

How an optimized Activity-Based Plan Addresses

The Limitations of Current Planning Applications

Application	Activity-Based Plan	Marketing Mix Modeling	Supply Chain Network Design	Optimized Activity-Based Plan
Planning Issue	Develop an activity-based plan	Size and allocate all or a portion of planned marketing budget	Design least cost supply chain	Given a traditionally developed activity-based plan, optimize it for 1) maximally profitable forecast 2) optimally feasible and sustainable supply chain
Model is activity-based	Yes	No	Yes	Yes
ABC data readily available	Yes	No	No	Yes
How are alternatives evaluated (i.e., solver)?	Scenario analysis (i.e., what will happen if we do X?)	Prescriptive analysis (i.e., What is the best X?)	Prescriptive analysis (i.e., What is the best X?)	Prescriptive analysis (i.e., What is the best X?)
Supply chain is a variable, prescriptively	No	No	Yes	Yes
Forecast is a variable, prescriptively	No	Yes	No	Yes
Entire income statement modeled	Yes	No	No	Yes
Objective function	Profit	Profit proxy: contribution margin by product	Cost	Profit

Forecast Optimally Profitable	No	No	n/a	Yes
Supply chain both optimally feasible and sustainable to support forecast	No	No	Yes	Yes
Reference Articles	<i>Wiley's Journal of Corporate Accounting and Finance, "Enterprise Master Plan: Next-Generation Planning with Activity-Based Costing,"</i> May-June, 2015, pages 71-77	Hanssens, Parsons, Schultz, <i>Market Response Models</i> , "Integrating Market response Models in Sales Forecasting at Polaroid," pages 391-393	Article on INSIGHT's web site	See optimized Activity-Based Plan