Strategic Planning using Scenario Modelling

13 August 2009

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Gateway Upgrade Project, QLD

Agenda

▪ Leighton Contractors	5 min
▪ An Integrated Performance Management Solution	5 min
▪ Strategic Business Planning Context	5 min
▪ Demonstration – Work Volume Planning (P&L)	15 min
▪ Demonstration – Funds Employed Planning (B/S)	5 min
▪ Demonstration – Reporting, Charting & Analysis	5 min
▪ What's next ?	5 min
▪ Questions & Answer	5 min

Leighton Contractors

- Who are we?

  Established – 1949

  Head Office – Sydney

  Revenue – $4.6 billion (FY07-08)

  Work in Hand – $9.4 billion (Jun 08)

  No. of Employees – 8,294 (Jun 08)

  Operates in Australia, New Zealand

- What do we do?

  Civil engineering

  Major infrastructure development

  Building

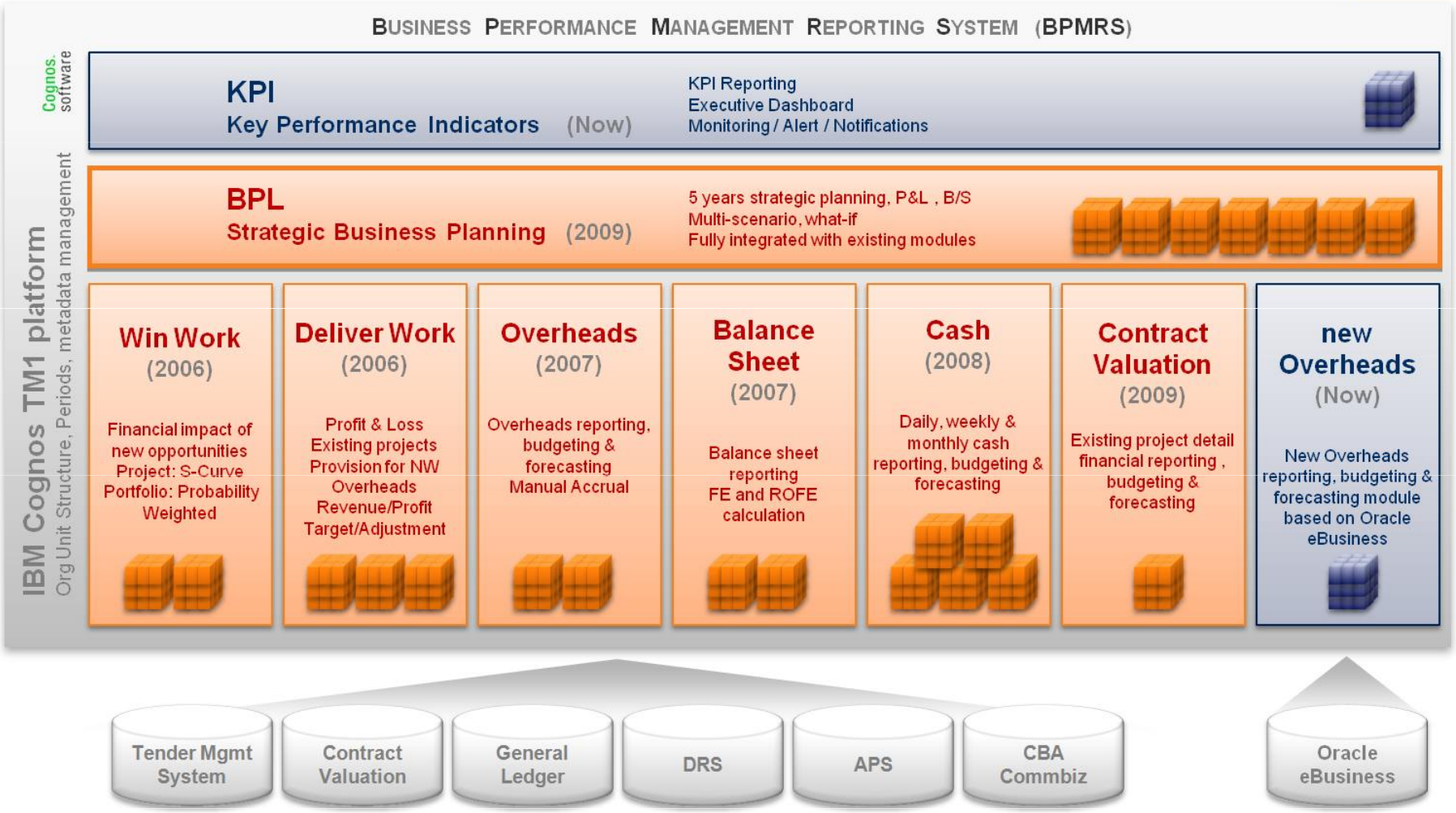
  Contract mining

  Process engineering

  Telecommunications services

  Facilities management

Our TM1 Implementation Journey



A integrated Business Performance Management Solution (BPMRS)
150+ users, 2 PROD servers (64bit), 26 cubes
Still growing ……

The Context of Strategic Business Planning

PREVIOUS PRACTICE

- **Excel & Word Templates**
  Disparate Excel and Word documents consolidated by Group Planning Manager
- **Manual**
  Extensive manual input to produce financial forecasts
- **Version control**
  To ensuring numbers are the latest version
