

# Business Planning

## Benchmark Research Program

Establishing a Continuous and  
More Effective Path to Planning

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## Research Overview

For many organizations, business planning today is still a relic – a process hemmed in by obsolete conceptions of what it can be. As used here, the term “business planning” encompasses all of the forward-looking activities in which companies routinely engage, such as sales, supply chain and workforce planning as well as budgeting. In our view companies today can fundamentally change how they plan thanks to the maturation of information technology. Current systems can simultaneously support better business planning and traditional budgeting. But before organizations can take the first step to fundamentally change how they plan into the next generation, they first must realize that a more effective and continuous process is possible and then must decide whether it’s worth the investment. Our research will address these challenges and investigate the current methods and processes used in each of the major lines of business.

The next generation of business planning offers both continuity and a substantial departure from what most companies do. Typically, the only company-wide business plan is the budget. Budgets of course are necessary for financial management and control, but they are not especially useful for running an organization. Today’s budgeting and operational planning efforts are only loosely connected and often discontinuous. In contrast, a more recent approach to business planning closely integrates unit-level operational plans with financial planning. At the corporate level, the emphasis shifts from financial budgeting to planning and to performance reviews that integrate operational and financial metrics. This approach uses available applications and information technology to help companies plan faster with less effort while achieving greater accuracy and agility. Our benchmark research will document the gaps that currently prevent companies from improving planning and indicate ways in which IT can help bridge these gaps.

For companies to improve competitiveness, their business planning must acquire four characteristics. First, planning must focus on performance, measuring results against both business and financial objectives. Second, it must help executives and managers quickly and intelligently assess all relevant contingencies and trade-offs that support their decisions. Third, it must enable each individual business planning group to work in one central system; this simplifies the integration of their plans into a single and connected view of the company and makes it easy for planners in one part of the business to see what others are projecting. Fourth, it must be efficient in its use of people’s time by being more collaborative and intelligent. Success in business requires more than just planning. Time efficiency enables agility, especially in larger organizations where more time is spent on optimizing the plan and less is spent on ensuring participation.

Today’s business planning doesn’t completely lack these features, but in practice it falls short – often considerably. The benchmark research will measure organizational planning maturity and show the correlation between information technology and better planning.

People – from star CEOs on down – have been griping about budgeting for decades. Yet, although the disruptions caused some organizations to begin the process of transforming their planning processes, a majority continue to perpetuate bad habits. Several factors



encourage its persistence, starting with the innate conservatism of large organizations and the organizational incentives to preserve the status quo. Companies need a financial plan to ensure that they will remain solvent, and budgeting fits into this slot. Another reason is that until recently technology wasn't available to support a substantial transformation of the corporate planning process. Our business and Office of Finance research agendas will continue to illustrate the connection between improved planning and better results. We will suggest practical solutions to achieve better results from use of planning software.

This Business Planning benchmark research will examine and analyze existing methods for budgeting and planning, compare potentially better ones to them and identify types of tools that can help organizations adopt them. It will examine the need for business modeling and analytics – especially forward-looking approaches such as predictive analytics – and will explore the needs of analysts and management in modern business planning processes.

Today's tools can support a structured dialogue across an organization in ways most people find easy to use. Of particular impact is that most companies continue to use standalone spreadsheets to manage planning processes, despite the fact that spreadsheet technology constrains the effectiveness of the process itself and the ability to share information; in effect, spreadsheets prevent integration.

## Research Background

Dedicated planning and budgeting software has been around for decades but it is not widely used. Our earlier research on this topic shows that two-thirds of larger companies still use desktop spreadsheets for budgeting. Pulling together a budget and plan from a tangle of spreadsheets requires a great deal of effort. Furthermore, spreadsheets eliminate accountability because it's hard to drill back down into the numbers to get to the underlying assumptions. Spreadsheets are rife with errors, and disputes over what constitutes the "right" number often add to the time required to complete the process and undermine cooperation.

Industry analysts (especially those at Ventana Research) have focused attention on the connection between better planning processes, integrated planning across departments and silos, and the importance of using dedicated planning software to support a better process. If executives in sales, operations, finance and IT departments are to consider change and adopt truly integrated operational and financial business planning, they must understand the real cost of maintaining the status quo. They must be convinced that they can gain tangible benefits from change and that the available options pose only limited and easily mitigated risks. To prepare for marketing battles ahead, particularly against "new and improved" spreadsheets, financial planning software vendors must be able to communicate a vision of a more effective planning process that contributes value to the bottom line. This will require change in their own approaches.

