

Only half of organizations collaborate effectively in planning.

Collaboration is essential for planning. Gathering perspectives of people in different roles or parts of a business can make the vision informing the planning more complete (and thus potentially more



accurate) as well as identify risks and opportunities that might not be obvious to everyone. Ideally, collaboration enables a broader top-down view to be balanced with front-line experience to yield plans that move an organization toward realistic goals. Yet the research shows that only half of participating companies collaborate effectively or very effectively.

Almost all (85%) participants that said their organization collaborates effectively or very effectively also said that they manage the planning process well or very well.

The research also correlates collaboration in a planning process with the quality of that process. Almost all (85%) participants that said their organization collaborates effectively or very effectively also said that they manage the planning process well or very well. By contrast, just 11 percent of those that said their organization collaborates just somewhat effectively or not effectively rated their planning processes this highly.

Collaboration (business and social) is the innovative technology named second-most often as important for planning (by 46% of organizations). Currently, collaboration tools

used in planning – primarily email and instant messaging – are separate from the software used to support the planning process. This is especially true for companies that use spreadsheets. Discussion forums are the social collaboration technology most often used now (by 36%) and planned to be used (17%), and broadcast or Twitter-like capabilities are being evaluated most often (18%).

Effective communication enhances the quality of planning processes.

Nearly half (46%) of participants said their companies manage their various planning processes well or very well. Among the many factors that contribute to successful management, one is the quality of communication from top management levels. Fewer than half of participants said that executives and managers communicate strategy and objectives related to planning well (33%) or very well (12%). One of the main purposes of the planning process is to determine the best way to translate strategy into a plan of action. When the strategy is not plainly laid out, individuals must rely on a tacit understanding of or guesses about it. These assumptions may not be accurate or



consistent across a company and can prevent concerted effort in the required direction.

Clearly communicated strategy explicitly improves the quality of the planning process. More than three-fourths (76%) of companies in which the strategy and objectives related to plans are communicated very well have a process that works very well. Hardly any (3%) companies that have only adequate or poor communication have a process that works very well, and only 16 percent of them have a process that works well. Correspondingly, more than half (53%) of companies with poor communication by executives and managers have planning processes that work poorly.

How well a company manages its planning processes also correlates with efficiency: 85 percent of those that manage planning well or very well said that they spend the right amount of time on it, compared to 46 percent of those that manage it adequately and just 6 percent that do it poorly. Three-quarters of the companies that plan poorly said they spend too little time on the processes.

Well-managed plans are the most accurate.

Accuracy is a key objective in business planning, yet fewer than half (45%) of organizations said their company's plans are accurate or very accurate. Capital spending planning and budgeting, which deal mostly in tangible amounts of money and are subject to a high degree of internal control, are accurate more often than other forms of planning; the more speculative sales planning, marketing planning and strategic and long-range planning are least often accurate or very accurate.

Accuracy is a key objective in business planning, yet fewer than half (45%) of organizations said their company's plans are accurate or very accurate.



The research reveals a relationship between how well the planning process is managed and the accuracy of plans: Most companies (80%) that have a process that is managed well or very well have plans that are accurate or very accurate. Just 24 percent of those that manage their process adequately and 5 percent of those that manage it poorly said they get those results. Likewise, measuring the accuracy of plans correlates to how accurate they are.



The research shows that nearly three times as many (59%) companies that measure the accuracy of their plans have accurate or very accurate plans as those that do not measure it (21%).

Most companies use spreadsheets to manage their business planning.

Whether used alone or in conjunction with other applications, spreadsheets remain the tool of choice for an array of planning activities, even though half (48%) of participants said that their use makes it difficult to manage planning processes. Excluding small businesses (which usually find that spreadsheets are their most

Spreadsheets remain the tool of choice for an array of planning activities, even though half (48%) of participants said that their use makes it difficult to manage planning processes.

practical alternative), seven out of 10 companies said they use them across the range of the 11 planning processes we examined; by comparison, just 30 percent use dedicated planning applications, either from a third party or developed in-house. The processes in which a dedicated application is used most often are sales forecasting (by 37%), project planning (36%) and budgeting (35%); those where dedicated applications are least often used are supply chain planning (20%), IT budgeting (25%) and sales and operations planning (25%).

