

# IBM COGNOS PERFORMANCE BLUEPRINT: S&OP EXECUTIVE REVIEW APPLICATION BRIEF



A WEB-BASED  
PERFORMANCE  
MANAGEMENT  
APPLICATION



## OVERVIEW

In addition to the initial sales and operations planning (S&OP) that manufacturing companies undertake – typically an annual plan with rolling monthly or quarterly reviews – the most effective S&OP process involves periodic S&OP reviews by senior management. The purpose of the executive review is to evaluate performance against the existing plan, identify any business or market changes that might necessitate changes to the plan, and to make necessary adjustments.

The IBM Cognos *S&OP Performance Blueprint* facilitates the initial plan and any necessary monthly or quarterly adjustments. Complementing this Blueprint, the new IBM Cognos S&OP Executive Review Performance Blueprint is an executive management tool designed to facilitate the periodic review. Typically production and sales demand is reviewed weekly, and a formal S&OP executive review is conducted monthly.

The primary purposes of the adjustments are meeting customer demand, maintaining appropriate inventory levels, balancing production with a focus on schedule achievement, and achieving financial goals. The *S&OP Executive Review Blueprint* focuses on linking the S&OP plan to an executive review summary page with the ability to perform what-if analyses and immediately determine the effect of those changes on a set of integrated financial statements including the Income Statement, Balance Sheet, and Cash Flow.

This Application Brief describes a Web-based process for the S&OP executive review process using IBM Cognos 8 Planning and IBM Cognos 8 Business Intelligence. It provides an overview of the model design to be used as a guide for applying it in a customer environment.

The models and processes described in this document are designed for most manufacturing companies and can be configured to support alternative model requirements and to accommodate planning in any environment.

## **BLUEPRINT OBJECTIVES**

The *Sales and Operations Planning Executive Review Performance Blueprint* is a performance management framework – including planning, metrics, and reporting.

Key capabilities include:

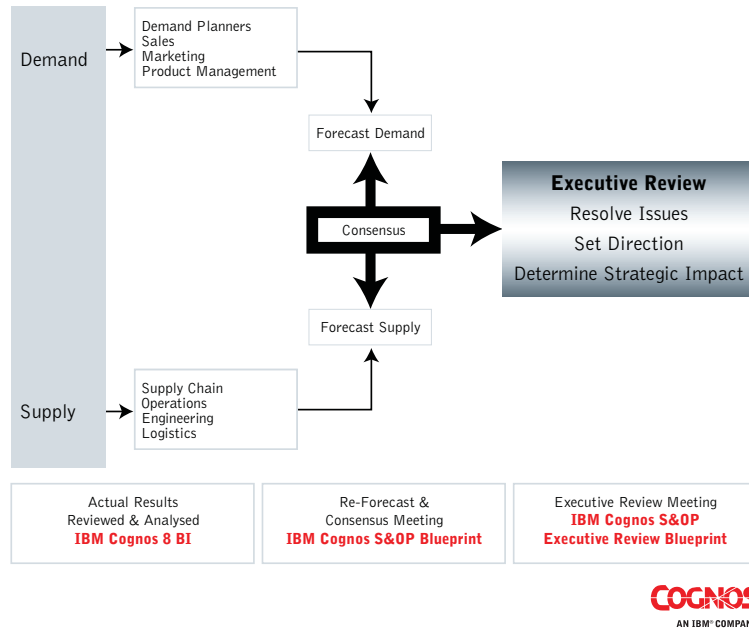
- A structured process for integrating and summarizing the detailed plan generated by the *IBM Cognos S&OP Performance Blueprint*
- Summarization of calculated metrics, exception alerts, linkages to scorecards, and reports to measure financial and customer service performance (plan vs. actual)
- What-if modeling – allows managers to perform multidimensional and multi-scenario analysis to test the impact of changes in demand, supply chain capabilities, and constraints, and to see the associated financial impact of those changes – capturing assumptions as well as annotations
- Strategic financial management – ensuring organizational objectives for sales, profitability, balance sheet, and cash flow are met
- Integrated workflow to manage and consolidate plans
- A visual scorecard to display the status of the planning process, so that appropriate actions can be taken to complete it
- Alerts so that approved plans are communicated to stakeholders, ensuring they are aware of initiatives that will impact S&OP.

In addition to the benefits specific to the *S&OP Executive Review Blueprint*, the IBM Cognos 8 Planning tool provides significant benefits to an organization through these capabilities:

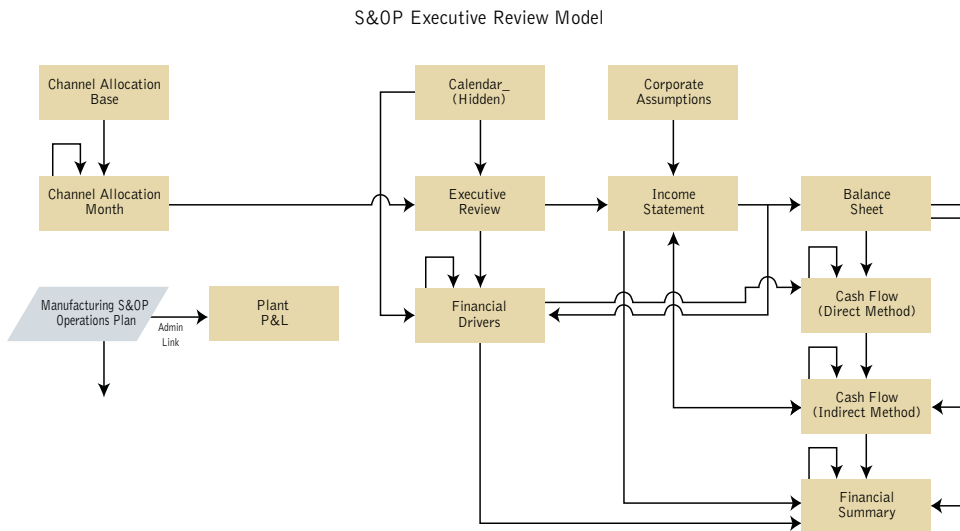
- Flexible model development to support a wide variety of planning models
- Web-based or Excel-based deployment of models for data collection and consolidation
- Easy version control
- Real-time workflow that drives collaboration
- Real-time consolidation
- Real-time reporting
- Real-time calculations in the browser for immediate results
- Audit and user textual annotations at the cell, worksheet, and model level to drive collaboration
- Drop-down validation lists for ensuring data consistency
- Scalable architecture with proven deployments to thousands of users
- Linking functionality to provide divergent yet interrelated components of planning environment
- Off-line capabilities
- Custom date capabilities with no limit on the time dimension, allowing planning by the week, season, period, quarter or year
- Unique multi-directional calculation engine that allows input across any dimension at the detail level or the total level.

## MODEL DESIGN OVERVIEW

The S&OP process occurs in stages. The S&OP Executive Review as shown in the box on the right is the focus for issue resolution and the resulting financial results.



The detailed model flow is shown below.



## SALES & OPERATIONS PERFORMANCE PORTAL

The Manufacturing Executive Review Portal provides users multiple views into key metrics, charts, graphs and reports.

- 1 Key metrics are delivered in the top left.
- 2 Alerts regarding under-performance of metrics are proactively delivered to the user for action.
- 3 Additional links to supporting reports and financial statements are provided.
- 4 Revenue Attainment, Revenue Growth, New Product Revenue, and Capacity Utilization graphs are provided in the right side of the portal. The graphs can be filtered by Business Unit, Channel, and Month.
- 5 The Capacity Utilization red bars indicate an over-capacity forecast and provide drill down into the Business Unit, Channel, Months, and Product Family utilization details.



Key financial reports include the Income Statement, Balance Sheet, and Cash Flow.

**Income Statement (\$ Thousands)**

Version: Current Forecast Business Unit(s): 1, 2 Quarter(s): Q1-07, Q2-07, Q3-07, Q4-07

Q1-07  
 Q2-07  
 Q3-07  
 Q4-07  
 Q1-08  
 Q2-08  
 Q3-08  
 Q4-08  
 Q1-09  
 Q2-09  
 Q3-09  
 Q4-09

Select all Deselect all

Current Forecast	Business Unit 1	Business Unit 2					
<a href="#">Select all</a> <a href="#">Deselect all</a>			Q1-07	Q2-07	Q3-07	Q4-07	Total
Revenue			\$489,999	\$465,525	\$554,312	\$446,967	\$1,956,804
Material			\$77,784	\$73,214	\$86,658	\$70,058	\$307,714
Labor			\$77,784	\$73,214	\$86,658	\$70,058	\$307,714
Overhead			\$77,784	\$73,214	\$86,658	\$70,058	\$307,714
COGS			\$233,351	\$219,641	\$259,974	\$210,175	\$923,141
<b>Gross margin</b>			<b>\$256,647</b>	<b>\$245,885</b>	<b>\$294,338</b>	<b>\$236,792</b>	<b>\$1,033,663</b>
<b>Gross Margin %</b>			<b>52.29%</b>	<b>52.76%</b>	<b>52.99%</b>	<b>52.91%</b>	<b>210.956</b>
Depreciation and amortization			\$871	\$970	\$1,085	\$1,218	\$4,144
SG&A Expenses			\$5,893	\$5,048	\$5,181	\$5,187	\$24,309
<b>Total operating expenses</b>			<b>\$6,765</b>	<b>\$7,017</b>	<b>\$7,266</b>	<b>\$7,405</b>	<b>\$28,453</b>
Profit from operations			\$249,883	\$238,867	\$287,072	\$229,387	\$1,005,210
Interest expense			\$2,250	\$2,250	\$2,250	\$2,250	\$9,000
<b>Net income before taxes</b>			<b>\$247,633</b>	<b>\$236,617</b>	<b>\$284,822</b>	<b>\$227,137</b>	<b>\$996,210</b>
Provision for income taxes			\$74,290	\$70,985	\$85,417	\$68,141	\$298,863
<b>Net income</b>			<b>\$173,343</b>	<b>\$165,632</b>	<b>\$199,376</b>	<b>\$158,996</b>	<b>\$697,347</b>

**Balance Sheet (\$ Thousands)**

Version: Current Forecast Business Unit(s): 1 Quarter(s): Q1-07, Q2-07, Q3-07, Q4-07

