7 CRITERIA
FOR EFFICIENT
SALES PLANNING

PREFACE
WHAT AWAITS YOU ON THE FOLLOWING PAGES

This white paper was written for managers in charge of planning and business management whose company's success is directly dependent on sales planning. Above all, a smooth alignment between sales and operations (S&OP), starting with solid sales planning, is the foundation for business success. For users who manage their sales planning with Excel, this is a major challenge. On the following pages, you will find out what alternatives are available.

Wishing you an inspiring read,

Amit Mundra
Head of International Business QVANTUM
mundra@getqvantum.com

Contents

Challenges in sales planning

Everyone is talking about the term "VUCA"[1] and almost every industry is feeling the effects of growing volatility on the market. It is becoming increasingly difficult for management to run the business on the basis of long-term plans. Taking the consumer goods industry as an example, we will illustrate the acute challenges.

The manufacturing sector is impacted in particular. The reasons lie primarily in the contractual obligations that such companies enter into with their customers. Certain items must always be available ("never out of stock"). Warehousing is associated with huge costs, production must be just-in-time, and many departments and even third-party suppliers are jointly responsible for the production of a product. In short, the supply chain is extensive, there are many players working in the system and all the cogs must neatly mesh. This is the only way to meet demanding customer requirements.

[1] **VUCA** is the acronym for "volatility", "uncertainty", "complexity" and "ambiguity". This describes the apparent characteristics of the modern world.

The customer is the solution

The customer – including intermediaries, business partners and consumers – is the key player in this complex task. The analysis of demand is the initial spark for the entire manufacturing process. Demand and production must always be kept in balance and are naturally interdependent. Estimating demand and planning ahead is the task of sales and takes the form of sales planning. All subsequent steps for manufacturing (procurement, warehouse, production planning, etc.) can be derived from this.

Sales is basically the sensory system of your company similar to the sensory organs of a body. But these sensors will only help you if the planned sales data is always up-to-date and readily available. This is how you set the gears in motion.

Data is not only needed in sales, but in all units involved in production (operations). In the best case scenario, however, planning is not a one-way street. Instead, the production-related units also supply target figures, which in turn find their way back into an optimized sales plan. In this way, both areas benefit from the input of the other unit (Fig. 1).

Sales plan **Preliminary production plan**

Optimized sales plan **Optimized production plan**
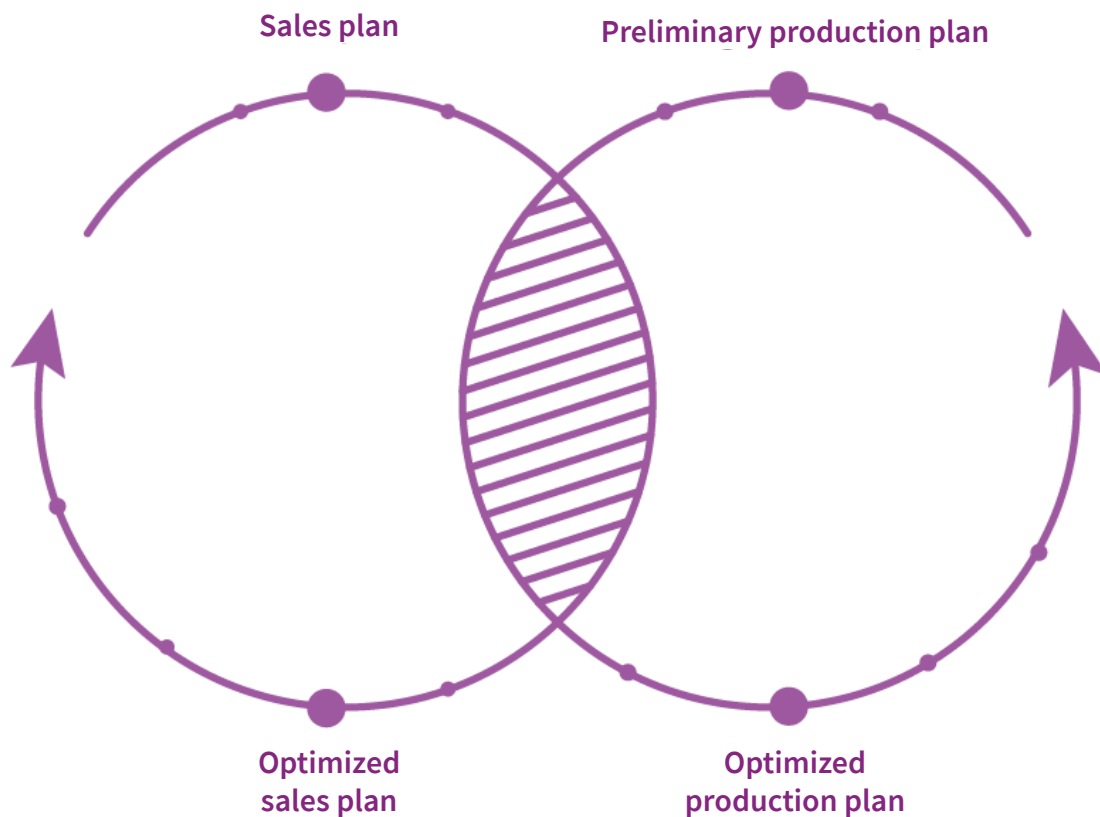
Fig. 1: S&OP alignment between sales and operations