Compared to spreadsheet users, those that have dedicated planning applications more often said they are satisfied with their planning process (68% vs. 60%). Higher percentages of them also said their process is well managed, the plans are accurate, they are relevant to how their company operates, they enable users to understand how trade-offs align with strategy, they are able to collaborate effectively and they are able to understand the implications of trade-offs they are making while planning. In short, we find substantial evidence that for midsize and larger companies, spreadsheets are not the right tool for business planning.



Applying scenarios is a valuable tool for planning, but not many companies do it well.

The process of planning involves envisioning potential business situations and understanding how they are likely to play out. However, the research finds that scenario planning is limited: Just 12 percent of organizations reported that they can explore all relevant scenarios and examine their implications. Many more (42%) have a limited ability to explore and understand scenarios or do not do it. Overall, 30 percent of participants said they are able to explore every relevant scenario, and almost as many (28%) said they are able to fully understand the implications of a limited number of scenarios.

Being able to use scenario planning effectively to improve company performance is enhanced by having capable tools. Spreadsheets

About half (47%) of participants have only a general idea of the impact of their department's plan on the rest of the company; just 14 percent said they can accurately measure that impact.

enable some measure of automation, but their limited ability to deal with business dimensions (such as regions, product lines, business units or currencies) means they cannot help companies do even moderately complex scenario analysis in a timely fashion. Companies that use dedicated planning applications said they are able to understand the implications for scenarios more often than did those that use spreadsheets (55% vs. 40%).

The right software can help business units understand organizational impacts of planning.

About half (47%) of participants reported that they have only a general idea of the impact of their department's plan on the rest of the company; just 14 percent said they can accurately measure that impact, fewer than said they cannot meaningfully do so (22%). One of the dangers of not embracing an integrated approach to planning is the unintended negative consequences of actions taken by one part of the organization on another. For example, a disconnected marketing plan might make generally correct assumptions about production rates but not take account of scheduled maintenance shutdowns or product family changes, thereby incurring delays in shipments and annoying customers.



Having planning software that is easy to use is very important to almost two-thirds (63%) of organizations. The research shows that capable software can help spread coordination: Companies that use dedicated planning applications are twice as likely to be able to estimate accurately one plan's impact on others as those that use spreadsheets (26% vs. 13%). Those engaged in capital and demand planning, where the effects of decisions are inherently straightforward and easy to gauge, said most often they can accurately measure the impact, while those involved in project, marketing and sales and operations planning can measure the impact least often.

Business units have difficulty in aligning their activities with corporate strategy.

Doing business requires making trade-offs in decisions, such as market share vs. profitability or allocating resources to reach quarterly objectives instead of building the sales pipeline. To maximize the value of a departmental plan, those responsible for creating it ought to be able to determine the degree to which their plan addresses the com-

The research reveals that more than half (58%) of participants have limited or no ability to measure the trade-offs in the plans in which they are involved.

pany's strategic objectives and test it to see how trade-offs could affect their strategic alignment. Yet the research reveals that more than half (58%) of participants have limited or no ability to measure the trade-offs in the plans in which they are involved. Just 12 percent said they have all the numbers they need to assess such trade-offs, and another 30 percent have most of them. Those engaged in demand, strategic and long-range, and IT planning least often have the data needed to understand the impact of trade-offs, while those doing capital spending and supply chain planning

most often have all or most of those numbers. Here again, the right tool matters: Three out of five companies that use dedicated planning applications have all or most of the numbers they need, compared to only about one-third (36%) of those that use spreadsheets.





Advanced analytics is not widely used in business planning.

Predictive analytics enables companies to develop more nuanced and potentially more accurate plans. It also gives organizations the ability to identify quickly when actual results are not matching what was expected. This capability enables organizations to react sooner to issues and opportunities – not only, for example, finding where revenue is falling short in specific product lines or geographies but also pinpointing possible sources of the shortfall. However, the research shows that not many companies use predictive analytics: Just 20 percent use it extensively in all or part of the company and another 40 percent use it to some degree. More than one-fourth (28%) hardly if ever use predictive analytics. Yet the research shows that users that embrace this tool get superior results. Almost all (95%) the companies that use predictive analytics extensively throughout the organization have plans that are accurate or very accurate, compared to 70 percent that use it extensively in only parts of the organization, half (47%) that use it somewhat in all or part of the company and just one-third that hardly or never use it.

