**Alight Does Agile Planning**

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[Alight Planning](http://www.alightplanning.com/) sells planning and budgeting software mainly to midsize  companies and stresses its software’s ability to support a more effective approach to corporate planning and budgeting. It calls this “agile planning,” a term used to contrast a traditional, highly deterministic method of drawing up and executing plans with an “agile” mindset that is better able to deal with the high level of economic volatility that most businesses confront today. In many respects Alight’s approach is consistent with what Ventana Research refers to as “integrated business planning,” which I have [written about as a business priority](http://www.ventanaresearch.com/blog/commentblog.aspx?id=2957) and an area that I have [extensively researched](http://www.ventanaresearch.com/ibp).

 What distinguishes agile planning (and integrated business planning) from budgeting is this: In the end, the purpose of budgeting is to create a fixed budget for the finance department that constrains spending and attempts to hold people accountable to financial results. In contrast, the purpose of agile planning is to create a plan that enables a company to achieve its business objectives and then generate (as automatically as possible) a financial budget consistent with that business plan.

 The most distinctive feature of Alight’s software – an explicit unit-times-rate structure for building plans – does a great job of supporting a more advanced approach to planning and budgeting that is consistent with a performance driver planning methodology. The unit-times-rate method disaggregates the planning of “things” (for example, how many units will be sold and how many sales calls it will take to sell this many units) from the financial consequences of those activities (that is, revenues and cost of selling). Keeping units and rates explicit during the planning process can lead to a more effective allocation of resources. For example, executives can quickly compare average sales per employee by store or region or invoices processed per employee to see if headcounts are appropriate. Keeping units and rates explicit also can make the process of planning and (as important) replanning faster and more accurate because things and their prices are stored and calculated separately. For example, over the course of time, a company may find that its sales funnel model (the description of the progression from lead generation to closing a sale) remains accurate, but the cost of some components (such as an in-person sales call or the structure of sales incentives) changes. This approach also facilitates more effective contingency planning. Continuing the example, sales executives are able to calculate the impact of changes in average travel costs in real time to discuss and determine the best response if those changes come about.

 Moreover, compared to line-item budgeting, the unit-times-rate planning structure is more conducive to keeping everyone in the company focused on the important drivers of the business. It recognizes that the planning process should explicitly project the most important “things” that take place in business (for example, sales calls are made, units are sold and labor hours and materials are consumed) and the financial consequences that stem from these activities (travel expense, revenue and cost-of-sales impacts). When the time comes to compare actuals to the planned results, rather than just comparing accounting figures and trying to divine whether the difference was driven by units, the price of these or some combination of the two, executives and managers can see the explicit factors at work. By contrast, when companies do line-item budgeting, they can waste time on irrelevant items and become distracted from understanding and resolving important business issues (such as a declining close rate) because the drivers are not necessarily obvious.

 Alight Planning also stresses the importance of improving the maturity of a company’s planning process as a way of gaining greater business advantage from the planning process by using driver-based planning (and focusing only on the drivers that have a material impact on a company achieving its goals), integrating actuals into reviews (that is, incorporating operating, CRM, HR and any other relevant information, not just accounting data) and increasing the amount and sophistication of a company’s contingency planning.

 All dedicated planning applications compete with spreadsheets, which our research shows continue to be used by a majority of small and midsize companies. By stressing the need for a more effective approach to planning and budgeting, Alight is making the case for dropping desktop spreadsheets in favor of a dedicated planning solution; we concur with this because desktop spreadsheets are not capable of handling a dynamic, driver-based, operationally focused planning process.

 Alight Planning competes with a range of on-premises and hosted solutions aimed at midsize companies (which we define as those with 100 to 999 employees). These include Adaptive Planning and Host Analytics as cloud-based solutions, IBM Cognos, Infor, Prophix and Tagetek, as well as to a lesser degree, Budget Maestro (which focuses on small business and smaller midsize companies) and Oracle Hyperion and SAP Business Objects (which overlap at the higher end of the midsize spectrum). Alight’s most distinctive positioning against these companies is its focus on the unit-times-rate approach to planning and its advocacy of maturing the process.

 Companies should focus their forward-looking efforts on planning rather than simply budgeting. Our research continues to uncover reasons to use a dedicated application rather than desktop spreadsheets to manage the process so as to achieve the greatest business value for time spent. Some organizations are moving in this direction. For example, in 2010, Ventana Research gave Pittsburgh Mercy Health System our [Overall Business Analytics and Performance Leadership Award](http://www.ventanaresearch.com/awards) for its implementation of a more collaborative and interactive, business-focused planning process.  I recommend that organizations that want to make their planning and budgeting process a more valuable management tool use software that will support those efforts. If you’re at a midsize company looking to purchase a dedicate application and gain greater business value from the time spent, I recommend including Alight Planning on your list of software to evaluate.

 Regards,

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