

# **IBP isn't the goal, One Number is**

**Integrated Business Planning for Consumer Goods**

**Jason Murphy**



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The frameworks, checklists, and principles in this book provide the foundation for IBP success. Implementation, however, requires adaptation to your specific context—your organisation's culture, capabilities, and competitive position.

If you would like to discuss how these concepts apply to your organisation, or if you need support in designing, implementing, or improving your IBP capability, Jason Murphy would welcome the opportunity to discuss it with you.

[jason.murphy@chasebusiness.co.uk](mailto:jason.murphy@chasebusiness.co.uk)



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# Chapter 1

## The Planning Problem in Consumer Goods

Walk into any Consumer Goods business and ask how planning works. You will hear about forecasts, promotions, budgets, and trade spend. You will see spreadsheets, PowerPoints, and monthly review meetings. Everyone will be busy.

### What you will not see is alignment.

This is the planning problem. Not a lack of effort. Not a shortage of data but a fundamental disconnect between the way planning work gets done and the way business decisions need to be made.

### How Planning Became Fragmented

Most Consumer Goods businesses did not design their planning landscape it accumulated.

Demand Planning arrived first, typically owned by Supply Chain, and focused on improving forecast accuracy and service levels. Trade Promotion Management followed, driven by Commercial teams seeking to control promotional spend and execution. Revenue Growth Management emerged as margins tightened, owned by Finance or Strategy, focused on price, mix, and long-term profitability. S&OP aimed to align demand and supply. Each capability was introduced to solve a real problem at the time.

The trouble is, each was implemented separately. Different functions. Different systems. Different metrics. Different meeting rhythms. Different definitions of success.

What was never asked was the obvious question: *How do these capabilities work together?*

Without that anchor, planning is fragmented and once fragmented, it becomes political.

## The Politics of Planning

Planning is not neutral. Every number implies a commitment, a risk, or a judgment about someone else's performance.

When planning disciplines operate independently, each optimises for its own objectives. Demand Planning aims for forecast accuracy. Sales aim for volume targets. Finance aims for budget adherence. Commercial aims for promotional ROI. None of these objectives is wrong, but none of them is the same.

This creates a predictable pattern. Each function builds its own version of the truth and assumptions diverge. Debates focus on whose number is right rather than what decision should be made. Escalation becomes the default conflict resolution mechanism, and senior leaders spend their time arbitrating disputes rather than making strategic choices.

The result is planning that feels busy but achieves little. Meetings multiply, reports circulate, decisions get deferred or revisited repeatedly, and the business continues to be surprised by outcomes it should have anticipated.

## Why Spreadsheets Are Now a Strategic Risk

This is not an argument against Microsoft Excel or similar programs. It is an argument against using personal productivity tools as enterprise planning infrastructure. This is also true for the abundance of consumer-grade GenAI tools gaining increasing popularity.

In many Consumer Goods organisations, critical planning data lives in spreadsheets. Promotional plans. Volume forecasts. Trade spend accruals. Customer commitments. Price changes. Each is owned by a different individual, updated on a different schedule, and built on different assumptions.

The risks are well documented but worth restating. Version control is unreliable. Calculation errors are common and undetected. Handovers fail when people leave. Integration happens manually, if at all. Audit trails are nonexistent, and the more critical the

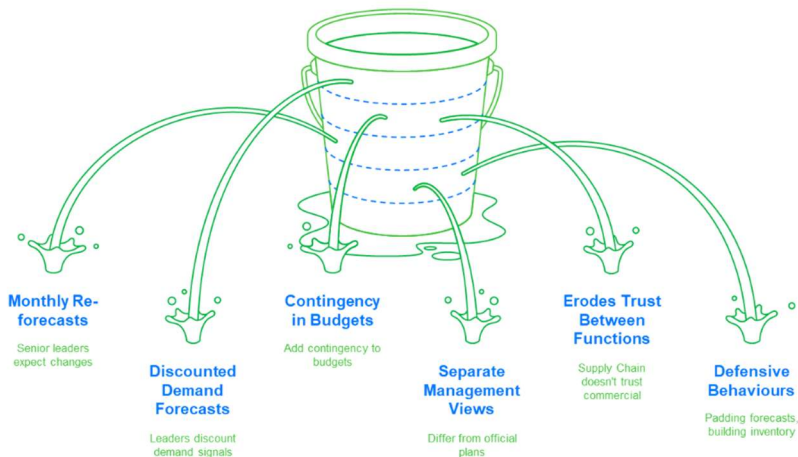
spreadsheet, the more likely it is to be owned by a single person who built it years ago and is the only one who understands it.