While 41 percent of companies prefer to deploy planning software on-premises, 30 percent opt for software as a service (SaaS) through cloud computing.



For many organizations predictive analytics requires collecting and processing large volumes of data, but fewer than one-fourth (23%) of organizations having been using so-called big data for more than a year, and most still use relational databases or flat files rather specialized database technologies.

Preferences vary for how to deploy planning software.

The research reveals differences in preference for how to deploy planning software in an organization. While 41 percent of

companies prefer to deploy it in the conventional manner on-premises, 30 percent opt for software as a service (SaaS) through cloud computing and 6 percent choose to have it hosted by a supplier; more than one-fifth (22%) have no preference.

Underlying this aggregate finding is an array of preferences linked to the type of planning. The areas in which users most often prefer on-



premises are IT budgeting (52%), project planning (48%) and capital spending (48%). Those where users least often prefer on-premises and most often choose SaaS are sales forecasting (37%), marketing planning (36%) and supply chain planning (35%); the areas where SaaS is least often preferred are workforce planning (29%), strategic and long-range planning (26%) and capital spending planning (27%). Those involved in workforce planning most often said they have no preference. Cloud-based planning applications are gaining acceptance for convenience, capabilities and cost savings, but a significant number of corporations still insist on on-premises software.

In addition, the option to deploy planning software using mobile technology is beginning to gain favor; one in four (24%) organizations have used it for a year. But more than two-thirds have no planning process capabilities (32%) or limited capabilities (37%) available on mobile devices. And having disconnected usage is important as well for mobile users. The most common reason (for 62%) to have mobile planning capabilities is increased productivity. Mobile technology is an increasingly critical method to broaden access to and participation in business planning.



10 Best Practice Recommendations

This benchmark research reveals significant new insights into the evolving nature and use of business planning processes and systems. For organizations considering how to optimize their various types of planning, we offer the following recommendations.

- 1. Understand the value of integrating planning activities.**

Aside from the budget, departments in organizations typically create plans in isolation from others. But the research finds a positive correlation between how a company connects individual plans to the budget and how well its planning process works. Two-thirds that have direct links said the process works well or very well. Those that have detailed links to individual plans also find that their initial plans remain relevant through the planning period. Start a discussion about integrating your various plans and look for ways to make the processes flexible, effective and able to respond to market shifts.
- 2. Encourage formal collaboration in planning.**

The perspectives of people in different roles or parts of a business can help construct plans that are more complete and identify risks and opportunities that might not be obvious to everyone. The research finds a strong correlation between effective collaboration in planning and a process that works well or very well. New tools are available that facilitate collaboration in business settings; nearly half of research participants said that such technology is important for planning. Investigate how structured collaboration can promote a broader, more inclusive approach to planning that taps the expertise and knowledge within your organization.
- 3. Urge executives and senior managers to communicate about the strategic aspects of planning.**

Three-fourths of companies in which strategy and objectives related to plans are communicated very well have a process that works very well. While this finding may sound obvious, the research also shows that in fewer than half of organizations do executives and managers communicate such information well (33%) or very well (12%). Poor communication can lead to guesswork and inconsistency



in plans that undermine their usefulness. It also can waste time: 85 percent of those that manage planning well or very well said that they spend the right amount of time on it. Engage leaders in conveying the big picture, and adjust plans so they align with strategy.

4. Collect data to examine trade-offs that can help align plans with strategy.

An important technique for aligning a plan with strategy is to see how plan trade-offs could affect it. Doing so requires data sufficient to enable exploration of various options. Yet only 12 percent of research participants said they have all the numbers they need to assess such trade-offs; another 30 percent have most of them. More than half (58%) have limited or no ability to measure trade-offs. The right tool can help: Three out of five companies that use dedicated planning applications have all or most of the numbers they need. Include this capability in assessing new software.

5. Measure the accuracy of your plans and learn how to improve it.

Accuracy is a key objective in business planning, yet fewer than half of organizations said their company's plans are accurate or very accurate. The research also shows that nearly three times as many companies that measure the accuracy of their plans have accurate or very accurate plans compared to those that do not measure it. Having a well-managed planning process increases accuracy, too, so take steps to build a formal process that works, is repeatable and includes checks on every plan's accuracy.