Those who succeed in this coordination between sales and operations (S&OP alignment) will be rewarded with satisfied colleagues in every department and with long-lasting customer relationships. However, those who from the very beginning act half-heartedly in sales planning face numerous risks:

- Disgruntled customers who have to wait for their goods
- Cancellation or contractual penalties from business partners
- Waste of resources due to overproduction
- Inefficient utilization of production units
- Missed market opportunities exploited by competitors

STOP

Limitation of sales planning

For ambitious controlling, the risks mentioned (see section 2) cannot be tolerated. At the same time, the ICV study[2] clearly shows that Excel is still predominantly used to record plan data. In the majority of controlling departments and in sales, plans are entered by playing catch with Excel spreadsheets. Excel's great popularity is understandable.

How is the planning data collected? (Multiple selection)

76%	Excel spreadsheet
35%	On-Premises Software
22%	Cloud Software
2%	Not at all
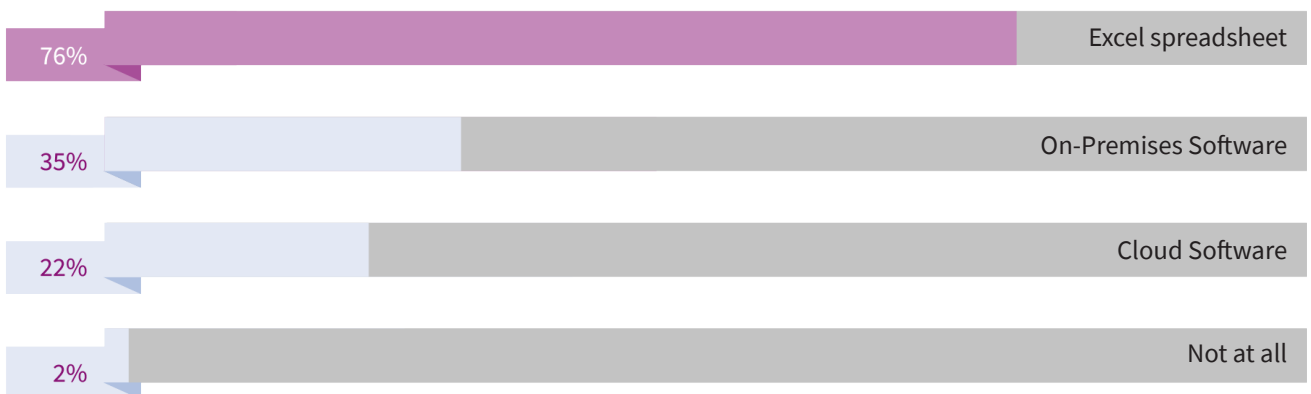
It has been a loyal companion for most controllers for many years and it provides a lot of freedom to map individual planning requirements. But the price paid for this is high.

The daily Excel routine of many controllers
Employees in the central planning departments split up overall planning into individual Excel spreadsheets and email them to the various business units. When planning in the departments is complete, the spreadsheets are again collected and painstakingly merged into a central planning spreadsheet for the entire company. This workflow causes a number of difficulties that are at odds with current requirements.