Q1-07  
 Q2-07  
 Q3-07  
 Q4-07  
 Q1-08  
 Q2-08  
 Q3-08  
 Q4-08  
 Q1-09  
 Q2-09  
 Q3-09  
 Q4-09

Select all Deselect all

Current Forecast	Business Unit 1	Business Unit 2					
<a href="#">Select all</a> <a href="#">Deselect all</a>			Q1-07	Q2-07	Q3-07	Q4-07	Total
<b>CURRENT ASSETS</b>							
Cash and cash equivalents			\$585,400	\$1,012,915	\$1,528,247	\$1,853,068	\$4,979,630
Accounts receivable			\$149,633	\$115,428	\$207,675	\$107,769	\$578,505
Inventories			\$491,210	\$544,721	\$554,200	\$746,230	\$2,336,446
Property, plant and equipment - cost			\$505,035	\$505,035	\$505,035	\$505,035	\$2,020,140
Accumulated depreciation			\$270,159	\$271,611	\$273,237	\$275,062	\$1,090,069
Property, plant and equipment - net			\$234,876	\$233,424	\$231,798	\$230,973	\$930,071
<b>Total assets</b>			<b>\$1,459,119</b>	<b>\$1,906,488</b>	<b>\$2,521,977</b>	<b>\$2,937,068</b>	<b>\$8,824,652</b>
<b>CURRENT LIABILITIES</b>							
Accounts payable			\$111,025	\$99,408	\$130,526	\$132,928	\$473,886
Accrued expenses			\$17,473	\$22,023	\$28,918	\$31,673	\$97,987
Interest payable			\$27,660	\$32,160	\$36,660	\$41,160	\$137,640
Income taxes payable			\$177,783	\$328,744	\$504,839	\$624,961	\$1,633,846
Short-term debt			\$12,000	\$12,000	\$12,000	\$12,000	\$48,000
Long-term debt			\$255,398	\$255,398	\$255,398	\$255,398	\$1,021,592
Deferred taxes			(\$990)	(\$14,970)	(\$20,562)	(\$19,164)	(\$55,686)
<b>Total liabilities</b>			<b>\$600,349</b>	<b>\$732,763</b>	<b>\$945,698</b>	<b>\$1,078,455</b>	<b>\$3,357,265</b>
Capital stock			\$300,000	\$300,000	\$300,000	\$300,000	\$1,200,000
Retained earnings			\$558,770	\$873,726	\$1,276,279	\$1,558,613	\$4,267,387
Total stockholders' equity			\$858,770	\$1,173,726	\$1,576,279	\$1,858,613	\$5,467,387
<b>Total liabilities and stockholders' equity</b>			<b>\$1,459,119</b>	<b>\$1,906,488</b>	<b>\$2,521,977</b>	<b>\$2,937,068</b>	<b>\$8,824,652</b>



## Cash Flow - Direct Method (\$ Thousands)

Version: Current Forecast

Business Unit(s): 1, 2

Quarter(s): Q1-07, Q2-07, Q3-07, Q4-07



- Q1-07
- Q2-07
- Q3-07
- Q4-07
- Q1-08
- Q2-08
- Q3-08
- Q4-08
- Q1-09
- Q2-09
- Q3-09
- Q4-09

[Select all](#) [Deselect all](#)






Current Forecast	Business Unit 1	Business Unit 2		01-07	02-07	03-07	04-07	Total
<a href="#">Select all</a> <a href="#">Deselect all</a>								
Cash received from customers				\$903,231	\$475,878	\$533,419	\$962,701	\$1,975,230
Cash paid to suppliers and employees				\$270,154	\$253,425	\$272,103	\$296,573	\$1,092,255
Interest paid (net of amount capitalized)				\$0	\$0	\$0	\$0	\$0
Income taxes paid				\$0	\$0	\$0	\$0	\$0
<b>Net cash from/(used in) operating activities</b>				<b>\$233,077</b>	<b>\$222,453</b>	<b>\$261,316</b>	<b>\$166,128</b>	<b>\$882,974</b>
Capital expenditures				\$0	\$0	\$0	\$0	\$0
<b>Net cash from/(used in) investing activities</b>				<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Net borrowings under line of credit agreement				\$0	\$0	\$0	\$0	\$0
Net proceeds (issuance)/repayment of long term debt				\$0	\$0	\$0	\$0	\$0
Proceeds from issuance of common stock				\$0	\$0	\$0	\$0	\$0
<b>Net cash from/(used in) financing activities</b>				<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Net increase/(decrease) in cash and equivalents				\$233,077	\$222,453	\$261,316	\$166,128	\$882,974
Cash and cash equivalents at beginning of period				\$359,438	\$1,009,459	\$1,770,564	\$2,406,834	\$5,526,295
<b>Cash and cash equivalents at end of period</b>				<b>\$572,516</b>	<b>\$1,231,912</b>	<b>\$2,031,880</b>	<b>\$2,572,962</b>	<b>\$6,409,270</b>

All of these reports can be filtered for Business Unit and time period.

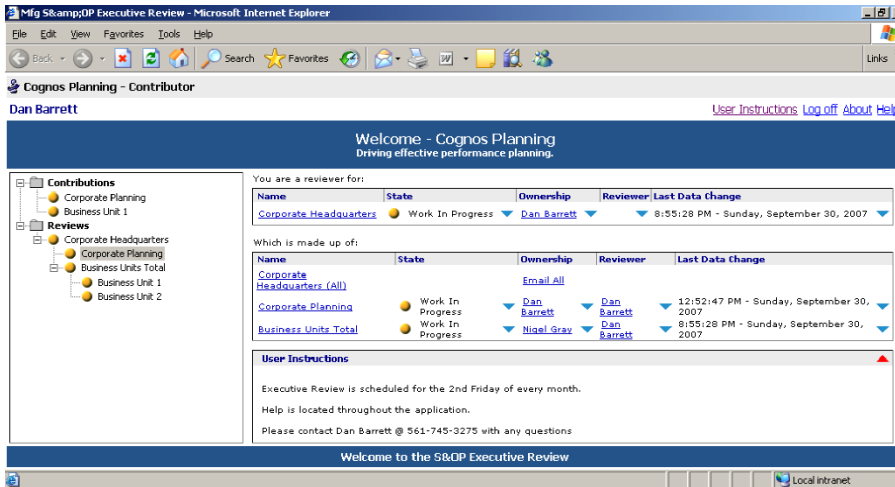
## REAL-TIME WORKFLOW VISIBILITY

As operational and supply chain managers are updating the business unit level plans, executives need real-time visibility to the workflow status of that information.

In this *Blueprint*, there is a corporate planning role that makes decisions on allocations from plant level information to channels and business units. Business unit managers can see the consolidated results of the S&OP plans on their operations and the effect of those results and scenarios on the integrated financials of that business unit. Executives and reviewers in this process can see the workflow status of each business unit results, and can be co-owners of that information, allowing them to make edits, if required. All workflow status changes, data consolidations and aggregations occur in real time as the information is saved by the end user, making frequent planning iterations possible.

Before data is entered, the state of the plan is designated as  **Not started**. Once a plan is saved, the state becomes  **Work in progress** and remains accessible for further editing. When an item is submitted, the plan is  **Locked** and no more changes can be made. The Locked state indicates that the plan is ready for review. A reviewer can review the plan in any state, but can only reject a Locked plan item. When a locked plan is rejected, it returns to a state of Work in progress, making it editable once again for the departmental manager.

The following is an example of the workflow in which Corporate Headquarters is the reviewer of assumptions by Corporate Planning and the Business Unit owners.



There are two distinct views in this model – the Corporate Planner and the Business Unit owner. The Corporate Planner makes the initial allocation of Product Revenue to Business Units and their respective Channels. The Business Unit contributor can adjust these forecasts based on individual judgment. The process is easily automated but, of course, it is anticipated that there is a constant line of communication to achieve corporate goals.

## CORPORATE PLANNER VIEW

### Channel Allocation\_Base

The Corporate Planning role is responsible for the allocation of Product to Business Units and Channels. Production volumes from each plant and product can be linked in from the *S&OP Operations Planning Blueprint* or another source. When this data is up to date, the Corporate Planner can begin the allocation process.

The first tab available to the Corporate Planner is Channel Allocation\_Base. This tab is critical in the allocation of available product to the Business Units and Channels. The Planner must ensure that each product is fully allocated for “All Plants.”

		Total Corporate	Total Business Unit 1	Channel 1-BU 1	Channel 2-BU 1	Total Business Unit 2	Channel 1-BU 2	Channel 2-BU 2
Eyegear	Moline, IL	50.00%	50.00%	50.00%	0.00%	0.00%	0.00%	0.00%
	Newark, NJ	50.00%	50.00%	50.00%	0.00%	0.00%	0.00%	0.00%
	Santa Cruz, CA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Houston, TX	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Jacksonville, FL	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Contractor	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	<b>All Plants</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
Binoculars	Moline, IL	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Newark, NJ	80.00%	80.00%	80.00%	0.00%	0.00%	0.00%	0.00%
	Santa Cruz, CA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Houston, TX	20.00%	20.00%	0.00%	20.00%	0.00%	0.00%	0.00%
	Jacksonville, FL	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Contractor	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	<b>All Plants</b>	<b>100.00%</b>	<b>100.00%</b>	<b>80.00%</b>	<b>20.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
Illuminations	Moline, IL	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Newark, NJ	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Santa Cruz, CA	5.00%	5.00%	5.00%	0.00%	0.00%	0.00%	0.00%
	Houston, TX	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Jacksonville, FL	95.00%	95.00%	20.00%	75.00%	0.00%	0.00%	0.00%
	Contractor	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	<b>All Plants</b>	<b>100.00%</b>	<b>100.00%</b>	<b>25.00%</b>	<b>75.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
Navigation	Moline, IL	20.00%	20.00%	10.00%	10.00%	0.00%	0.00%	0.00%
	Newark, NJ	20.00%	20.00%	10.00%	10.00%	0.00%	0.00%	0.00%
	Santa Cruz, CA	20.00%	20.00%	10.00%	10.00%	0.00%	0.00%	0.00%
	Houston, TX	20.00%	20.00%	10.00%	10.00%	0.00%	0.00%	0.00%
	Jacksonville, FL	20.00%	20.00%	10.00%	10.00%	0.00%	0.00%	0.00%
	Contractor	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	<b>All Plants</b>	<b>100.00%</b>	<b>100.00%</b>	<b>50.00%</b>	<b>50.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
Watches	Moline, IL	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