6. Evaluate software designed specifically for planning.

The research shows that dedicated planning applications can help users align their plans with strategy and the rest of the organization. Companies that use them are twice as likely to be able to estimate accurately one plan's impact on others as those that use spreadsheets. In addition, two out of three that have dedicated applications said they are satisfied with their planning process and that their plans are accurate. However, just 30 percent of research participants use dedicated planning applications, either from a third party or developed in-house. To build a more reliable planning process that delivers better results and perhaps to gain an advantage on



competitors that muddle along in the old way, consider adopting software designed for the tasks.

7. Rethink the use of spreadsheets for business planning.

A majority of companies use desktop spreadsheets for an array of planning activities, but half of participants said that using them makes it difficult to manage planning processes. They inhibit accuracy and collaboration and are unwieldy for aligning plans with strategy. Only 13 percent of spreadsheet users said they can accurately estimate a plan's impact on others. These tools also cannot help users do even moderately complex scenario analysis in a timely fashion. People understand that spreadsheets are a problem but aren't sufficiently dissatisfied to replace them. To make an effective case for using a dedicated planning application instead it's essential to focus on how this software improves the process and results and makes planning a more useful business tool for senior executives.

8. Include scenario planning in your toolkit.

Scenario planning is valuable for envisioning the impacts of potential trade-offs in a plan and their effects on strategy and other plans, but the research finds that few organizations (12%) can explore all relevant scenarios and examine their implications. Most dedicated planning applications have scenario capabilities that address business dimensions, which spreadsheets cannot handle. More than half of those using dedicated tools said that they can understand all the implications of scenarios for their company. The ability to easily do scenario planning is valuable to executives and a key rationale for investing in dedicated planning software.

9. Consider adopting predictive analytics to look further ahead in planning.

Recent technological developments have dramatically affected both personal lives and business, and this is the case with planning as well. Among six next-generation technology categories, the largest percentage of research participants (70%) said analytics is critical for improving their business planning. Predictive analytics in particular can assist with scenarios, assessing trade-offs and aligning with strategy. Currently two out of five use it to some degree, but only half that many use it extensively. Adopting predictive analytics could



make planning a more accurate and improve a company's agility in finding and responding to unexpected turns in a market.

10. Discover how innovative technologies can enhance access to planning data and processes.

In addition to analytics and collaboration, other advanced technologies can expand the range and focus of planning. Cloud computing is an increasingly popular means of deploying business applications, and 36 percent of organizations now prefer software as a service (SaaS) or remote hosting for accessing planning software. Mobile computing likewise is gaining favor, with 40 percent now using it for planning; three out of five said that it is a way to increase productivity. And as organizations have ever more data to store and analyze as input for plans, 43 percent use some form of big data to manage it. It will be worthwhile to investigate each of these to advance your organization's planning efforts.



About Ventana Research

Ventana Research is the most authoritative and respected benchmark business technology research and advisory services firm. We provide insight and expert guidance on mainstream and disruptive technologies through a unique set of research-based offerings including benchmark research and technology evaluation assessments, education workshops and our research and advisory services, Ventana On-Demand. Our unparalleled understanding of the role of technology in optimizing business processes and performance and our best practices guidance are rooted in our rigorous research-based benchmarking of people, processes, information and technology across business and IT functions in every industry. This benchmark research plus our market coverage and in-depth knowledge of hundreds of technology providers means we can deliver education and expertise to our clients to increase the value they derive from technology investments while reducing time, cost and risk.

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Appendix: About This Benchmark Research

Methodology

Ventana Research conducted this benchmark research on the Web from May through July 2014. We solicited survey participation via email, our website and social media invitations. Email invitations were also sent by our media partners and by vendor sponsors.

We presented this explanation of the topic to participants prior to their entry into the survey:

Business planning encompasses all of the forward-looking activities in which companies routinely engage, including sales, production and head-count planning as well as budgeting. In our view companies today can fundamentally change how they plan thanks to the maturation of information technology. This benchmark research will examine existing methods for budgeting and planning, compare new and emerging ones to them, and determine what tools will can help organizations migrate from one to the other.

