TORI
Experience. The difference.

Commercial Business Planning – an enterprise-wide, agile optimisation framework

Today's enterprises are under increasing pressure to manage a myriad of challenges:

- Increase profitability through cost optimisation
- Build ever more agile capability to respond to client requirements and changes in demand
- Reduce complexity of systems and processes, while managing obsolescence
- Leverage rapid developments in technology and supplier innovation

TORI's Commercial Business Planning solution, rooted in Zero-Based Budgeting methodology, is designed to offer a response to these challenges. In this paper, we summarise some of the key facets to the process, the benefits it provides and why we believe our toolkit is key to optimising your cost base, offering a real alternative to the annual budgeting / operating planning process which is proven to be cumbersome and out of touch.

Following our process and approach typically:

- Builds an effective service catalogue, linked directly to the organisation's objectives and requirements
- Drives cost optimisation of typically c25%
- Enables delivery within a timeframe of circa 12 weeks for an initial service stack

But First…An overview

What is Commercial Business Planning?

The Commercial Business Plan process is delivered using a four-stage approach:

1) Build a view of the business strategy; develop a taxonomy; and map services to the strategy; map costs to these services. This forms the baseline from which the Commercial Business Plan is developed. An added benefit is the release of 'stranded funds', very often left in the traditional budgeting cycle. These can be used as a contribution to cost reduction, investment in strategic plays (e.g. digital) or held as a provision against 'unknowns'.
2) Analyse and Challenge – all services and costs are scrutinised to ensure they are justified, fit for purpose, fully optimised and a plan to enhance over time through developed opportunities
3) Execution – delivery of the agreed opportunities generated through the first two phases, including (but not limited to) TOM definition, Sourcing-led activities in the market and technology / business process optimisation.
4) Management & Governance – a robust framework to ensure sustainable business benefit is delivered, providing a simple, clear tracking process via easy to use tools.

Why invest in Commercial Business Planning?

A good way of understanding the benefits of Commercial Business Planning is to compare it to traditional budgeting processes:

Traditional Budgeting / Operating Plan	Commercial Business Plan
Cost First: Focuses on costs	**Strategy First:** Focus on business and demand drivers; determine services required to meet the strategy; then cost the services
Plus or Minus: Typically references previous budget, with inflationary or cost reduction targets embedded	**Clean Slate:** Makes no reference to previous budgets. All services and costs are justified, eradicating where possible services / processes that add no value, and optimising those that do
Resource overhead: Significant peaks of effort	**Do it once and manage:** After the initial build, the Commercial Business Plan is a continual process, updated often, reducing the overall demand on human resources
Finance focused process: Often developed by Finance and functions, then selectively shared with other stakeholders after the event	**Joint agreement:** A truly collaborative process across the Service Provider, Service Recipient, Finance, Procurement, HR and any other relevant stakeholder. This creates an agreed, aligned, single view of the plan
True at one moment in time: Accurate at the point of creation, then left materially unaltered for the forthcoming period	**Available at the 'press of a button':** Developed as an agile view, the Commercial Business Plan is updated regularly, meaning that, through the CBP toolkit, it can provide accuracy whenever it is required
Open to constant challenge: Cost challenges can arise at any time and can be difficult to counter	**Transparent:** Developed to be a true reflection of services and costs; and developed together with core functions, the Commercial Business Plan is designed to act as a 'defender position' – enabling any business or function to evidence service value, dynamically managing changes in demand and model the impacts of future cost challenges.

What does the Commercial Business Plan give me?

The commercial business plan provides, at any point in time:

Book of Costs:

- **Iterative, accurate and transparent** view of all service component costs
- Mapped to Opportunities Log, updated and **continuously maintained** to reflect changes in business demand and successful delivery of optimisation opportunities
- Instantly available at the **'touch of a button'**
- Supports **thematic reviews** across the business, including **internal and external** benchmarking

Opportunities Log:

- A single **'golden source'** for all efficiency opportunities
- Maximises resource **utilisation** and **minimises disruption**
- Builds **category plans** for Procurement

Rolling 18+ month Forecast:

- Builds a forecasted view of costs out over **rolling 18-month period**, through **incremental reviews** on a quarterly basis
- Delivers an **agile, iterative approach** to service strategy
- **Drastic reduction to overheads** in production of Annual Operating Plan.

Summary

The Commercial Business Plan is a collaborative, holistic and transparent process, devised to enable the effective management and optimisation of services.

Designed to deliver a single view of the truth, it enables effective, dynamic business planning, demand management and agility, while enabling sustainable, long term cost optimisation and efficiencies.

If you would like to know more, please contact Paul Brooks or Mike King at TORI Global.

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