1. Lack of planning access

Since the spreadsheets are distributed as individual files among the people involved, access to the current status of all planning is not guaranteed. If a planner is absent due to illness, for example, his colleagues will, in the worst case, be unable to access the file in his personal local workspace. This unnecessarily slows down the planning process.

2. Time-consuming data merging

Excel is inherently open with respect to formatting. Some protection mechanisms are provided in Excel (e.g. Protect Sheet). In practice, however, such methods often prove to be too inflexible, which is why they are rarely encountered in planning operations. As a result, each individual user is able to restructure the spreadsheet at will and, for example, add new rows to it. What is useful for the individual user and his individual subplanning results in serious technical problems in the final integration of overall planning. Merging is thus made much more difficult. In this case, the central controller has no choice but to manually adjust all the differing spreadsheet edits individually. This is not exactly a pleasant Sisyphean task, which also takes a lot of time and holds up the entire planning process, not to mention his nerves, which fall by the wayside.

3. Manual changes

Decentralized planning is not a one-way street. Once plan data has been collected, it is aggregated and evaluated at the headquarters. Central adjustments at the aggregated level (for example, an increased sales target for a national subsidiary) are not uncommon or even the rule in most companies. The adjusted targets in top-level planning must subsequently be mapped back to the lower levels, e.g., the individual items of sales planning in the national subsidiaries. This is the only way to ensure that the entire planning process remains consistent and valid. The way forward in the Excel ecosystem is to once again initiate a collection of customized Excel workbooks for each decentralized unit. In addition to the extra time required for distribution and

subsequent collection of the Excel worksheets, there is also a technical limitation of Excel: automatic recalculation – e.g. of the sales target to the line items of sales planning – cannot be mapped without time-consuming individual programming or by using a large number of formulas in many individual Excel cells.

## 4. Inconsistent plan figures

The calculation logic of the planning model mentioned in the previous section (e.g., stored formulas for dependent plan values) must be included redundantly in each distributed Excel spreadsheet.
If changes to the planning logic occur over the course of distributed planning, these adjustments must also be entered in each individual document. In the opposite case – a single planner changes the stored formulas in his own spreadsheet – unnoticed calculation errors may sneak in or logical contradictions may arise that block the entire aggregation. In addition, it is very difficult to gain an overview of the logic of one's own planning when a host of formulas is hidden in a variety of different cells. In this form, the modeling logic is as transparent as woodchip wallpaper. If it is not precisely documented, an aggregation error quickly becomes a nerve-wracking search for the needle in a haystack for the central planning manager.

5. Tracking the planning process

In addition to finding any errors, there is a general lack of transparency for the planning manager:

- Who has already started the planning?
- Who has finished?
- Who needs to be reminded?
- Who is currently waiting for whom?
- etc. pp.
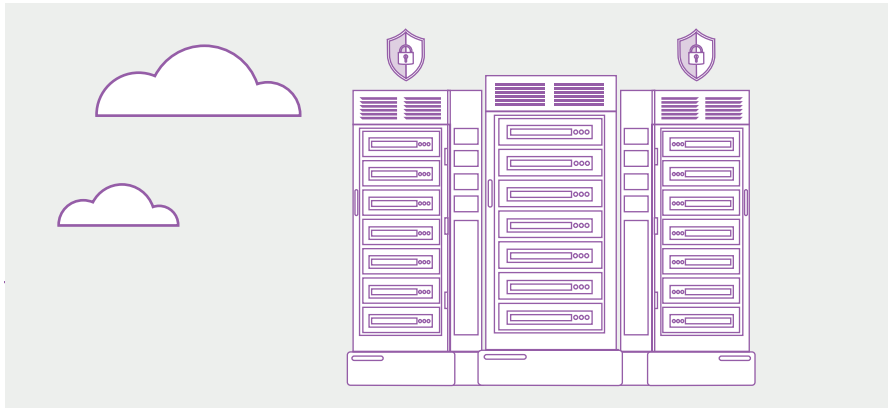
In this manual process alone, you lose a lot of time for tracking and checking. As the person responsible, the only hope that often remains is that planning will somehow be completed on time. Often, however, the final plans arrive shortly before the gates close or are not on time at all. In this situation, some planners even make their own assumptions in the face of adversity.