- **Short-term vs. Long-term**
  Does not interact with other BPMRS/TM1 modules (the linkage to short-term planning)

REQUIREMENTS

- **Multi-scenario**
  Multiple scenarios with comparisons & Sensitivity analysis
- **Driver-based & "what-if"**
  e.g. S-curve, probability %, calculate WIP/debtors from debtor days
- **Integration**
  Integration with other BPMRS modules (e.g. use short-term planning as starting point)

SOLUTION / DESIGN

- **Introducing Scenario & version control**
- **Redesigned optimising calculation performance**
- **Real-time results**
- **Automation**
  Providing facilities to easily populate/copy different scenarios
- **Fully Integrated**
  - Org Unit structure (BPMRS)
  - Opportunities
  - Existing Projects
  - Overheads
  - Trial/B (GL)
  - Security

EXECUTION

- **Workshops / Prototype**
- **Clear Business Focuses**
  Emphasize business rules, modelling and usability rather than tech functions / coding
- **Fast Implementation**
  Designed, developed, tested and deployed within 4 month (Oct 08~Jan 09)
- **Usage**
  The 1st draft was first time populated, consolidated and reviewed by February. The 2nd draft is finished by May
- **Positive feedback**
  Overall very positive comments on the functionality, performance and reports.

Simple Design – Powerful Capabilities

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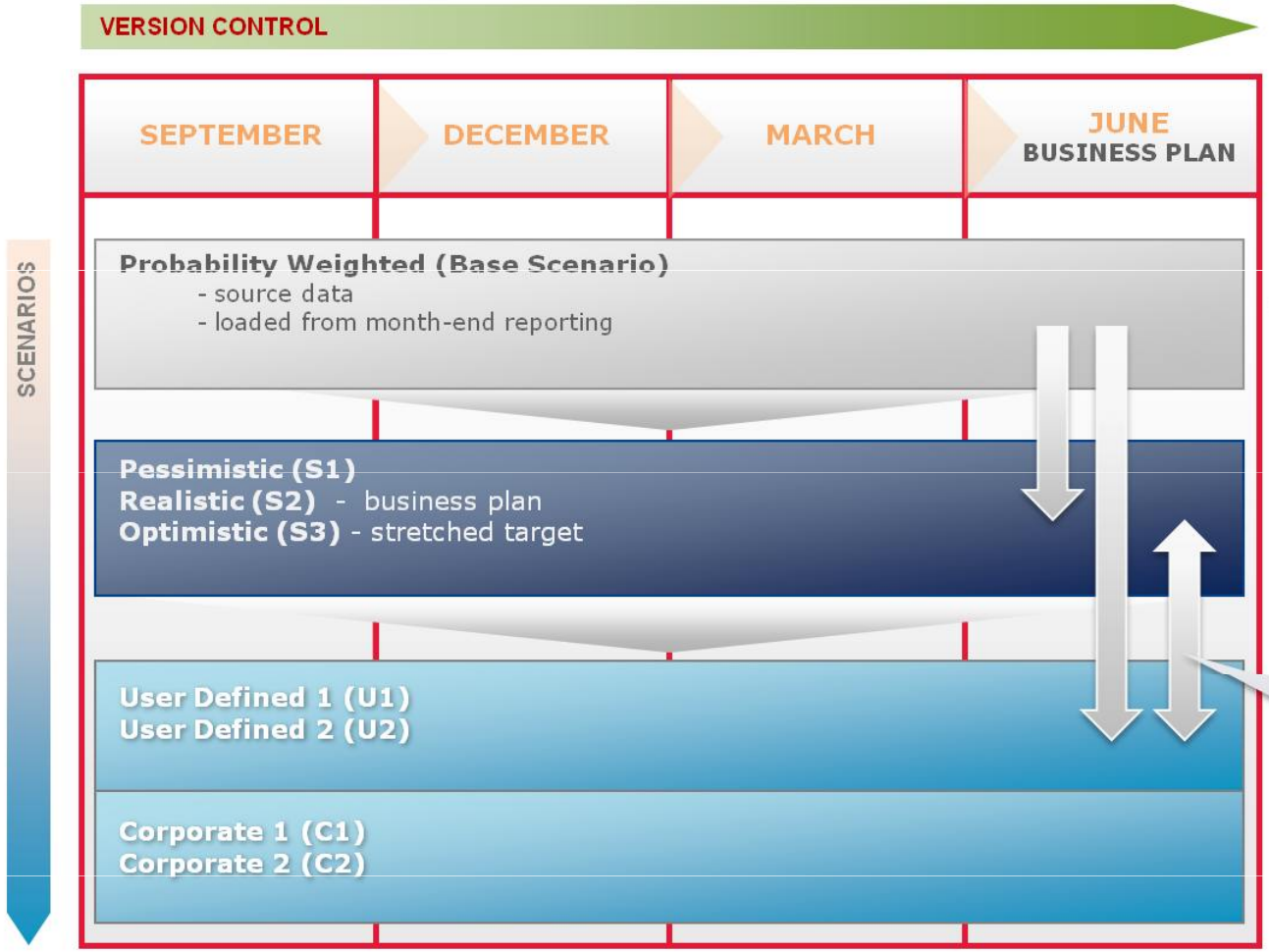
DEMO – Version & Scenario



