

Dreaming of a smoother **Annual Planning Process?** Think ahead.

Get everyone on the same page throughout the process so the entire team can focus on effective planning.

Before you know it, that time of year will be upon us again –AOP, or Annual Operating Plan, when volume revenue, profit and spending goals are compiled and account planning is about to start. Most CPG companies accomplish this through a labyrinth of spreadsheets and meetings, spending more time compiling numbers than discussing what to do to achieve them.

What should happen during AOP?

AOP is the process that occurs to effectively guide a company's efforts for the next year –define goals and lay out strategies and resources to achieve them. These goals and strategies are pushed through the entire organization with each functional team planning the detailed strategies and tactics to achieve their portion.

Top-Down Planning: The financial core

Finance (and/or Revenue Management) is typically in the driver's seat to develop the financial core of the AOP plan. What are the corporate objectives for revenue, volume, profit and the budgets to achieve them? This starts the top-down planning process.

They will work closely with marketing, sales and sales planning, as well as demand planning and supply chain, to push these objectives to the appropriate levels of the product portfolio as well as to sales regions and customers. It's an arduous process involving quite a bit of historical analysis. Throughout the process, the different stakeholders seek to gain alignment to what can be achieved, and the best path to get there.

Bottom-Up Planning: Sales gets to work

While the top-down process is churning, field sales will start to get to work, building account plans through a joint planning process with top customers. They will review the results from prior plans and strive to get more volume from the spend – optimizing the promotional calendar for their benefit and working with customers to grow their business as well.

Account planning involves more than promotional planning. Key Account Managers will be reviewing product mix, planning for innovation, negotiating shelf space and capitalizing on local programs from both the manufacturer and retailer.

Meeting in the middle?

Once the top-down numbers are agreed on, and the account plans are complete, it's time analyze the gaps and negotiate what to do about them. This is where the rubber meets the road in the process. Which accounts can we squeeze more from? Where are the biggest risks to the plan? How do we mitigate those risks? Are there promotional options that give us better ROI? Are the gaps in volume, revenue or profit? Is there room to improve product assortment? Plans are scrubbed and re-rolled to a full forecast until all parties are in alignment on "the number".

Some AOP tips:

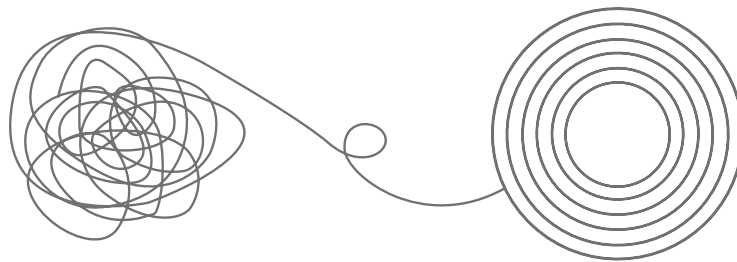
Start early and do your pre-planning homework. Analyze results happening this year on an ongoing basis so you aren't scrambling. Have data driven insights that are distilled and served up in an easily digestible manner at your fingertips throughout the process. Starting early will also give you time to identify your knowledge gaps and close them.

Align key stakeholders: Identify likely blockers and get them on board early and often, involving them as you develop your strategies.

Prioritize which elements of your plan are most vital to achieving your objectives? Prioritize these in all phases.

Establish the checkpoint calendar for next year so you can identify areas where actuals are not meeting goals and course correct early.

Creating Order from Chaos



With this many people working in disparate spreadsheets on a process this important, its not surprising that chaos reigns and stress levels run high. Add in the fluidity of the numbers and goals as the different parties progress through their analytics, and it is nearly impossible to keep everyone on the same page.

Imagine a system that:

- ✓ Enables Top-Down planning, with scenarios and the appropriate updated metrics.
- ✓ Systematically pushes top down plans through the product and geography hierarchy.
- ✓ Delivers the plan to the right owners in the field.
- ✓ Allows for in-app collaboration.
- ✓ Starts fully loaded with historical data to generate targets.
- ✓ Enables a comparison of bottom-up to top-down.
- ✓ Suggests gap-closure.
- ✓ Utilizes promotion optimization from AI and ML models.
- ✓ Contains all the numbers in one system for updated, transparent and completeness across functions.

Implement AOP planning in as little as 8 weeks!

Meet CPGvision: the best-in-class fully connected and integrated RGM solution suite for consumer packaged goods, built on the Salesforce platform. Our AOP module is providing order from chaos for CPG companies today! With the most advanced functionality in the industry, CPGvision equips you with real-life problem-solving applications for TPM, TPO, and RGM.

Your success is our success: CPGvision proudly provides a dedicated customer success team staffed with CPG industry professionals. Bring order to your chaos - [Get in touch with us today to learn more.](#)