6. Uncontrolled movement of data

All of Europe has had data protection on its radar since the introduction of the GDPR. Cookie notices appear on every website, and double-opt-in confirmations for newsletters are a matter of good form. When it comes to data exchange, care is clearly lacking: sensitive sales and financial data is often sent as email attachments and ends up in the form of Excel workbooks on numerous distributed client computers. As a result, planners are losing control over important company figures. Even worse, in this way, plan data can get lost or fall into the wrong hands. This is a worst-case scenario that has consequences for the entire company.

Taking the next step carefree

Why do many users struggle with the introduction of a new planning solution despite these six valid areas of risk? The consulting firm Horváth & Partner has an explanation[3]: Users shy away from big implementation projects. Analyzing processes, developing concepts and reinventing the world with expensive consulting fees. This scenario of a substantial project still seems to make many users believe that the appreciable hassles of using Excel are more palatable. We want to show you that it can be done another way, using the revolutionization of sales planning as an example.

[3] from the video interview with expert Michael Kappes "Corporate Planning in Upheaval": Modernizing the planning process can take several months – an effort that many companies have shied away from, according to Kappes' observations.
Source: **www.horvath-partners.com**,

Your health check for sales planning

A high level sounds good at first and like a wish that many heads nod at. But what exactly does that mean? From our discussions with many users, we can identify seven main performance areas in which a suitable technical planning solution generates added value for business management.

1. **Speed**
2. **Planning throughput**
3. **Transparency**
4. **Reliability**
5. **Automation**
6. **Security**
7. **User acceptance**

To the health check

Current state of planning speed

Another look at the planning study with the International Controller Association[1] shows that sales planning still takes a relatively long time for many users: 67 percent of users reported that it takes several weeks or even more than a month.

How long does your planning period take (focus on sales planning)?

less than one week

20%

one month

14%

several weeks

34%

longer than one month

32%

1 SPEED

Net time from the start of planning to the final planning result.

Planning must be possible within one week. Otherwise, the world and its market environment has already revolved several times in the course of planning. The study shows that for 20% of respondents sales planning is already possible in less than a week.

2 PLANNING THROUGHPUT

Frequency of planning cycles performed in a financial year.

In addition to the duration, the frequency of your planning rounds is a decisive factor. Rolling monthly forecasts are already the norm in sales. You are excellent if ad-hoc planning can also be added to the controlling mix.

3 TRANSPARENCY

Always keep an eye on the status of the planning process.

Who has already started planning? Who needs to be reminded again? Which planning figures have already been submitted? And how far away are you from final planning? You always have the answers at hand, because you are in control of the process.

4 RELIABILITY

Trust every figure of your planning and know its source.

Planning is finished and you present the result to the board. Your CEO notices an outlier in the planning. At this point, it pays off that you can rule out calculation errors and, on the other hand, simply drill down to show the source.

5 AUTOMATION

Reduce manual work to aggregate or import figures.

As the controlling manager, you are an expert in data analysis. Collecting and consolidating data therefore does not fall within your remit. Your focus is 100% on evaluating the planning content. Technology takes care of aggregation for you.

6 SECURITY

Plan data is no longer sent by email.

Plan data is of course no longer sent by email on the open internet. Your data is stored securely on the web server on which your central planning solution also runs. The service provider for the planning solution is responsible for the issues of GDPR and data security.

7 USER ACCEPTANCE

Satisfied users who also put little effort into planning.

You hear little from your planners during the planning process. This is because the plan is entered intuitively using a tool that does not need to be explained in detail. The only thing that happens is that one or the other of them will contact you if there is any ambiguity about top-down specifications and planning premises.