Monthly forecasts in BPMRS (short-term planning)

- Org Unit structure (BPMRS)
- Opportunities
- Existing Projects
- Overheads
- Trial/B (GL)

"Copy Scenario" function provides users a quick way to populate multiple scenarios

DEMO – Work Volume Planning (P&L)

1. Win Work – Project Portfolio
   - Starting point – monthly forecasting (short-term planning)
   - Building scenarios (drivers: probability %, start / award period)
   - What-if analysis on portfolio
2. Win Work – Single Project
   - S-Curve, Revenue / Profit phasing
   - Detail drivers for a project (value, duration, phasing method)
   - Project is part of the portfolio
3. Deliver Work - Existing Project
4. Overheads
5. P&L Target and Results

DEMO – Funds Employed Planning (B/S)

1. Balance Sheets Overview
2. Working Capital
   - Debtors balance is driven by Debtors' days
   - Creditors balance is driven by Creditor's days
3. CAPEX
4. Cash to Profit reconciliation

DEMO – Reporting, Charting & Analysis

1. Standard Reports
   - BPL-R-09-Business Plan - by project
   - BPL-R-11-Business Plan - by business unit
   - BPL-R-31-Balance Sheet - Business Plan
   - BPL-R-32-Cash Flow - Business Plan
2. Analysis Templates
   - Revenue, Profit & Work in hand trends
   - Financial Summary
   - Revenue & Profit Margin
   - Revenue & Profit by Business Unit
   - New Work Dependency
   - Revenue Sector Analysis

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What have we learnt ? What's next?

POST IMPLEMENTATION ISSUE / FEEDBACK	SOLUTION / IMPROVEMENT	PHASE II
• **Training** The system was not fully utilised as expected - Introduction of Scenario - Balance Sheet modelling - Comprehensive functionality - Flexibility of the system	• **Additional Training** - One-to-one tutorial - Guide of how to use Scenario e.g. In / out scenarios - TM1 tech training	• **Risk & Opportunities of Existing Projects (Scenario analysis)**
• **Business Unit Level Planning** Many business units seem to realise they need similar tool for their own Business Planning	• **BU Level P&L Planning** - BU's tool - Consistent method across group - A quick win, just the dropdown list	• **Executive Dashboard – Interactive with "what-if"**
• **Want More…..** Analysis by sectors, category, delivery method, client type, location, etc.	• **Analysis Pack**	• **Workflow Management** • **Integration of External Data** • **Message, Alert & Notification**

Questions ?

THANK YOU !!!

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