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# INTEGRATED BUSINESS PLANNING

## Sales, Customer & the Supply Chain

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# Today's Agenda

- **Introduce Integrated Business Planner™ (IBP)**
- **Share Beaulieu Group's IBP Experience**
  - Company Overview
  - Key Challenges
  - Solution Benefits
  - Business Impact - *6X ROI*
  - **Introduce Integrated Business Planner™ (IBP)**
  - **Summarize & Answer Questions**



# Beaulieu of America

- Beaulieu of America has rapidly grown into the world's third largest carpet producer
- Beaulieu is the largest carpet-only producer in the US
- Headquartered in Dalton, GA
- Beaulieu has grown organically as well as through M&A
- Brands Include:
  - Bliss by Beaulieu™
  - Coronet®
  - Hollytex ® Commercial Solutions
  - Beaulieu Property Management Solutions



# Beaulieu of America

- External planning complexities driven by demand and input price volatility
- Internal planning complexities include:
  - Product portfolio featuring more than 9,000 SKUs
  - 7-10 levels of intermediate products
  - Supply chain comprised of more than 24 facilities
  - In-house and outsourced production options
- Increase in account-specific product & service-level requests



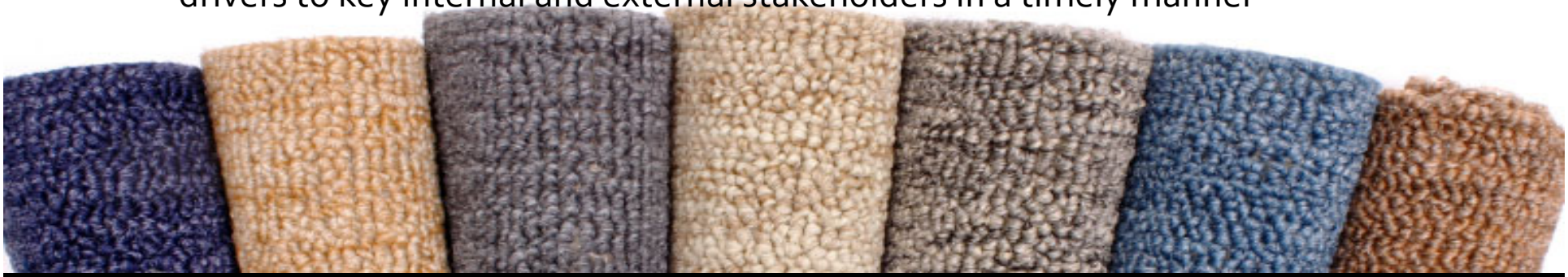
# Key Challenges

- Increase total contribution margin by eliminating unprofitable SKU's
  - Difficulty defining contribution margins by product
  - Standard costing didn't help when it came to making decisions
- Rationalize post merger and acquisition supply chain capacity and utilization
  - Complex environment with multi-step manufacturing processes
  - Difficulty understanding impact of supply chain alternatives
- Improve communication and agility of existing planning processes
  - S&OP process disconnected from financials
  - Spreadsheet-based analyses too cumbersome and time consuming



# Solution Benefits

- A single, unified representation of the business - we now have a better understanding of the products and activities that drive profit and costs throughout our supply chain
- Flexibility to quickly ask 'what-if' questions and identify optimal responses:
  - What if demand volume is 20% higher than anticipated?
  - What if raw material input prices rise or drop by 10%?
  - What if we add a shift to an existing resource/facility?
- Capability to clearly communicate scenario assumptions and decision drivers to key internal and external stakeholders in a timely manner



# Business Impact – *6X ROI* in First Twelve Months




* Exact numbers sanitized to protect client confidentiality

# Business Impact – *6X ROI* in First Twelve Months

## Sourcing




- Impact on raw material pricing
- Capacity analysis (when to go outside for materials, machine time, etc.)