✔ YOUR HEALTH CHECK

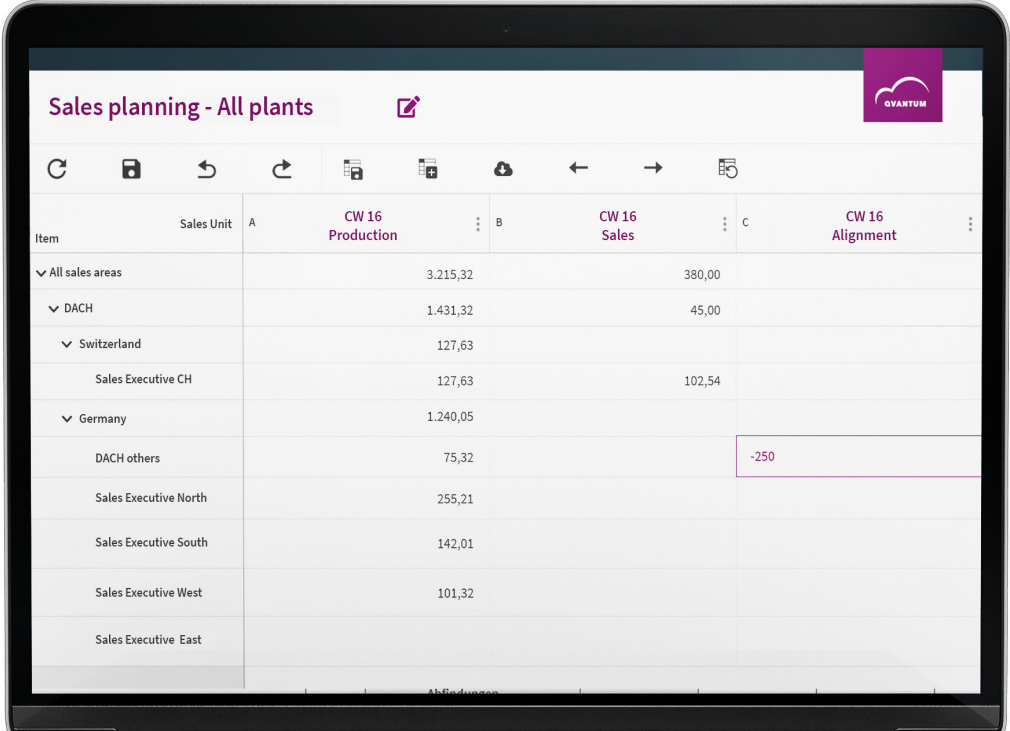### Be honest: How many of the seven points does your planning currently fulfill?

Being unable to check off some of these points is a clear indication that you need a better solution for your sales planning. It is precisely the lack of these additional benefits that will help you determine the right new software solution for your business case.

Planning sales with QVANTUM

By using QVANTUM, you collect the plan data for your sales planning on the web with no need for Excel: The user-friendly QVANTUM cloud solution requires no installation and no expert knowledge. This gets your new sales planning up and running quickly and reliably.

Get started right away without IT

Many things such as the topic of operation and maintenance are no longer required when using the QVANTUM Cloud. You get access to your account and can immediately get started with planning preparation. You can easily create the planning model via a template and upload it to the cloud with just one click. Your planning starts with a second click. Your users automatically receive an email containing access data as well as a personal link and get started planning.


Screen: Example form of planning with QVANTUM

Automatically calculate data

Data from the individual plans of your colleagues is consolidated auto-
matically. Regardless of whether it is the aggregation of data from bot-
tom-up planning or the distribution of planning premises (top-down
specifications) from management. You store dependencies between
key figures and other calculation logic centrally in the planning model.
Changes in planning logic are only made in one place. Since all calcu-
lations are always done immediately, everyone involved always looks
at the same planning status (single source of truth).