## Channel Allocation\_Month

The % allocated from the Channel Allocation\_Base tab is linked to the Channel Allocation\_Month tab to generate the “Allocated Demand” by Business Unit and Channel at a monthly level. In order for this tab to calculate correctly, the “Unit Demand” for total plants must be imported. The Allocated Demand is a formula:

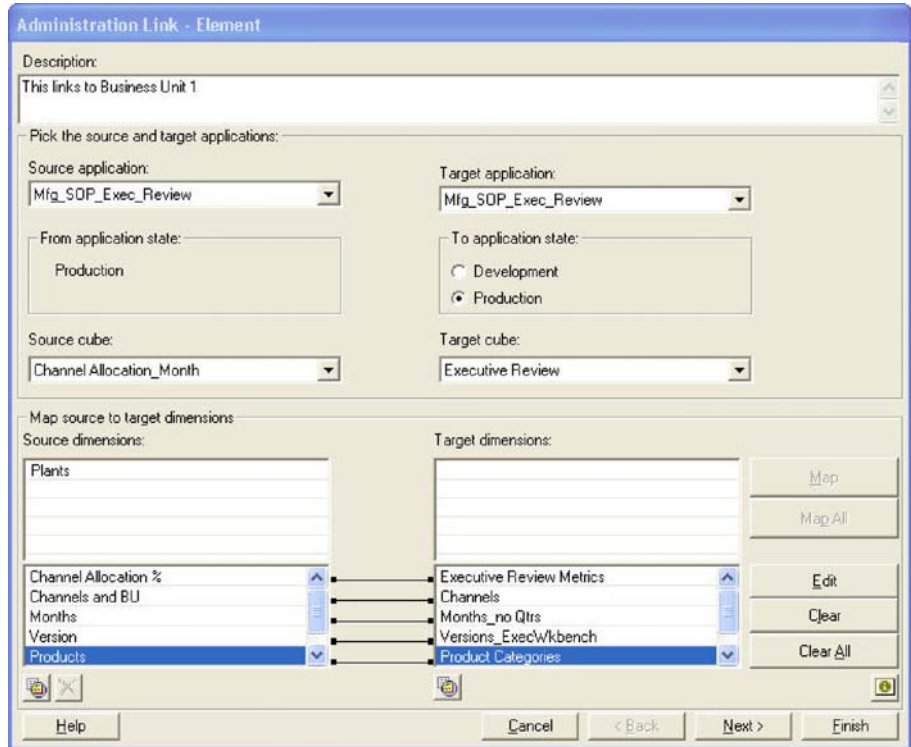
$$\text{Allocated Demand} = \{\text{Total Demand (Hidden)}\} * (\{\text{Allocation \%}\} / 100)$$

	Total Corporate			Total Business Unit 1			Channel 1 - BU 1		
	Unit Demand	Allocation %	Allocated Demand	Unit Demand	Allocation %	Allocated Demand	Unit Demand	Allocation %	Allocated Demand
<b>eyewear</b>	21,322	50.00%	10,661	15,510	50.00%	7,755	6,372	50.00%	3,186
Moline, IL	0	0.00%	0	0	0.00%	0	0	0.00%	0
Newark, NJ	23,325	50.00%	11,662	13,747	50.00%	6,873	6,873	50.00%	3,436
Santa Cruz, CA	19,355	0.00%	0	11,407	0.00%	0	5,704	0.00%	0
Houston, TX	23,000	0.00%	0	13,556	0.00%	0	6,778	0.00%	0
Jacksonville, FL	17,862	0.00%	0	10,586	0.00%	0	5,293	0.00%	0
Contractor	0	0.00%	0	0	0.00%	0	0	0.00%	0
<b>All Plants</b>	105,266	100.00%	52,633	31,020	62.04%	15,510	31,020	100.00%	15,510
<b>Binoculars</b>	9,535	0.00%	0	5,619	0.00%	0	2,810	0.00%	0
Moline, IL	8,489	80.00%	4,244	10,372	50.00%	5,186	2,592	80.00%	1,296
Newark, NJ	7,972	0.00%	0	4,599	0.00%	0	2,349	0.00%	0
Santa Cruz, CA	10,625	20.00%	2,125	2,533	20.00%	506	1,131	0.00%	0
Houston, TX	7,377	0.00%	0	4,348	0.00%	0	2,174	0.00%	0
Jacksonville, FL	0	0.00%	0	0	0.00%	0	0	0.00%	0
Contractor	0	0.00%	0	0	0.00%	0	0	0.00%	0
<b>All Plants</b>	43,957	100.00%	21,978	25,931	100.00%	12,965	12,965	80.00%	6,482
<b>Illuminations</b>	11,002	0.00%	0	5,404	0.00%	0	2,242	0.00%	0
Moline, IL	5,681	0.00%	0	5,658	0.00%	0	2,829	0.00%	0
Newark, NJ	8,906	5.00%	445	738	5.00%	369	2,625	5.00%	134
Santa Cruz, CA	12,464	0.00%	0	7,346	0.00%	0	3,673	0.00%	0
Houston, TX	8,109	95.00%	7,710	14,020	4,779	95.00%	14,020	2.00%	2,804
Jacksonville, FL	0	0.00%	0	0	0.00%	0	0	0.00%	0
Contractor	0	0.00%	0	0	0.00%	0	0	0.00%	0
<b>All Plants</b>	50,082	100.00%	25,041	29,517	100.00%	14,758	14,758	25.00%	7,379
<b>Navigation</b>	0	20.00%	0	0	20.00%	0	0	10.00%	0
Moline, IL	0	20.00%	0	0	20.00%	0	0	10.00%	0
Newark, NJ	0	20.00%	0	0	20.00%	0	0	10.00%	0
Santa Cruz, CA	0	20.00%	0	0	20.00%	0	0	10.00%	0
Houston, TX	0	20.00%	0	0	20.00%	0	0	10.00%	0
Jacksonville, FL	0	20.00%	0	0	20.00%	0	0	10.00%	0
Contractor	0	0.00%	0	0	0.00%	0	0	0.00%	0

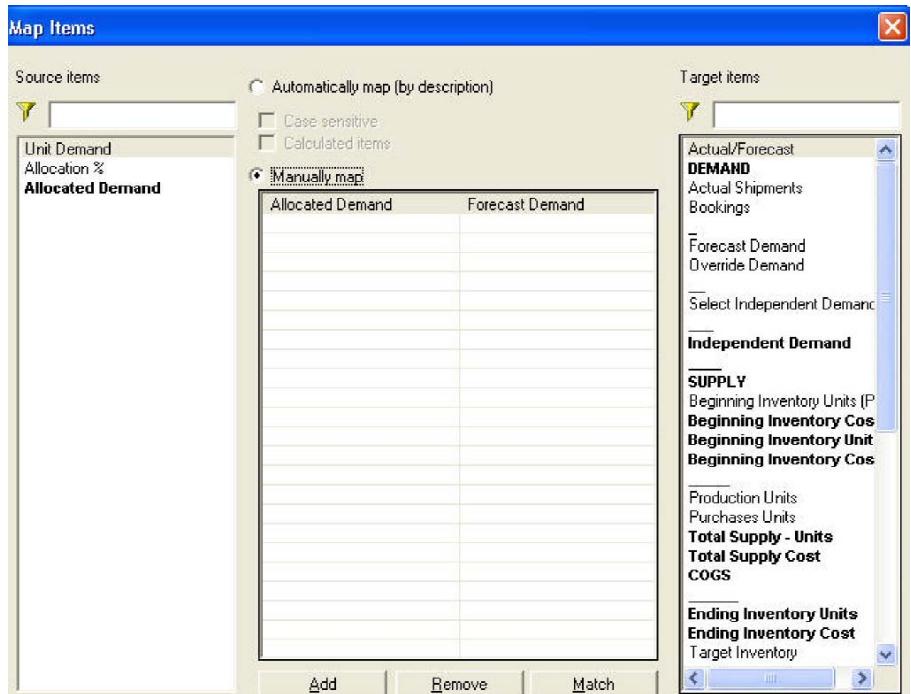
This tab allows the Corporate Planner to validate that all Products are 100% allocated.

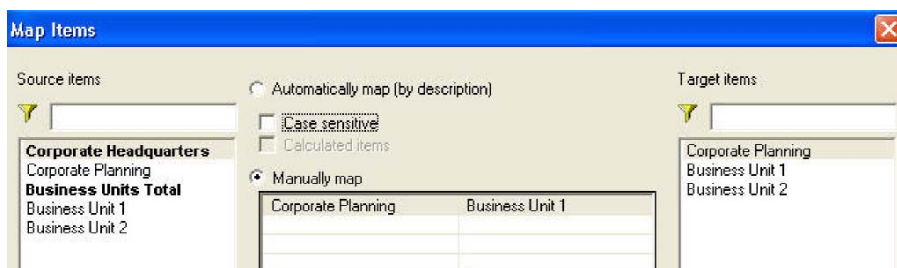
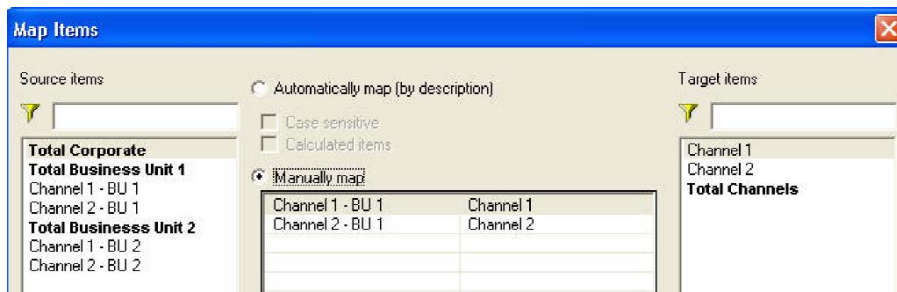
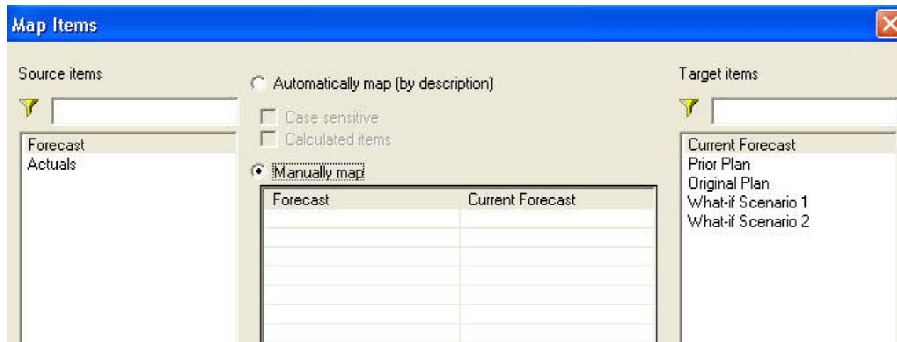
The Allocated Demand can then be linked to the Business Units via an Admin Link.