* Exact numbers sanitized to protect client confidentiality

# Business Impact – *6X ROI* in First Twelve Months

## Resource Planning




- Change priority on finishing line
- Re-allocate production among facilities
- Determine when to invest in expansion
- Calculate property tax assessment
- Eliminate shift on dye facility
- Justify facility closure

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# Business Impact – *6X ROI* in First Twelve Months

## Product Mix



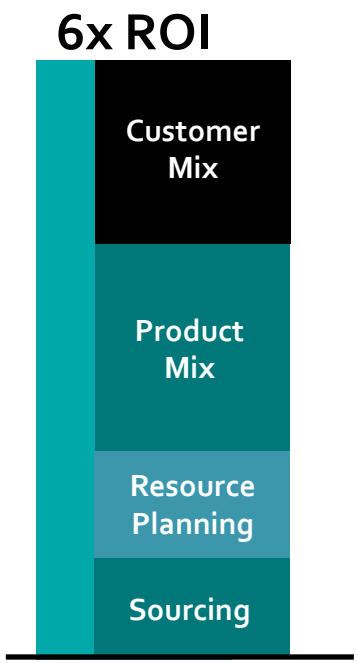

- Promote most profitable products
- Eliminate unnecessary SKU's
- Calculate marginal values
- Track Inventory carrying costs
- Determine cost of reworking vs discounting

**Note:** Margin based on standard costs was much different than actual due to changing product mix

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# Business Impact – *6X ROI* in First Twelve Months

## Customer Mix



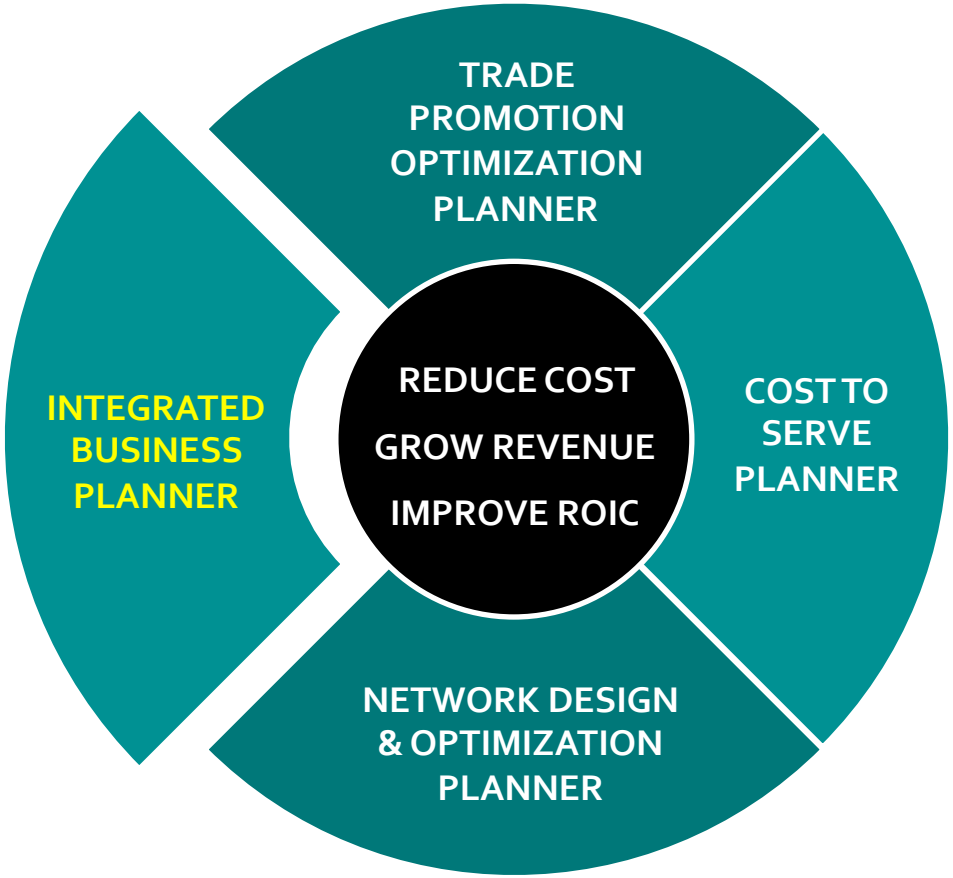

- Understand variable cost and contribution margin by customer
- Sell specific programs to key accounts based on volume and capacity opportunity values

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# Components of Getting There