However, the strategic risk goes deeper. Spreadsheet-based planning cannot provide a single version of the truth. It cannot enable real-time scenario analysis. It cannot support cross-functional trade-off discussions with reliable data. Simply put, it cannot scale.

When a CFO asks for the margin impact of a proposed promotion, the answer should not require three days and four reconciliations. When a Commercial Director wants to understand the service implications of a volume push, the answer should not depend on which forecast version someone happens to have.

Spreadsheet dependency is not a technology problem. It is a symptom of fragmented planning, and fixing it requires addressing the fragmentation, not just buying new software.

### Unreliable Planning Erodes Business Confidence



## The Reliability Problem

The ultimate test of planning is whether the business can rely on it.

In many Consumer Goods organisations, it cannot. Senior leaders have learned to expect monthly re-forecasts, quarterly target revisions, and year-end surprises. They have learned to discount demand forecasts, add contingency to budgets, and maintain separate "management views" that differ from official plans. They have learned that the planning process produces numbers, but not confidence.

This unreliability has real costs. Working capital increases to buffer uncertainty. Customer service suffers when the supply cannot trust the demand signals. Promotions are approved without a clear understanding of the margin impact. Investment decisions are delayed because the business case keeps changing.

Most importantly, unreliable planning erodes trust between functions. Supply Chain does not trust the commercial forecast. Finance does not trust the volume numbers. Sales does not trust that operations will deliver. This lack of trust creates defensive behaviours: padding forecasts, building inventory buffers, and setting targets low to ensure achievement. Each behaviour undermines the overall plan, reinforcing distrust.

## Why Consumer Goods is Particularly Exposed

These problems exist in every industry. Consumer Goods manufacturers suffer more acutely for structural reasons.

First, demand is heavily influenced by promotions. In many categories, promoted volume represents 30–70% of total sales. This means demand signals are inherently volatile and difficult to forecast statistically. It also means demand planning cannot be separated from commercial planning.

Second, promotional commitments are made early but finalised late. Retailers expect confirmed promotional calendars months in advance, but mechanics and depth often change close to

execution. This creates a planning-horizon problem: by the time details are known, supply commitments are already locked in.

Third, margins are thin. Consumer Goods businesses typically operate on single-digit net margins. This means there is little room to absorb planning errors. A promotional misfire, an inventory write-off, or a service failure flows directly to the bottom line.

Fourth, retailer power creates asymmetric consequences. A service failure to a major retailer can result in penalties, lost listings, and damaged relationships that take years to rebuild. The cost of getting it wrong is not just financial.

Fifth, complexity is high and growing. SKU proliferation, channel fragmentation, and customer-specific requirements make the planning task more difficult each year, even as expectations for speed and accuracy increase.

In this environment, fragmented planning is not just inefficient; it is harmful and it is dangerous.

### Recognising the Symptoms

How do you know if your organisation suffers from the planning problem? Look for these patterns:

- Multiple versions of the forecast exist at any given time, and no one agrees which is "the one number."
- Monthly planning meetings consume significant executive time but rarely produce clear decisions.
- Promotional decisions are approved without explicit margin or supply feasibility analysis.
- Finance reconciliation happens at month-end, revealing surprises that could have been anticipated.
- Re-forecasts are frequent, and each one creates a new baseline that is immediately outdated.

- Trade spend is difficult to track, accrue, or connect to actual volume and profit outcomes.
- Different functions use different planning horizons (even different units of measure), making cross-functional alignment difficult.
- When things go wrong, the discussion focuses on who is to blame rather than what to do next.

If more than three of these feel familiar, your organisation has a planning problem. The question is what to do about it.

### What This Book Will Cover

This book is a practical guide to Integrated Business Planning for Consumer Goods executives.

It will explain what IBP actually is — and, importantly, what it is not. It will clarify how IBP differs from Demand Planning, S&OP, Trade Promotion Management, and Revenue Growth Management, and how these capabilities connect. It will diagnose why so many IBP implementations fail and how to avoid the common traps. It will provide a pragmatic roadmap for implementation, grounded in what works in practice rather than theoretical ideals, and it will quantify the business value that well-executed IBP delivers.

This is not an argument for more process, more meetings, or more technology. It is an argument for clarity: clarity about what decisions need to be made, who needs to make them, and what information they need to make them well.

IBP, done properly, is not a planning process. It is a management operating model. It changes how the business runs, not just how plans are produced.

That distinction matters, and it is where we begin.