The link for this *Blueprint* can be found in the Admin Links folder. The name of this link is SOP Executive Review.cal and it contains two identical steps – one for each Business Unit. As can be seen below, the source is the Channel Allocation\_Month tab and the target is the Executive Review tab. Both are in the Manufacturing SOP Executive\_Workbench application.



Pictures of the individual items in this link are below. *(This is for Business Unit 1 only)*





Products and Months match and are not shown. All of the Plants are selected. Remember to add another macro step for each Business Unit in the model.

## PLANT P&L REVIEW

This data in this tab is linked from the *S&OP Operations Planning Blueprint*. It is “read-only” and gives the Corporate Planner a view into each plant’s P&L. This same tab is available in the *S&OP Operations Planning Blueprint*. It can be imported via an Admin Link. This tab is optional as it does not link from or link to other tabs in this model.

Allocation Assumptions	Allocation Month	Channel Demand Summary	Plant P&L Review							
Moine, IL			Corporate Planning							
	Jan-07	Feb-07	Mar-07	Q1-07	Apr-07	May-07	Jun-07	Q2-07	Jul-07	Aug-07
Plant Volume	1,337,287	1,206,839	1,090,041	3,634,168	1,133,291	1,222,771	1,725,183	4,081,244	1,119,923	696,110
Net Sales	19,841,034	16,621,839	16,484,005	52,946,879	19,432,774	19,000,969	20,790,092	59,223,835	36,717,170	20,110,000
Labor	4,173,125	3,683,945	3,783,842	11,640,912	4,490,429	4,417,056	4,828,470	13,735,956	7,743,103	7,743,103
Material	6,106,641	5,337,225	5,601,917	17,045,783	6,837,307	6,706,283	7,257,087	20,900,678	11,372,778	11,372,778
Overhead	5,243,408	4,628,769	4,754,286	14,626,463	5,642,052	5,549,901	6,066,831	17,258,824	9,728,982	9,728,982
<b>Total Production Cost</b>	<b>15,523,174</b>	<b>13,649,939</b>	<b>14,140,046</b>	<b>43,313,159</b>	<b>17,069,828</b>	<b>16,673,241</b>	<b>18,152,388</b>	<b>51,895,457</b>	<b>28,844,863</b>	<b>28,844,863</b>
Variable Overhead Expense	433,096	381,832	374,843	1,189,771	443,732	436,396	477,173	1,357,301	764,166	764,166
<b>Gross Profit</b>	<b>3,884,764</b>	<b>2,590,069</b>	<b>1,969,116</b>	<b>8,443,949</b>	<b>1,919,214</b>	<b>1,891,333</b>	<b>2,160,530</b>	<b>5,971,077</b>	<b>7,108,141</b>	<b>7,108,141</b>
Fixed Overhead Expense	795,805	804,110	824,596	2,424,502	829,596	855,612	871,082	2,556,290	876,108	876,108
<b>Net Income</b>	<b>3,088,959</b>	<b>1,785,958</b>	<b>1,144,530</b>	<b>6,019,447</b>	<b>1,089,618</b>	<b>1,035,720</b>	<b>1,289,448</b>	<b>3,414,787</b>	<b>6,232,033</b>	<b>6,232,033</b>

## BUSINESS UNIT VIEW

The following represents the view available to the Business Unit contributor and the aggregated view for all Business Units. The sales volume data has been linked from the Corporate Planner and allocated to each channel within each Business Unit.



## THE EXECUTIVE REVIEW TEMPLATE

Clicking on Business Unit 1 takes you to the S&OP Executive Review tab. This tab contains critical information that is used in reporting. As we can see, the user can decide on a Demand Method. He or she can either accept the Forecast Demand method, which is the default and was linked from the Corporate planner, or select from the Bookings or Override Demand Methods. If Override Demand is selected, the user must provide the values. The user also has the option to indicate the Production Units and Purchased Units available. This information may be imported from the S&OP Operations Planning application or another source. It is used to determine cost of goods sold (COGS) as well as the inventory levels. The user may also view Capacity and other financial metrics in this tab. This data is based on assumptions that are either input or imported for Unit Price and Cost.

	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07
<b>DEMAND</b>										
Actual/Forecast	Actuals	Actuals	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Actual Shipments	61,254	78,169								
Bookings	57,026	58,385	90,000	93,600	97,200	100,800	104,400	108,000	111,600	115,200
Forecast Demand	66,184	67,543	68,902	70,261	71,620	72,979	74,338	75,697	77,056	78,415
Override Demand	55,556	55,556	55,556	55,556	55,556	55,556	55,556	55,556	55,556	55,556
Select Independent Demand Method			Bookings	Forecast Demand	Override Demand	Override Demand	Override Demand	Override Demand	Override Demand	Override Demand
Independent Demand	01,654	70,169	90,000	55,556	55,556	55,556	55,556	55,556	55,556	55,556
<b>SHIPPLY</b>										
Beginning Inventory Units	131,066	79,411	94,220	50,620	45,065	39,509	33,954	28,398	22,842	17,286
Beginning Inventory Cost	7,918,344	4,797,640	5,657,751	3,125,463	2,802,796	2,480,130	2,157,463	1,834,796	1,512,130	1,189,463
Production Units	20,000	82,979	90,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Purchased Units	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Total Supply Units	30,000	92,979	90,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Total Supply Cost	1,812,452	5,400,191	5,227,200	2,904,000	2,904,000	2,904,000	2,904,000	2,904,000	2,904,000	2,904,000
COGS	4,933,155	4,540,001	5,227,200	5,436,200	3,226,627	3,226,627	3,226,627	3,226,627	3,226,627	3,226,627
Ending Inventory Units	79,411	94,220	94,220	50,620	45,065	39,509	33,954	28,398	22,842	17,286
Ending Inventory Cost	4,737,640	5,657,751	5,657,751	3,125,463	2,802,796	2,480,130	2,157,463	1,834,796	1,512,130	1,189,463
Target Inventory										
Production Days per Mo.	26	23	26	25	26	25	26	26	25	26
Daily Sales Rate	3,007	3,913	3,600	2,222	2,137	2,222	2,137	2,137	2,222	2,137
Projected Days Supply	26.41	24.06	26.14	22.78	21.05	17.78	15.93	13.25	10.26	8.9
Total Unit Capacity	20,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000
Unit Capacity Difference	(1,000)	17,022	20,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Over Capacity?	Yes									
Cum Difference	(1,000)	16,022	36,022	96,022	156,022	216,022	276,022	336,022	396,022	456,022
Capacity Utilization	103.45%	84.53%	81.82%	45.45%	45.45%	45.45%	45.45%	45.45%	45.45%	45.45%
<b>FINANCIAL METRICS</b>										

## INCOME STATEMENT

This tab provides the Business Unit user with an immediate view to the Income Statement. Certain items such as Labor, Overhead, Depreciation, and other expenses may be linked from another source or input directly.

Executive Review   <b>Income Statement</b>   Financial Drivers   Balance Sheet   Cash Flow (Indirect Method)   Cash Flow (Direct Method)   Financial Summary											
Business Unit 1   Current Forecast											
	Jan-07	Feb-07	Mar-07	Q1-07	Apr-07	May-07	Jun-07	Q2-07	Jul-07	Aug-07	
Revenue	113,532,140	100,542,075	100,509,808	315,020,623	100,337,168	95,198,746	102,177,003	297,712,916	147,339,345	105,614,831	
<b>Cost of sales</b>											
Material	17,972,891	15,945,957	15,844,247	49,763,086	15,750,412	14,507,123	16,019,903	46,677,138	22,794,861	16,916,831	
Labor	17,972,891	15,945,957	15,844,247	49,763,086	15,750,412	14,507,123	16,019,903	46,677,138	22,794,861	16,916,831	
Overhead	17,972,891	15,945,957	15,844,247	49,763,086	15,750,412	14,507,123	16,019,903	46,677,138	22,794,861	16,916,831	
COGS	53,918,644	47,837,872	47,532,741	149,289,267	47,251,236	44,221,368	48,068,810	140,631,414	68,384,582	49,637,493	
Gross Margin	60,040,095	52,704,203	52,977,067	165,731,356	53,085,932	50,977,378	54,108,193	157,081,502	78,954,763	55,977,338	
Gross Margin %	52.88%	52.42%	52.71%	52.61%	52.91%	53.02%	52.97%	52.96%	53.61%	53.61%	
Depreciation and amortization	148,876	145,000	150,200	436,126	155,623	161,551	167,528	484,341	174,010	171,010	
S&TA Expenses	978,899	953,165	1,008,311	2,941,709	978,107	1,018,166	1,027,548	3,023,805	1,036,266	1,036,266	
<b>Total operating expenses</b>	1,120,776	1,098,465	1,158,511	3,377,834	1,133,863	1,179,719	1,195,177	3,508,447	1,180,276	1,172,276	
Profit from operations	58,929,321	51,605,738	51,818,473	162,353,522	51,952,069	49,297,672	52,923,016	154,172,756	77,804,389	54,799,062	
Interest expense	500,000	500,000	500,000	1,500,000	500,000	500,000	500,000	1,500,000	500,000	500,000	
<b>Net income before taxes</b>	58,429,321	51,105,738	51,318,473	160,853,522	51,452,069	48,797,672	52,423,016	152,672,756	77,304,389	54,299,062	
Income Tax Rate	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	
<b>Provision for income taxes</b>	17,528,796	15,331,721	15,395,542	48,256,060	15,435,620	14,629,302	15,726,906	45,801,827	23,191,216	16,277,062	
<b>Net income</b>	40,900,524	35,774,017	35,922,931	112,597,472	36,016,448	34,168,370	36,696,112	106,870,929	54,113,072	37,999,000	
<b>Weighted avg no of shares:</b>											
Common Shares Outstanding (1000s)	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	
Options Outstanding (1000s)	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	
<b>Earnings per share</b>											
Basic	40.90	35.77	35.92	112.60	36.02	34.17	36.70	106.87	54.11	37.99	
Diluted	27.27	23.85	23.95	75.06	24.01	22.77	24.46	71.25	36.08	27.27	
Retained earnings - beginning of period	72,000,000										
<b>NI + Retained earnings - beginning of period</b>	112,900,524	35,774,017	35,922,931	194,597,472	36,016,448	34,158,370	36,696,112	106,870,929	54,113,072	37,999,000	
<b>Cumulative retained earnings</b>	112,900,524	148,674,541	184,597,472	446,172,538	270,613,928	254,772,298	291,468,410	265,854,612	345,501,474	383,500,474	