The following promotion incented participants to complete the survey:

What's In It For You? Upon completion of the research, all qualified participants will receive a report on the findings of this benchmark research to support their organization's efforts, along with a \$5 Amazon.com gift certificate. In addition, all qualified participants will be entered into a drawing to win one of 25 benchmark research reports and a 30-minute consultation, a package valued at US\$1,495 or €1,232. Thank you for your participation!

Qualification

We designed the research to assess the use of and plans for spreadsheets across organizations and industries. Qualification to participate was presented to participants as follows:

The survey for this benchmark research is designed for executives and senior management, vice presidents, directors, managers and users of business planning applications or those involved with the purchasing of



technology for this area. Solution providers, software vendors, consultants, media and systems integrators may participate in the survey, but they are not eligible for incentives and their input will be used only if they meet the qualifications. Incentives are provided to qualified participants in the research and also are conditional on provision of accurate contact information including company name and company email address that can be used for fulfillment of incentives.

Further qualification evaluation of respondents was conducted as part of the research methodology and quality assurance processes. It entailed screening out responses from companies that are too small, questionnaires that were not materially complete, or those where the submission is from an inappropriate submitter or appears to be spurious.

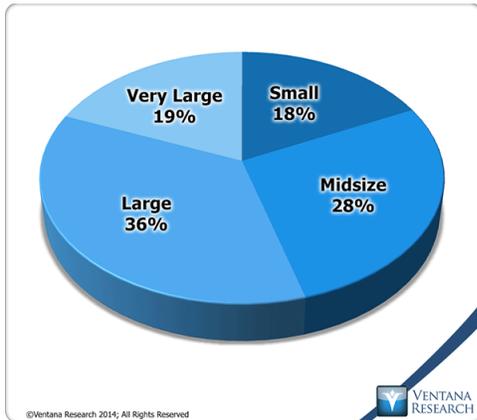
Demographics

We designed the survey used for this research to be answered by executives and managers across a broad range of roles and titles working in organizations. We deemed 261 of those who clicked through to this survey to be qualified to have their answers analyzed in this research. In this report, the term “participants” refers to that group, and the charts in this section characterize various aspects of their demographics and qualifications.



Company Size by Workforce

We require participants to indicate the size of their entire company. Our research repeatedly shows that size of organization, measured in

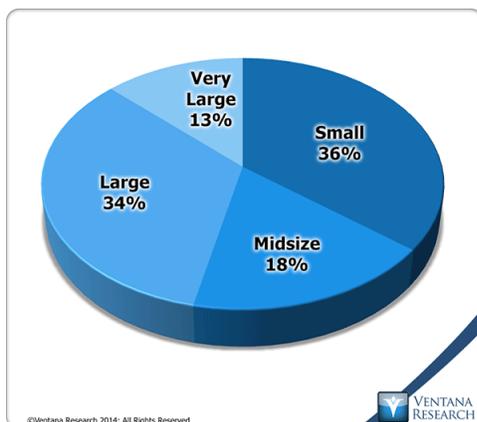


this instance by employees, is a useful means of segmenting companies because it correlates with the complexity of processes, communications and organizational structure as well as the complexity of the IT infrastructure. In this research, participants represented a broad range of organization sizes in nearly equal numbers: 19 percent work in very large companies (having 10,000 or more employees), 36 percent work in large companies (with 1,000 to 9,999

employees), 28 percent work in midsize companies (with 100 to 999 employees), and 18 percent work in small companies (with fewer than 100 employees). This distribution is consistent with prior benchmark research and our research objectives and provides a suitably large sample from each size category.