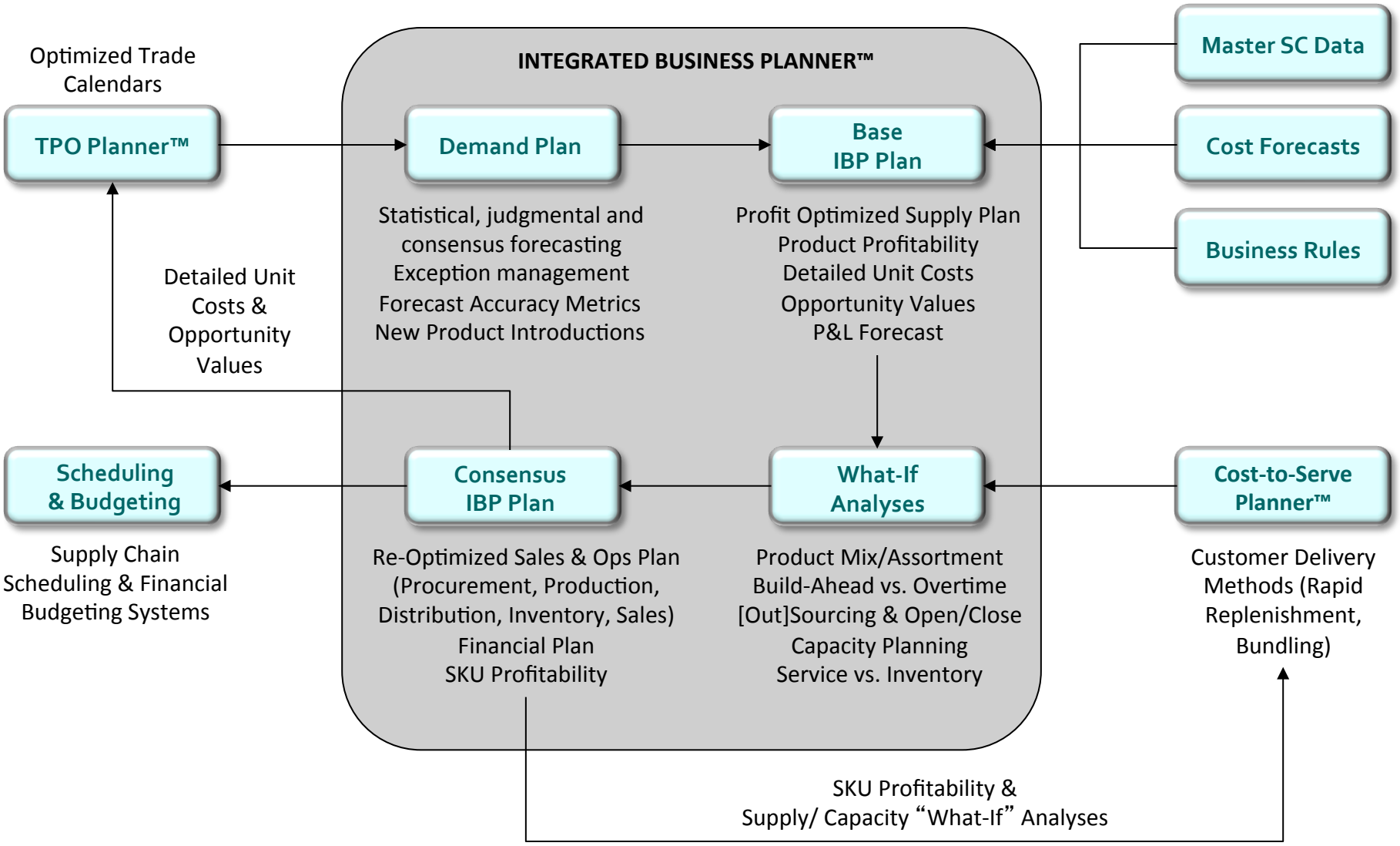
- Utilizes **constraint-based business model*** integrating sales, operations and finance
- Captures inter-relationships driving **cost/benefit trade-offs** of supply chain decisions
- Optimizes an unlimited number of **'What-if' scenarios** from multiple perspectives
- Calculates **detailed unit costs** and **marginal** product and resource **opportunity values**

## Consumer Goods Solution Suite




* All River Logic solutions utilize Enterprise Optimizer® business model

# Components of Getting There



# Next Steps at Beaulieu

- Cash Flow Planning
- Expanded Horizon Capacity Planning
- Optimizing Run Sizes for Batch Processing and Working Capital Covenants
- Pricing based on true profitability analysis
- Capital expenditure planning
- Raw material effect on business
- More granularity in decision-making



# Summary & Questions

- Integrated Business Planning is possible with the right enabling technology
- Consumer Goods companies using Integrated Business Planner™ generate significant financial return in relatively short time frames
- Consumer Goods companies utilizing these solutions (e.g. Integrated Business Planner and Trade Promotion Optimization Planner) will experience exponential performance gains




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