## FINANCIAL DRIVERS

The next tab allows the user to input some key financial drivers. These will be used to determine Balance Sheet and Cash Flow outcomes. For example, by indicating Days Sales Outstanding, the user can directly impact his Accounts Receivable and Cash Flow.

Executive Review   Income Statement   <b>Financial Drivers</b>   Balance Sheet   Cash Flow (Indirect Method)   Cash Flow (Direct Method)   Financial Summary											
Business Unit 1   Current Forecast											
	Dec-06	Jan-07	Feb-07	Mar-07	Q1-07	Apr-07	May-07	Jun-07	Q2-07		
Days	51	31	28	31	30	30	31	30			
<b>ACCOUNTS RECEIVABLE</b>											
<b>Accounts receivable:</b>											
Accounts receivable - beginning of period	62,664,645	62,664,645	62,285,814	51,282,369	62,664,645	47,829,776	47,537,759	43,971,418	4		
Sales	57,547,754	113,347,571	(112,475,520)	(104,032,401)	(329,855,492)	(100,629,185)	(98,765,887)	(110,273,944)	(30)		
<b>Receipts from customers</b>	62,664,645	62,285,814	51,282,369	47,829,776	47,829,776	47,537,759	43,971,418	39,814,477	3		
<b>Days sales outstanding</b>	34	17	14	15	15	14	14	11			
<b>INVENTORY</b>											
Inventory - Prior Period	145,518,071										
Inventory - beginning of period	145,518,071	145,518,071	145,236,345	151,059,510	145,518,071	164,707,439	168,438,252	176,366,869	16		
Inventory Sold at Cost	57,811,834	53,919,844	47,339,872	47,532,741	149,289,267	47,251,236	44,721,368	48,068,810	14		
Inventory - end of period	145,518,071	150,256,345	157,095,910	164,707,439	164,707,439	166,438,252	176,366,869	182,281,823	18		
<b>Net Inventory Purchases</b>	57,811,834	58,657,518	54,636,837	55,184,270	168,478,525	51,042,049	52,989,784	53,973,964	15		
<b>Days Inventory Outstanding</b>	78	86	92	107	99	107	122	114			
<b>ACCOUNTS PAYABLE</b>											
<b>Accounts payable:</b>											
Accounts payable - beginning of period	34,271,374	36,461,389	35,523,806	37,720,489	36,461,389	27,121,151	33,173,892	33,932,511	3		
Purchases	57,811,834	58,657,518	54,636,837	55,184,270	168,478,525	51,042,049	52,989,784	53,973,964	15		
<b>Payments to suppliers</b>	55,621,825	59,595,094	52,440,161	55,783,592	167,818,947	55,029,377	51,791,106	53,175,286	15		
Accounts payable - end of period	36,461,389	35,523,806	37,720,489	37,121,161	37,121,161	33,133,853	33,932,511	34,731,089	3		
<b>Days purchases outstanding</b>	20	19	19	21	20	19	20	19			
<b>ACCRUED EXPENSE</b>											
<b>Accrued expenses:</b>											
Accrued expenses - beginning of period	3,312,188	4,332,087	4,371,595	5,325,451	4,392,087	5,833,790	6,311,896	6,830,052			
S&TA Expenses	978,899	978,899	978,899	1,008,311	2,941,709	978,107	1,018,166	1,027,548			
Accrued expenses paid	500,000	500,000	500,000	500,000	1,500,000	500,000	500,000	1,500,000			
<b>Accrued expenses - end of period</b>	4,292,087	4,811,986	5,325,451	5,833,795	5,833,795	6,311,896	6,830,052	7,357,600			
<b>Cash paid to Suppliers</b>	56,121,825	60,095,094	52,940,161	56,283,592	169,318,947	55,529,377	52,291,106	53,675,286	16		
<b>INTEREST</b>											
<b>Interest payable:</b>											
Interest payable - prior (filed)	7,940,000										
<b>Interest payable - beginning of period</b>	7,940,000	7,720,000	8,220,000	8,720,000	7,720,000	9,220,000	9,720,000	10,220,000			
Interest accrued	500,000	500,000	500,000	500,000	1,500,000	500,000	500,000	500,000			
Interest paid	719,570										

## BALANCE SHEET

As can be seen, there is no input required for this tab. The data generated in the Balance Sheet is driven by the Income Statement and the Cash Flow data. The user can see immediately whether there is an out-of-balance situation and correct accordingly. The user has the option of indicating the amount of current Outstanding Shares or Options, although this will not have an impact.

Executive Review		Income Statement		Financial Drivers		Balance Sheet		Cash Flow (Indirect Method)		Cash Flow (Direct Method)		Financial Summary	
Business Line 1		Balance		Current Forecast									
Days	Dec-00	Jan-07	Feb-07	Mar-07	Q1-07	Apr-07	May-07	Jun-07	Q2-07	Jul-07			
<b>Assets:</b>													
Cash and cash equivalents	52,762,191	86,014,659	146,550,027	199,299,536	199,299,536	226,296,544	294,872,635	341,471,262	341,471,262	409,215,269			
Accounts receivable	62,934,845	53,295,874	51,362,833	47,025,716	47,025,716	47,359,729	42,997,419	35,874,477	35,874,477	33,436,361			
Inventories	145,519,071	150,256,945	157,065,910	164,707,459	164,707,459	166,496,252	176,366,659	182,281,823	182,281,823	171,045,389			
Property, plant and equipment - cost	168,345,000	168,345,000	168,345,000	168,345,000	168,345,000	168,345,000	168,345,000	168,345,000	168,345,000	168,345,000			
Accumulated depreciation	89,620,000	89,760,876	89,905,876	90,056,126	90,056,126	90,211,395	90,373,440	90,541,063	90,541,063	90,715,077			
<b>Property, plant and equipment - net</b>	<b>78,725,000</b>	<b>78,584,124</b>	<b>78,439,124</b>	<b>78,288,874</b>	<b>78,288,874</b>	<b>78,133,605</b>	<b>77,971,560</b>	<b>77,803,937</b>	<b>77,803,937</b>	<b>77,629,923</b>			
<b>Total assets</b>	<b>319,669,907</b>	<b>378,141,558</b>	<b>432,397,430</b>	<b>494,124,925</b>	<b>494,124,925</b>	<b>532,567,766</b>	<b>609,182,272</b>	<b>637,431,515</b>	<b>637,431,515</b>	<b>721,326,965</b>			
<b>Liabilities:</b>													
Accounts payable	36,461,383	39,523,806	37,720,483	37,121,161	37,121,161	33,133,833	33,932,511	34,731,189	34,731,189	40,315,877			
Accrued expenses	4,392,897	4,871,986	5,325,751	5,632,795	5,632,795	6,211,896	6,830,052	7,297,500	7,297,500	7,863,868			
Interest payable	7,720,030	8,220,030	8,720,030	9,220,030	9,220,030	9,720,030	10,220,030	10,720,030	10,720,030	11,220,030			
Income taxes payable	7,963,768	26,492,561	42,222,296	59,015,629	59,015,629	75,949,146	91,896,750	109,011,655	109,011,655	133,600,971			
Short-term debt	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000			
Long term debt	85,132,639	85,132,639	85,132,639	85,132,639	85,132,639	85,132,639	85,132,639	85,132,639	85,132,639	85,132,639			
Deferred taxes	2,000,000	2,000,000	602,000	1,795,000	1,795,000	1,795,000	1,795,000	1,795,000	1,795,000	1,795,000			
<b>Total liabilities</b>	<b>147,669,907</b>	<b>165,241,026</b>	<b>193,722,899</b>	<b>199,527,453</b>	<b>199,527,453</b>	<b>211,953,846</b>	<b>228,409,981</b>	<b>245,963,113</b>	<b>245,963,113</b>	<b>275,745,472</b>			
<b>Stockholders' equity:</b>													
Capital stock	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000			
Retained earnings	72,000,000	112,900,524	148,674,541	194,597,472	194,597,472	226,513,300	254,772,230	291,468,402	291,468,402	345,581,474			
<b>Total stockholders' equity</b>	<b>172,000,000</b>	<b>212,900,524</b>	<b>248,674,541</b>	<b>294,597,472</b>	<b>294,597,472</b>	<b>326,613,320</b>	<b>354,772,290</b>	<b>391,468,402</b>	<b>391,468,402</b>	<b>445,581,474</b>			
<b>Total liabilities and stockholders' equity</b>	<b>319,669,907</b>	<b>378,141,558</b>	<b>432,397,430</b>	<b>494,124,925</b>	<b>494,124,925</b>	<b>532,567,766</b>	<b>609,182,272</b>	<b>637,431,515</b>	<b>637,431,515</b>	<b>721,326,965</b>			
Options Outstanding	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000			
Options Outstanding	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000			
<b>Bal check</b>													

## CASH FLOW STATEMENTS

The following tabs give the user two different views into the Cash Flow – direct and indirect. As can be seen, neither requires input. The Direct View gives the user a view of cash receipts and cash outlays while the Indirect View shows the cash impact to the Balance Sheet accounts.