In the past, vendors of planning and budgeting software have approached buyers with two value propositions:



- Make the planning process much more efficient (that is, reduce the time and money spent and the inconvenience) by eliminating stand-alone spreadsheets and/or manual systems.
- Redefine planning processes to produce more effective results.

These, we believe, continue to form the nucleus of planning value propositions.

To lay the groundwork for a successful sales cycle is to provide that internal champion with factual ammunition to demonstrate that the software-driven initiative will benefit senior finance executives – the ones who will have to approve the purchase. Proof points from a respected source of independent research are a vital element in making this case.

The Ventana Research Business Planning Benchmark Research is designed to be the source for fact-based research notes that connect individual benefits to empowering a more strategic finance organization as well as data points that demonstrate how better use of technology improves departmental efficiency and effectiveness.

## Research Focus

This benchmark research will identify, explore and quantify key aspects of the future of business planning. These aspects will include business planning's mandate within the organization; how well or poorly it is performing and why; the challenges it faces; and the role of people, processes, information and software in addressing those challenges. The research will investigate what types of organizations are interested in investing in improvements to business planning, why they are interested, where they plan to implement improvements and, with respect to software and technology, who in the organization makes the purchase decisions, on what time frame and using what selection criteria. It will explore the value of more effective processes, and it will assess the maturity and performance of the processes, analytics, software and data environments in today's enterprise.

The benchmark research will deliver detailed insights into the thinking of executives, line-of-business leaders and Finance to help understand key pain points and priorities for enhancing the capabilities and performance of business planning. We will assess the partnership gap between planning and the rest of the business and identify where planning executives must focus their efforts to be able to take a more strategic role in corporate management. We expect this research program to educate both customers and internal staff, to deliver business opportunities and to gauge the receptiveness of research participants to new technologies.

This research program will uncover the best practices innovative companies are using and how they intend to improve their performance in the coming years. It will examine the issues business planners face in managing day-to-day responsibilities, taking into account evolving expectations for their role and their visions of the future.



## Research Objectives

This benchmark research by Ventana Research will provide a detailed picture of the current state and future direction of business planning. It will answer questions critical to vendors' strategies and plans for developing, marketing and selling systems for business planning. The benchmark research also will provide predictive indicators to aid vendors in planning for this market.

The research will explore the following issues:

- The people, processes and systems that companies expect to have the biggest impact on business planning
- The lines of business that produce or consume business plans
- Issues such as adequacy, accuracy and timeliness of the current processes for business planning
- Analytical skills in the lines of business involved with business planning activities, including marketing, sales, customer service and the contact center
- Key planning-related metrics (including current performance vs. target)
- The types of tools used to produce the range of desired planning-related information
- Sources of data used in business planning
- The availability, adequacy, accuracy and timeliness of the data used to support business-planning-related activities and analytics
- How companies collect and analyze information from social media on business-planning-related activities
- The impact of big data on business planning
- Areas in which advanced analytics, including predictive analytics and visual discovery, are advancing insights
- How the use of mobile technologies provides new methods to access metrics and analytics at any time and anywhere
- How social collaboration can facilitate dialogue on business planning to improve business processes
- Issues with current systems for business planning and improvements required
- Drivers that make organizations consider new business planning products
- Business benefits companies have achieved or expect from a business planning initiative
- The impact of cloud computing on how companies expect to procure and use business planning
- Vendors they are considering and third parties that might be involved
- Barriers preventing the purchase of business planning tools
- The performance of participating companies in the people, process, information and technology dimensions of business planning.



## Scope and Methodology

This primary benchmark research will be led by Robert D. Kugel, SVP & Research Director of the Office of Finance for Ventana Research. Our objective is to have qualified research input from at least 200 companies with more than 100 employees or annual revenues of more than US\$100 million at the levels of responsibility that are pertinent to this topic across IT and related business domains. The survey will be conducted in English. The sample will be qualified through the reach of our media and association partnerships, the Ventana Research research panel and specific groups that best represent the focus on business planning and in the enterprise across management and operations organizations.



## 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.

Ventana Research provides the most comprehensive analyst and research coverage in the industry; business and IT professionals worldwide are members of our community and benefit from Ventana Research's insights, as do highly regarded media and association partners around the globe. Our views and analyses are distributed daily through blogs and social media channels including [Twitter](#), [Facebook](#) and [LinkedIn](#).

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