



PROVIDING SOLUTIONS FOR PEAK PERFORMANCE

Why Integrated Business Planning?

At the beginning of each new year, companies gather in their boardrooms and discuss the previous year's overall results. As company "highs" are celebrated, the "lows" need to be pinpointed, evaluated and shared with the team to identify the best initiatives to avoid last year's previous issues as early in the current fiscal year as possible; especially when these initiatives revolve around improving working capital, reducing inventory and cutting costs.

As 2019 has slowly started trickling away, how does your company plan on approaching the "lows?" If Integrated Business Planning (IBM) is something that your company has not considered, now is the time to start your research.

IBM is a best practice model that is typically led by upper and senior management to integrate two or more functions and cross-train their employees to ultimately reduce ineffective communication and cut costs. In other words, IBM is a "true" business plan that seamlessly guides a team in meeting their key goals. Companies that conduct IBM well are more efficient, more effective and make more money than those who do not.

IBM is extremely beneficial but is very challenging; therefore, when a company starts this journey, Racca Solutions Group believes the best approach starts with a baseline assessment.

Racca Solutions Group's baseline assessment is an evaluation of the "People, Processes, and Technology" within a company. Starting with a baseline assessment is valuable because the results ultimately produce a roadmap to guide a team through a prioritized actions list; thus, allowing the team to stay on track and ultimately, on budget.

Read the Case Study below to see how the team at Racca Solutions Group can make your IBM a success!

Case Study – Working Capital Transformation

Situation Analysis: A large distribution client was consistently over ordering packaged lubricant products. Excess inventory had a negative effect on working capital; purchasing and warehouse operations were also adversely affected with extra headcount and overtime expenses.

Improvements Identified: Racca Solutions Group Performed a baseline assessment of both inventory stocking levels and procurement purchasing practices. The goal was to reduce excess inventory to correct levels, streamline the purchasing and inventory management processes, and facilitate the installation of the required system's infrastructure to support inventory management sustainability roadmap.

Key drivers of the overall project were as follows:

1. Data integrity was identified as a gap to success
 - System data was poorly managed and had not been scrubbed for accuracy for seven years
 - The client had no ERP or inventory management systems in place
 - Available data was managed in a "home grown" system built upon inefficient practices
2. The purchasing functions were not efficiently organized
 - The client had never built any procurement structure to support purchasing functions
3. Manual purchasing processes were not data driven
 - Purchasing processes were manual and inconsistent resulting in no updates on lead times and stocking levels; 100% of all SKUs used as much as 150% of required levels to meet demand
 - Obsolete or slow-moving SKUs were never identified and managed
 - Excess inventory put a large strain on internal logistics

Overall Results: Racca Solutions Group worked with the client's team to create a develop and deploy industry best practice purchasing processes and supporting technology. As a result, process ownership, strong data management, safety stock deployment and lower on hand inventory levels were established. Supporting software was put in place to manage inventory efficiently and support customer demand. The team effectively demonstrated how lean methods can reduce inventory carrying costs while still meeting customer demand and delivery targets.

As the comprehensive process changes were deployed, inventory was reduced and material movements improved, and the client realized \$5 million in hard savings; a 10x ROI. The process changes in the warehouse yielded additional savings via headcount reductions and the elimination of overtime.