	Jan-07	Feb-07	Mar-07	Q1-07	Apr-07	May-07	Jun-07	Q2-07	Jul-07	Aug-07
<b>Cash flows from operating activities:</b>										
Net Income	40,500,524	35,774,017	35,322,331	112,597,472	36,016,448	34,158,370	35,636,112	106,870,929	54,113,072	
<b>Adjustments to net income:</b>										
Depreciation and amortization	140,676	145,000	150,250	436,126	155,753	161,551	167,628	484,941	174,010	
<b>Change in assets and liabilities:</b>										
(Increase)/decrease in receivables	(621,153)	11,523,445	3,522,593	14,934,869	232,017	3,556,341	3,095,941	11,955,299	(3,561,304)	
(Increase)/decrease in inventory	(47,938/4)	(5,748,963)	(7,831,529)	(19,189,398)	(3,791,613)	(7,888,417)	(5,515,124)	(17,544,384)	11,236,433	
Increase/(decrease) in payables	(937,577)	2,156,677	(599,322)	659,778	(3,897,328)	799,679	793,679	(2,389,972)	5,594,683	
Increase/(decrease) in accrued expenses	473,659	453,465	308,444	1,441,708	476,107	518,155	527,549	1,522,805	506,366	
Increase/(decrease) in income taxes payable	17,528,796	16,729,721	16,763,542	51,052,060	16,332,620	16,027,202	17,124,905	49,995,827	24,589,316	
Increase/(decrease) in interest payable	500,000	500,000	500,000	1,500,000	500,000	500,000	500,000	1,500,000	500,000	
Increase/(decrease) in deferred taxes payable	0	(1,398,000)	(1,398,000)	(2,796,000)	(1,398,000)	(1,398,000)	(1,398,000)	(4,194,000)	(1,398,000)	
<b>Total adjustments</b>	12,351,953	23,761,342	11,825,878	47,339,173	3,083,360	12,315,611	13,302,546	41,301,517	7,630,930	15
<b>Net cash provided by operating activities</b>	53,252,477	59,535,359	47,748,809	160,536,646	45,099,807	46,473,981	56,598,658	148,172,446	61,744,002	53
<b>Cash flows from investing activities:</b>										
Capital expenditures	0	0	0	0	0	0	0	0	0	
<b>Net cash from/(used in) investing activities</b>	0	0	0	0	0	0	0	0	0	
<b>Cash flows from financing activities:</b>										
Net borrowings under line of credit agreement	0	0	0	0	0	0	0	0	0	
Net proceeds/issuance/repayment of long term debt	0	0	0	0	0	0	0	0	0	
Proceeds from issuance of common stock	0	0	0	0	0	0	0	0	0	
<b>Net cash from/(used in) financing activities</b>	0	0	0	0	0	0	0	0	0	
<b>Net increase/(decrease) in cash and equivalents</b>	53,252,477	59,535,359	47,748,809	160,536,646	45,099,807	46,473,981	56,598,658	148,172,446	61,744,002	53
Cash and cash equivalents at beginning of period	32,762,151	86,014,668	145,550,027	32,762,151	193,298,836	238,398,644	284,872,625	193,298,836	341,471,282	40
<b>Cash and cash equivalents at end of period</b>	86,014,668	145,550,027	193,298,836	193,298,836	238,398,644	284,872,625	341,471,282	341,471,282	403,215,284	456
Cash at end of period - Direct Method	86,014,668	145,550,027	193,298,836	193,298,836	238,398,644	284,872,625	341,471,282	341,471,282	403,215,284	45
<b>Cash Flow Check</b>	0	0	0	0	0	0	0	0	0	

	Jan-07	Feb-07	Mar-07	Q1-07	Apr-07	May-07	Jun-07	Q2-07	Jul-07	Aug-07
<b>Cash flows from operating activities:</b>										
Cash received from customers	113,347,571	112,475,520	104,102,401	329,856,492	100,635,135	90,765,087	110,773,944	308,668,215	113,777,462	11
Cash paid to suppliers and employees	60,095,054	52,340,161	56,283,556	169,318,847	55,523,377	52,291,106	53,675,286	161,495,769	52,033,460	5
Interest paid (net of amount capitalized)	0	0	0	0	0	0	0	0	0	
Income taxes paid	0	0	0	0	0	0	0	0	0	
<b>Net cash from/(used in) operating activities</b>	53,252,477	59,535,359	47,748,809	160,536,646	45,099,807	46,473,981	56,598,658	148,172,446	61,744,002	53
<b>Cash flows from investing activities:</b>										
Capital expenditures	0	0	0	0	0	0	0	0	0	
<b>Net cash from/(used in) investing activities</b>	0	0	0	0	0	0	0	0	0	
<b>Cash flows from financing activities:</b>										
Net borrowings under line of credit agreement	0	0	0	0	0	0	0	0	0	
Net proceeds/issuance/repayment of long term debt	0	0	0	0	0	0	0	0	0	
Proceeds from issuance of common stock	0	0	0	0	0	0	0	0	0	
<b>Net cash from/(used in) financing activities</b>	0	0	0	0	0	0	0	0	0	
<b>Net increase/(decrease) in cash and equivalents</b>	53,252,477	59,535,359	47,748,809	160,536,646	45,099,807	46,473,981	56,598,658	148,172,446	61,744,002	53
Cash and cash equivalents at beginning of period	32,762,151	86,014,668	145,550,027	32,762,151	193,298,836	238,398,644	284,872,625	193,298,836	341,471,282	40
<b>Cash and cash equivalents at end of period</b>	86,014,668	145,550,027	193,298,836	193,298,836	238,398,644	284,872,625	341,471,282	341,471,282	403,215,284	456

## FINANCIAL SUMMARY

The final tab available is the Financial Summary. It is read only and contains information shown in previous tabs in a summary View.

Executive Review		Income Statement		Financial Drivers		Balance Sheet		Cash Flow (Indirect Method)		Cash Flow (Direct Method)		Financial Summary	
Business Unit 1		Current Forecast											
	Q1-07	Q2-07	Q3-07	Q4-07	2007 Total	Q1-08	Q2-08	Q3-08	Q4-08	2008 Total	Q1-09		
Days		91	92	92	365	91	91	92	92	365			
Current Assets	405,836,951	559,627,592	763,051,142	904,375,104	904,875,104	1,095,933,031	1,228,719,709	1,419,649,369	1,561,910,598	1,561,910,598	1,717,171,717		1,717,171,717
Current Liabilities	115,190,914	165,620,474	232,276,624	261,461,313	261,461,313	339,293,095	393,904,067	443,470,326	489,533,830	489,533,830	540,000,000		540,000,000
Quick Assets	241,129,612	377,345,769	600,251,900	657,213,556	657,213,556	745,666,290	756,193,863	845,701,950	840,044,019	840,044,019	940,000,000		940,000,000
Net Working Capital	(38,759,648)	29,243,463	135,165,054	128,166,094	128,166,094	67,124,435	(101,238,051)	(172,015,554)	(370,263,362)	(370,263,362)	(370,263,362)		(370,263,362)
Total Assets	484,124,925	627,431,515	830,222,610	981,531,515	981,531,515	1,162,293,956	1,305,763,969	1,495,674,636	1,637,205,962	1,637,205,962	1,817,171,717		1,817,208,962
Net Income	172,293,472	188,303,959	127,832,995	162,183,576	449,304,363	1,233,911,194	97,892,142	130,343,917	96,844,422	448,276,530	11,124,279		448,276,530
Net Income Log	0	112,597,472	106,870,929	127,832,945	0	102,003,616	123,951,159	97,859,142	130,343,907	130,343,907	130,343,907		130,343,907
Average Total Assets	484,124,925	631,431,515	830,222,610	981,531,515	734,391,070	1,162,293,956	1,305,763,969	1,495,674,636	1,637,205,962	1,637,205,962	1,817,171,717		1,401,140,396
Average Stockholders Equity	281,597,472	391,468,402	519,201,347	621,304,963	455,258,980	745,256,122	813,115,261	973,469,071	1,069,933,493	908,562,601	1,111,111,111		908,562,601
Revenue	315,000,622	297,172,515	362,731,071	284,100,000	1,249,434,317	349,986,931	277,499,346	361,576,531	272,346,526	1,261,827,535	37,171,717		1,261,827,535
Average Accounts Receivable	47,929,776	35,671,477	55,161,450	37,327,235	44,176,591	51,395,674	37,001,471	65,311,074	0	41,124,279	0		41,124,279
COGS	149,269,267	140,031,414	164,579,549	133,106,279	587,496,439	169,096,682	133,965,506	172,045,648	130,762,987	605,850,823	37,171,717		605,850,823
Average Inventories	164,707,139	182,281,623	192,609,242	247,565,549	197,082,181	340,261,750	473,525,816	574,246,518	721,766,570	528,108,949	8,171,717		528,108,949
Total Liabilities	199,527,453	245,563,113	311,021,263	360,226,592	1,116,736,380	417,024,734	462,649,706	522,215,565	567,275,465	1,363,164,474	6,171,717		1,363,164,474
Total Stockholders Equity	284,597,472	391,468,402	519,201,347	621,304,963	1,816,672,185	745,256,122	813,115,261	973,469,071	1,069,933,493	3,251,763,950	1,111,111,111		3,251,763,950
EBIT	162,253,532	154,172,796	184,119,453	147,219,492	647,864,233	177,973,094	140,299,774	186,705,429	138,300,503	642,897,900	11,124,279		642,897,900
Interest Expense	1,500,000	1,500,000	1,500,000	1,500,000	6,000,000	500,000	500,000	500,000	500,000	2,000,000	0		2,000,000
Earnings Per Share:													
Basic	112.60	106.87	127.83	102.00	449.30	123.95	97.86	130.34	96.47	448.63	11.12		448.63
Diluted	75.06	71.25	85.22	88.00	299.54	82.63	85.24	86.30	64.32	299.09	7.44		299.09
Revenue Growth - YoY	24.99%	26.15%	25.76%	21.39%	24.92%	10.97%	10.13%	13.69%	3.69%	9.13%	0.00%		9.13%
Gross Margin	165,731,365	157,681,503	187,751,521	150,921,508	662,086,318	180,790,249	143,493,000	189,529,362	141,963,541	655,736,772	16,171,717		655,736,772
Gross Margin %	52.51%	52.96%	53.23%	53.14%	52.95%	51.67%	51.72%	52.47%	51.98%	51.98%	51.98%		51.98%
Net Income Growth	100.00%	(5.36)%	16.40)%	(75.20)%	100.00%	17.71%	(76.66)%	74.92%	(36.11)%	(13.14)%	0.00%		(13.14)%
Current Ratio	3.52	3.37	3.24	3.21	3.21	3.21	3.20	3.20	3.20	3.20	3.20		3.20
Quick Ratio	2.09	2.29	2.41	2.33	2.33	2.30	2.30	2.30	2.30	2.30	2.30		2.30
Net Working Capital Ratio	(0.08)	0.05	0.16	0.13	0.13	0.06	(0.08)	(0.12)	(0.23)	(0.23)	(0.23)		(0.23)
Return on Assets	23.25%	16.77%	15.40%	10.39%	61.13%	10.66%	7.49%	8.71%	5.89%	8.01%	0.61%		8.01%
Return on Equity	39.56%	27.38%	24.62%	16.42%	90.93%	15.63%	11.61%	13.38%	9.92%	12.85%	0.61%		12.85%
Profit Margin	35.74%	35.30%	36.24%	35.31%	35.96%	35.43%	35.27%	36.01%	35.42%	35.96%	35.96%		35.96%
Assets Turnover Ratio	0.65	0.47	0.47	0.29	1.70	0.30	0.21	0.24	0.17	0.23	0.23		0.23
Accounts Receivable:													
Receivables Turnover Ratio	6.59	8.30	6.39	7.51	28.28	5.70	7.50	5.46					