Company Size by Annual Revenue

When we measured size by annual revenue, the distribution of categories shifted downward; fewer companies fell into the three

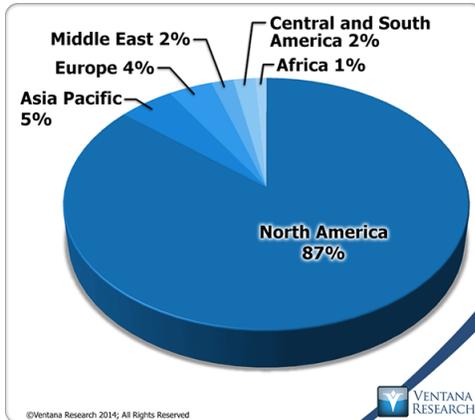


largest categories and twice as many are small. By this measure, 6 percent fewer are very large companies (having revenue of more than US\$10 billion), 2 percent fewer are large companies (having revenue from US\$500 million to US\$10 billion), 10 percent fewer are midsize companies (having revenue from US\$100 to US\$500 million), and 18 percent more are small companies (with revenue of less than US\$100 million). This sort of redistribution is typical in our research projects when we measure by revenue

instead of head count.

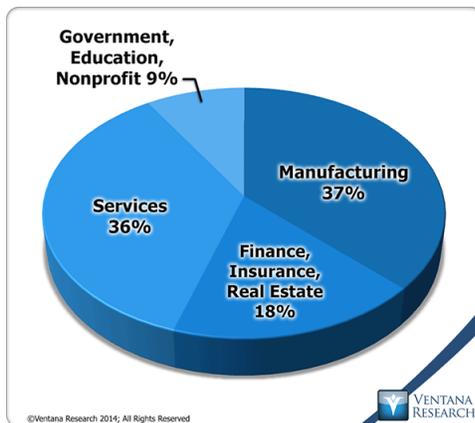


Geographic Distribution



A large majority (87%) of the participants were from companies located or headquartered in North America. Those based in Asia Pacific accounted for 5 percent and in Europe for another 4 percent. The rest of the world accounted for the other 5 percent. This result was in keeping with our expectations at the start of this investigation, since organizations participating in our research most often are headquartered in North America. However, many of these are global organizations operating worldwide.

Industry

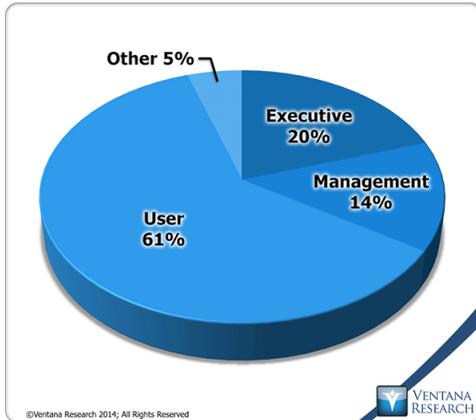


The companies of the participants in this benchmark research represented a broad range of industries, which we have categorized into four general categories as shown below. Companies in manufacturing accounted for 37 percent, and those that provide services accounted for 36 percent. Those in finance, insurance and real estate accounted for 18 percent. Government, education and nonprofits accounted for the balance.



Job Title

We asked participants to choose from among 15 titles the one that best describes theirs. We sorted these responses into four categories: executives, management, users and others.

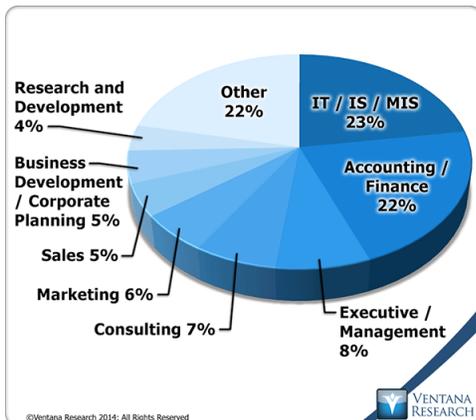


Two out of five identified themselves as having titles that we categorize as users, a grouping that includes director (22%), senior manager or manager (25%), analyst (10%) and staff (4%). One-fifth are executives. Another 14 percent are management, by which we mean vice presidents. Others, in this case consultants, professors, teachers and students, accounted for the balance. We concluded after analysis that this response set provided a meaningfully broad distribution

of job titles.

Role by Functional Area

We asked participants to identify their functional area of responsibility as well. This enabled us to identify differences between participants who have differing roles in the organization.



The research showed broad diversity in this area. The most common areas are IT and finance or accounting, each of which accounted for slightly more than one-fifth of the participants. One in 12 are executives or management. Five various other roles together accounted for about one-fourth (27%) of the total. Another 16 titles, none with more than 3 percent of the total, comprised the Other category, about one-fifth of the total.