Maintain an overview in every situation

QVANTUM has two simple tools, the Progress Viewer and Cockpit
Viewer, which give you an overview of your planning process.
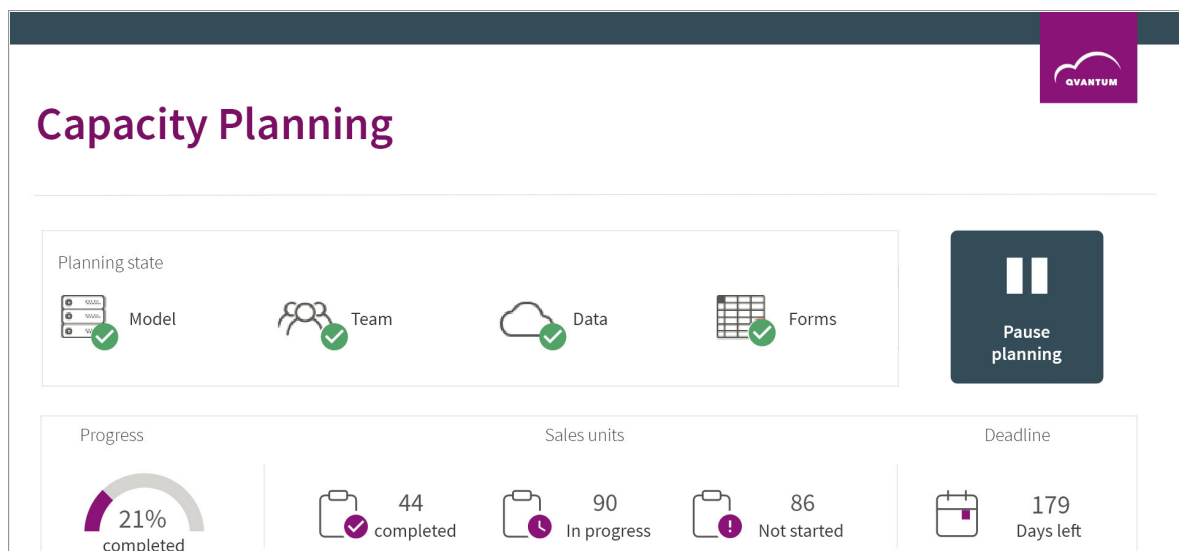
**Screen: Cockpit for overview and control of planning**

The cockpit shows you the most important status messages and
the current progress of your planning at a glance. This allows you to
provide support wherever it is needed. In addition, you can pause the
planning process in the cockpit at any time or end it prematurely if you
want to calmly make manual adjustments. Email messages informing
your users about this are sent automatically by QVANTUM.

The Progress Viewer gives you an overview of the status of all planning
units that your colleagues are working on, allowing you to monitor
the planning process at any time. Are you still waiting for the final

ONSKINERY

"By switching to QVANTUM, we saved a lot of time that was otherwise needed for the preparation, administration and data consolidation of planning: With the old Excel process, it took about one and a half months to finalize the plan. With QVANTUM we are now much more flexible. We can start planning at any time and after only five days all plan data can be automatically extracted and further processed. So we now focus entirely on the technical budget process."
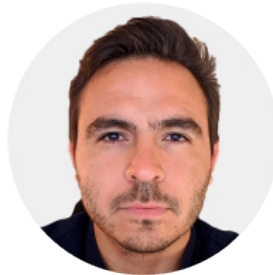
bioteksa
Inteligencia que Nutre

"We were very enthusiastic about the straightforward support during commissioning and modeling. The software solution was up and running in just a few weeks. In addition to our new ability to plan faster, we have gained a better overview of our sales activities. In short, QVANTUM gives us a reliable data basis for intelligent sales decisions and is the first step towards digitizing our business management."

SALOMON FoodWorld

"We were particularly impressed by the rapid switch from strictly Excel-based planning to plan data entry in the cloud. After all, agility is the determining factor for success in our business. That's why, when selecting a planning solution, it was important to us that the new software be extremely flexible in order to keep up with the pace of our market. QVANTUM has fully met this requirement. After just two days of onboarding, the new planning solution was ready to be used as a software-as-a-service only solution." Learn more.[1]

[1] Source: Success Story: SALOMON Sales Planning Well Done. Download as PDF at:
lp.qvantum-plan.de/ib-success-story-salomon

subplanning (e.g. for the northern sales territory)? This is where you find out which colleague you need to talk to. Alternatively, you can send him a friendly reminder directly from the cockpit if the deadline has already passed.

Capacity Planning

Progress by sales units

Sales Unit	Progress	Contact	View	Decline	Message
All sales units		Conrad Controller			
∨ North		Hans Kolibri			
Flensburg	In progress	Petra Planer			
Hamburg	Not started	Elisa Elan			

Screen: View of the planning progress in QVANTUM

Seamlessly connect source and target systems

No planning takes place without reference values. Typically, actual figures are required from the ERP or merchandise management system, for example. In addition, the planning result is processed in other systems. Finally, data from sales planning is used as a basis for aligning your production planning and further steps in operations. QVANTUM manages integration into your individual system landscape via a standardized interface (REST-API). You can find out what other standard connectors are available at: qvantum-plan.com/integration.
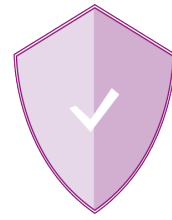
Protect data

QVANTUM features a data and identity management system strictly separated from other customers, based on audited industry security standards. QVANTUM is hosted in the data center of Thinking Networks' parent company, Buhl Data Service GmbH. The data center is certified in accordance with VdS 10000 – an externally verified information security management system.