Current owner: Administrator

## EXCEL TEMPLATE – REPORTING

Following are sample views of the templates. While these are not included with this Blueprint, they can easily be designed using the IBM Cognos Contributor Excel Add-In. The views shown are multidimensional with dimensions for Business Unit, Channels, Product Families, and multiple forecast versions. Notice that these views allow us to have immediate visibility into high-level demand, supply, and financial metrics. We also have immediate visibility into charts that give us indications of over-capacity issues based on our scenarios and decision.

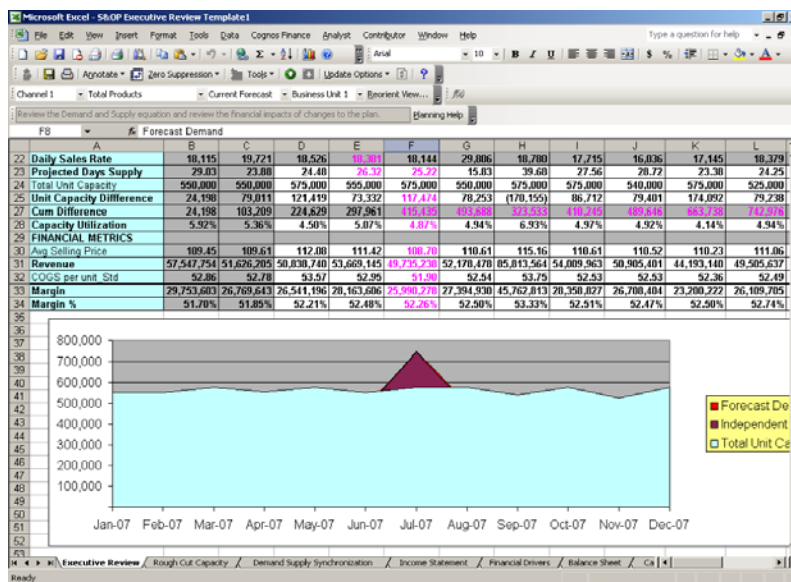
Microsoft Excel - S&OP Executive Review Template1

Channel 1 - LIFESTYLE PRODUCTS - Current Forecast - Business Unit 1 - Bi-orient View...

Review the Demand and Supply equation and review the financial impacts of changes to the plan.

F10 - Bookings

	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07
Actual/Forecast	Actuals	Actuals	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
<b>DEMAND</b>												
Actual Shipments	81,654	76,169										
Bookings	57,026	58,586	90,000	93,600	97,200	100,800	104,400	108,000	111,600	115,200		
Forecast Demand	66,084	67,543	66,867	65,252	59,863	62,086	147,133	68,279	63,939	61,966		
Override Demand	55,556	55,556	55,556	55,556	55,556	55,556	145,000	55,556	55,556	55,556		
Select Independent Demand Method			Bookings	Bookings	Bookings	Override De	Override De	Override De	Override De	Override De	Override De	Override
Independent Demand	81,654	76,169	90,000	93,600	97,200	55,556	145,000	55,556	55,556	55,556		
<b>SUPPLY</b>												
Beginning Inventory Units	126,000	144,454	159,263	159,263	115,663	108,413	62,987	117,803	117,803	113,248		
Beginning Inventory Cost	7,318,000	8,389,865	9,249,976	9,249,976	6,717,688	3,876,112	3,631,645	1,863,595	2,436,437	2,969,288		
Production Units	90,108	82,979	80,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000		
Purchases Units	10,000	10,000	10,000									
Total Supply - Units	100,108	92,979	90,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000		
Total Supply Cost	5,814,273	5,400,191	5,227,200	2,904,000	2,904,000	2,904,000	2,904,000	2,904,000	2,904,000	2,904,000		
COGS	4,742,487	4,540,081	5,227,200	5,436,288	5,645,376	3,226,667	8,421,600	3,226,667	3,226,667	3,226,667		
Ending Inventory Units	144,454	159,263	159,263	115,663	68,413	13,500	117,803	117,803	113,248	108,500		
Ending Inventory Cost	8,389,865	9,249,976	9,249,976	6,717,688	3,876,112	3,631,645	1,863,595	2,436,437	2,969,288	2,811,900		
Target Inventory	0	0	145,000	145,000	145,000	145,000	145,000	145,000	145,000	145,000		
Production Days per Mo	26	23	26	26	26	26	26	26	26	26		
Daily Sales Rate	3,007	3,913	3,600	3,308	2,137	5,800	2,137	2,137	2,222	2,137		
Projected Days Supply	27.16	19.98	25.00	21.07	45.49	9.50	67.86	26.00	25.00	26.00		



## LINKAGE TO THE FINANCIAL IMPACTS OF THE PLAN: BALANCE SHEET, INCOME STATEMENT AND CASH FLOWS

Changes to the metrics for supply and demand equation on the Executive Review template can be immediately linked to an integrated set of financial statements giving the executive visibility into the financial impacts of their decision making on the organization.

### BALANCE SHEET

	Dec-06	Jan-07	Feb-07	Mar-07	01-07	Apr-07	May-07	Jun-07	02-07
<b>Days</b>	31	31	28	31	30	30	31	30	31
<b>Assets:</b>									
Cash and cash equivalents	52,762,191	80,261,040	139,086,253	187,631,766	187,631,766	237,517,579	297,403,392	357,289,205	417,174,918
Accounts receivable	62,664,645	63,372,371	51,352,369	47,825,776	47,829,776	47,537,759	43,971,418	35,874,477	35,874,477
Inventories	142,694,139	151,482,036	158,281,000	165,932,529	165,932,529	169,723,342	173,514,155	177,304,968	181,095,781
Property, plant and equipment - cost	169,345,000	169,345,000	169,345,000	169,345,000	169,345,000	169,345,000	169,345,000	169,345,000	169,345,000
Accumulated depreciation	89,620,000	89,760,876	89,905,876	90,056,126	90,056,126	90,211,869	90,373,440	90,541,069	90,541,069
<b>Property, plant and equipment - net</b>	<b>78,725,000</b>	<b>78,584,124</b>	<b>78,439,124</b>	<b>78,288,874</b>	<b>78,288,874</b>	<b>78,133,111</b>	<b>77,971,560</b>	<b>77,803,932</b>	<b>77,803,932</b>
<b>Total assets</b>	<b>316,745,975</b>	<b>373,699,578</b>	<b>427,157,746</b>	<b>479,682,944</b>	<b>479,682,944</b>	<b>532,911,791</b>	<b>591,251,517</b>	<b>648,698,135</b>	<b>706,174,628</b>
<b>Liabilities:</b>									
Accounts payable	36,461,363	35,523,806	36,922,700	37,121,161	37,121,161	37,919,839	38,718,517	39,517,195	39,517,195
Accrued expenses	4,392,067	4,871,966	5,325,451	5,833,795	5,833,795	6,311,896	6,830,052	7,367,600	7,367,600
Interest payable	7,720,030	8,220,030	8,720,030	9,220,030	9,220,030	9,720,030	10,220,030	10,720,030	10,720,030
Income taxes payable	7,963,768	25,037,150	41,766,871	60,660,413	58,568,413	75,394,033	92,219,653	109,045,273	125,870,893
Short-term debt	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Long term debt	85,132,639	85,132,639	85,132,639	85,132,639	85,132,639	85,132,639	85,132,639	85,132,639	85,132,639
Deferred taxes	2,000,000	2,000,000	602,000	(796,000)	(796,000)	(2,184,000)	(5,582,000)	(4,980,000)	(4,980,000)
<b>Total liabilities</b>	<b>147,669,907</b>	<b>164,785,611</b>	<b>182,469,771</b>	<b>199,072,038</b>	<b>199,072,038</b>	<b>216,284,437</b>	<b>233,520,931</b>	<b>251,352,536</b>	<b>269,878,367</b>
<b>Stockholders' equity:</b>									
Capital stock	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000
Retained earnings	72,000,000	111,857,898	147,811,907	183,534,838	183,534,838	219,551,296	255,567,816	291,584,335	327,600,851
<b>Total stockholders' equity</b>	<b>172,000,000</b>	<b>211,857,898</b>	<b>247,811,907</b>	<b>283,534,838</b>	<b>283,534,838</b>	<b>319,551,296</b>	<b>356,567,816</b>	<b>398,336,599</b>	<b>436,296,261</b>
<b>Total liabilities and stockholders' equity</b>	<b>319,669,907</b>	<b>376,643,509</b>	<b>430,281,678</b>	<b>482,606,876</b>	<b>482,606,876</b>	<b>535,835,723</b>	<b>590,088,747</b>	<b>647,035,135</b>	<b>706,174,628</b>
Common Shares Outstanding	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Options Outstanding	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000