- German data center
- Connection to AD/LDAP
- Load balancing
- HTTPS encryption (TLS/SSL)
- OpenID Connect/OAuth 2.0

Experience satisfied planners

To make the transition as easy as possible for your users, QVANTUM places great emphasis on intuitive user guidance. The result is that many customers start planning with QVANTUM straight away with no user training. An interview with our customer ONSKINERY shows how well this works in practice: "The most important feedback is that there was no negative feedback at all during planning," says Christoph Holinski, describing his experience[1]. The few questions from his colleagues that came up in the first round of planning related solely to planning content.[2]

[1] Podcast interview with Christoph Holinski, Manager Projects, Strategy and Transformation at ONSKINERY GmbH & Co. KG. Listen in at (quote from approx. 12:20 minutes): www.qvantum-plan.de/folge9-3-onskinery-unternehmensplanung-revolutionieren/

[2] Success Story: ONSKINERY Revolutionizes Sales and Revenue Planning. Download as PDF at: lp.qvantum-plan.de/ib-success-story-onskinery
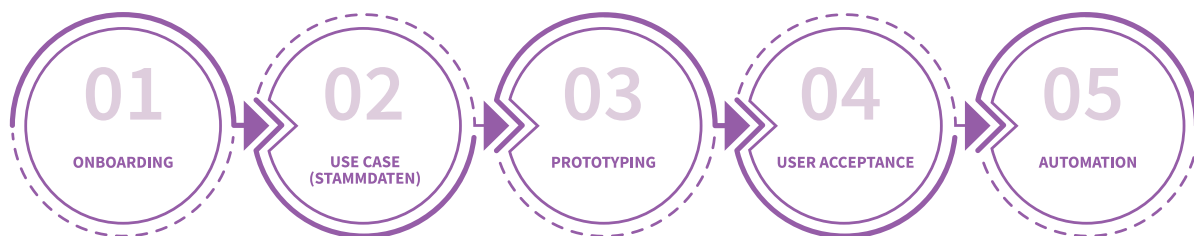
Your short path to the QVANTUM CLOUD

Switching to planning software does not have to result in a project. What is needed, in addition to a 100%[1] software-as-a-service, is a straightforward but clear approach to developing and deploying the solution.

The introduction of QVANTUM always takes place in five steps. The first step (1) is an onboarding meeting. During the meeting, we become familiar with your specific use case and present QVANTUM to you in a live demo, using sales planning as an example. For the next step (2), you send us a specific plan in its current state (secure upload to our German cloud). Based on the data you provide, we can work together to take measure and demonstrate a prototype in QVANTUM for you and all stakeholders involved. The findings from your feedback on the prototype flow directly into the creation of an individual quote.

[1] Learn what we mean by 100% in the interview "Elastic Scaling", published in BI Magazine.
Download now at:
lp.qvantum-plan.de/ib-interview-bimagazine-0318

01	02	03	04	05
ONBOARDING	USE CASE (STAMMDATEN)	PROTOTYPING	USER ACCEPTANCE	AUTOMATION

Your QVANTUM Cloud can then go live within a few days. In the case of our customer SALOMON, for example, this step took a mere two days (see page 16). After go-live, we will of course also be at your side for the next expansion stages of your planning: flexible expansion of user access, implementation of another use case, connection of other systems, etc.

QVANTUM in a nutshell

QVANTUM is a solution by Thinking Networks AG, which is headquartered in Aachen, Germany. Since 2018, QVANTUM has stood for innovative, digital and agile corporate planning with its software-as-a-service. Using a cloud-based solution, QVANTUM replaces manual and ineffective planning processes.

With QVANTUM, companies take their operational planning and related processes to the next level and ensure high and continuous value creation. QVANTUM corporate planning is in use at German and international organizations, including SALOMON FoodWorld, ONSKINERY and Babor. QVANTUM is the ideal corporate planning solution for organizations of any industry and size.

Learn more at **getqvantum.com**

You have questions? Get in touch!

Amit Mundra
Head of International Business
QVANTUM

mundra@getqvantum.com