## INCOME STATEMENT

	Jan-07	Feb-07	Mar-07	01-07	Apr-07	May-07	Jun-07	02-07	Jul-07
1									
2	111,930,549	100,542,075	100,509,000	312,982,431	100,337,160	100,337,160	102,177,003	312,982,431	156,502.2
3									
4	21,049,858	18,795,224	18,796,436	58,641,520	19,456,053	19,456,053	19,462,633	58,175,478	29,301.7
5	13,508,133	12,122,170	11,999,697	37,628,989	11,821,878	11,821,878	11,861,868	35,241,122	18,517.7
6	18,940,510	16,500,475	18,737,616	52,498,605	16,173,306	16,229,444	16,624,790	49,013,543	25,730.7
7	53,998,501	47,837,872	47,532,741	148,769,114	47,251,236	47,251,236	48,698,810	142,556,113	73,549.1
8	58,532,048	52,704,203	52,977,067	164,213,310	53,085,931	53,085,931	54,110,193	160,299,276	84,953.1
9									
10	140,876	145,000	150,250	436,126	155,763	155,763	161,651	484,941	174.1
11	979,999	953,465	1,000,344	2,941,708	979,101	1,018,158	1,027,548	3,023,805	1,006.5
12	1,120,776	1,098,465	1,150,594	3,377,834	1,133,863	1,179,707	1,195,177	3,508,747	1,189.5
13	57,411,272	51,695,738	51,818,473	160,835,483	51,952,068	52,076,439	52,923,016	156,951,524	83,272.2
14									
15	500,000	500,000	500,000	1,500,000	500,000	500,000	500,000	1,500,000	500.0
16	56,911,272	51,105,738	51,318,473	159,335,483	51,452,068	51,576,439	52,423,016	155,451,524	83,272.2
17	30,00%	30,00%	30,00%	30,00%	30,00%	30,00%	30,00%	30,00%	30.0
18	17,073,302	15,334,711	15,395,542	47,800,645	15,435,620	15,472,532	15,726,905	46,615,457	24,981.3
19	39,837,890	35,774,017	35,922,931	111,534,838	36,016,448	36,103,507	36,696,112	108,836,067	58,290.9
20									
21	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000.0
22	500,000	500,000	500,000	1,500,000	500,000	500,000	500,000	1,500,000	500.0
23									
24	39.84	35.77	35.92	111.53	36.02	36.10	36.70	108.84	58.29
25	26.56	23.85	23.95	74.36	24.01	24.03	24.46	77.34	38.14
26	72,000,000	0	0	0	0	0	0	0	0
27	111,837,890	35,774,017	35,922,931	183,534,838	36,016,448	36,103,507	36,696,112	108,836,067	58,290.9
28	111,837,890	147,611,907	183,534,838	442,984,636	219,551,286	219,551,286	219,551,286	717,736,389	196,811.1
29									
30									
31									

## CASH FLOW

	Jan-07	Feb-07	Mar-07	01-07	Apr-07	May-07	Jun-07	02-07	Jul-07
1									
2	39,837,890	35,774,017	35,922,931	111,534,838	36,016,448	36,103,507	36,696,112	108,836,067	58,290.9
3									
4	140,876	145,000	150,250	436,126	155,763	155,763	161,651	484,941	174.1
5									
6	(707,236)	12,000,000	3,522,593	14,814,860	292,017	3,666,341	8,096,541	11,955,299	(33,566)
7	(8,887,850)	(6,790,455)	(7,651,529)	(23,330,300)	(2,700,013)	(3,410,000)	(6,915,154)	(19,563,112)	(16,446)
8	(637,577)	1,388,973	198,381	659,778	798,678	798,678	798,678	2,396,034	75.1
9	479,899	453,465	508,344	1,441,708	478,101	518,156	527,548	1,523,805	52.5
10	17,073,302	16,729,721	16,790,542	50,596,645	16,833,620	16,833,620	17,124,905	50,494,472	26.3
11	500,000	500,000	500,000	1,500,000	500,000	500,000	500,000	1,500,000	500.0
12	0	(1,398,000)	(1,398,000)	(2,796,000)	(1,398,000)	(1,398,000)	(1,398,000)	(4,194,000)	(1,398.0)
13	7,660,959	23,060,196	12,423,581	43,144,737	13,869,366	13,869,366	13,869,366	41,608,104	9,818.1
14	47,498,849	58,824,213	48,546,513	154,869,575	49,885,813	49,885,813	50,598,650	155,198,539	68.1
15									
16									
17	0	0	0	0	0	0	0	0	0
18	0	0	0	0	0	0	0	0	0
19	0	0	0	0	0	0	0	0	0
20	0	0	0	0	0	0	0	0	0
21	0	0	0	0	0	0	0	0	0
22	0	0	0	0	0	0	0	0	0
23	0	0	0	0	0	0	0	0	0
24	0	0	0	0	0	0	0	0	0
25	0	0	0	0	0	0	0	0	0
26	0	0	0	0	0	0	0	0	0
27	47,498,849	58,824,213	48,546,513	154,869,575	49,885,813	49,885,813	50,598,650	155,198,539	68.1
28									
29	32,762,191	80,261,040	139,095,253	32,762,191	187,631,766	237,517,579	386,130,637	487,631,766	187.3
30									
31	80,364,040	170,085,253	187,631,766	487,631,766	277,547,579	386,130,637	582,769,294	749,869,040	295.4



## FINANCIAL METRICS SUMMARY

In addition, key financial metrics can be summarized for the executive to provide a snapshot of their decision making.

	Q1-07	Q2-07	Q3-07	Q4-07	2007 Total	Q1-08	Q2-08	Q3-08	Q4-08	2008
1										
2	Days	90	91	90	92	365	91	91	90	92
3	Current Assets	401,394,071	462,781,321	587,888,128	710,184,151	988,984,561	1,050,233,987	1,234,523,788	1,424,323,428	1,888,116,834
4	Current Liabilities	114,735,399	117,984,782	124,248,718	133,652,028	389,669,268	340,788,233	388,523,748	448,529,823	448,000,763
5	Quick Assets	285,461,542	344,896,539	463,639,410	576,532,123	599,315,293	609,445,754	646,000,040	675,793,605	640,116,071
6	Net Working Capital	45,206,336	244,796,539	263,639,410	376,532,123	599,315,293	709,445,754	846,000,040	975,793,605	1,438,116,834
7	Total Assets	479,682,844	584,523,123	711,727,248	886,716,274	1,388,333,854	1,559,479,741	1,880,843,828	2,300,117,033	3,336,233,668
8	Net Income	111,534,636	109,010,123	132,010,734	102,003,616	454,559,109	123,951,159	97,869,142	130,343,807	96,474,422
10	Average Total Assets	479,682,844	584,523,123	711,727,248	886,716,274	1,388,333,854	1,559,479,741	1,880,843,828	2,300,117,033	3,336,233,668
11	Average Stockholders Equity	263,534,636	304,000,000	384,000,000	454,000,000	642,000,000	742,000,000	842,000,000	942,000,000	1,142,000,000
12	Sales	312,982,431	309,874,477	363,894,274	284,030,207	1,269,879,389	349,846,930	277,458,506	361,975,630	272,346,628
14	Average Accounts Receivable	47,829,776	35,874,477	55,164,450	37,827,235	44,176,691	61,386,674	37,001,474	66,314,074	0
15	Cost of Goods Sold	148,769,114	141,450,114	170,174,483	133,108,279	593,502,060	169,096,682	133,966,506	172,045,648	130,782,987
16	Average Inventories	166,932,629	171,120,123	174,432,623	171,212,123	183,669,130	171,023,123	167,112,123	167,112,123	171,023,123
17	Total Liabilities	199,072,008	244,122,123	317,688,518	352,682,658	1,039,788,568	818,692,433	844,274,686	934,362,323	969,444,168
18	Total Stockholders Equity	263,534,636	340,401,000	394,038,730	534,033,616	348,545,286	740,787,308	1,036,569,142	1,365,754,710	2,366,789,500
19	ROE	160,656,493	190,096,763	147,219,452	653,893,332	177,573,084	140,298,774	186,706,439	138,320,603	642
20	Interest Expense	1,500,000	1,500,000	1,500,000	1,500,000	6,000,000	500,000	500,000	500,000	500,000
21	Earnings Per Share:									
22	Basic	111.53	109.01	132.01	102.00	454.56	123.95	97.87	130.34	96.47
23	Diluted	74.36	73.84	89.01	68.00	269.81	82.63	65.24	86.90	64.32
24										
25	Revenue Growth	0.00%	19.22%	26.13%	(21.95)%	0.00%	0.00%	0.00%	0.00%	0.00%
26										
27	Gross Margin	164,213,318	168,424,363	193,719,791	150,921,928	669,379,460	180,750,249	143,493,000	189,929,982	141,563,641
28	Gross Margin %	52.47%	53.97%	53.24%	53.14%	52.96%	51.67%	51.72%	52.47%	51.98%
29										
30	Net Income Growth	100.00%	22.88%	47.87%	(29.42)%	100.00%	100.00%	100.00%	100.00%	100.00%
31										
32	Current Ratio	3.50	3.28	3.23	3.24	3.23	3.28	3.28	3.28	3.18
33										

## **SUMMARY**

The *IBM Cognos S&OP Executive Review Blueprint* enables the Executive Review meeting that finalizes the periodic sales and operations planning process. The *Blueprint* empowers decision makers to continually fine tune plans that achieve business goals. Insights into financial impacts can be used to drive planning. Better alignment between S&OP and financial goals delivers stronger business performance.

Effective S&OP enables a single statement of demand and a single agreed-upon supply plan. Each functional group works from common information, yet the information is presented in the way most meaningful to that group (units, dollars, hours, etc.). The result is improved coordination and communication, improved visibility across the entire supply chain, reduced costs, greater connectivity across all aspects of the supply chain, and improved customer service through better planning and more frequent review of performance and changes in business conditions.

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