

# Plotting a course to success – how integrated business planning can help finance directors see the big picture

**The housing crisis and how to solve it was one of the key talking points in this year's election campaign. Promises to extend the Right to Buy scheme to housing associations and targets to build 240,000 new homes a year by 2016 generated mixed reactions.**

For house builders, however, the issues remain the same irrespective of the politics involved; planning red tape, constrained funding options and limited land availability are all still key factors that contribute to the complexities and unpredictability of the house building market. More than ever, finance directors within the UK's construction industry need timely and accurate information at their fingertips if they are to steer their companies on a path to financial success through the minefield of today's housing challenges.

Juggling a host of variables including the mix of private and 'affordable' housing, first time buyers and buy-to-let investors, combined with the need to keep stock plots as low as possible, is just part of the challenge. Tracking and forecasting for the build lifecycle down to plot level is complex and time intensive. Although the market may currently be buoyant, house builders always need to be planning ahead for a potential downturn. The responsibility for this falls primarily to finance directors, whose focus has to remain firmly on managing cash flow and hitting ROCE targets of investors irrespective of how much the market fluctuates.

To address these challenges, financial directors (FDs) can take a more integrated approach to planning by making use of the rich sources of data available to them across the business. Sales and marketing, customer service, HR and production departments all generate valuable and constantly changing information. In our experience of working with FDs within the housing industry speed of planning, accuracy and forecasting can be significantly improved by taking a holistic approach. By extracting and using data from across all areas of the business, including at plot level, FDs can gain valuable insight that can deliver immediate benefits to their cash flow forecasting. By consolidating all this data centrally in a data warehouse, analysing and visualising it on dashboards, finance directors can get a complete view of the business and make accurate predictions on key performance indicators. This enables them to plan more effectively for down turns in the industry as well as for the good times.

Making sense out of diverse and disparate data is no mean feat. It requires an in-depth understanding of the systems that manage the data, the business processes that generate it and the requirements of the users that rely on it. Business Intelligence teams within IT departments are often able to provide this expertise. However, when it comes to having detailed technical understanding of the CRM, ERP and HR tools and solutions, many BI teams rely on external specialists. Whether the FD is supported by an internal team, external consultants, or indeed a mix of both the important requirement is that knowledge of the technologies is balanced with a deep understanding of the industry.

By taking an end-to-end planning approach to the challenges faced by house builders their finance directors, internal BI teams and specialist BI consultants can also address other key business drivers. Mobile solutions that enable data to be collected on site or in the field, for example can dramatically improve the accuracy of plans and cash flow forecasting and are important drivers for change.

A good starting point for developing a system that integrates data from across the business is the planning tool that finance departments use for forecasting. Applications can be developed to provide a central point of focus for all users to input data into. Using these apps to visualise data allows production directors or site managers to share the current build stages and forecasts. The same tools can be used by sales and marketing to update target sales price with changing market factors while group buyers can update the potential build costs following a set of negotiations.

Taking an integrated approach to planning can therefore provide more accurate cash flow for the plot, site and business and provide significant time saving and accuracy to the house builder. When deployed in the cloud to model, integrate and aggregate data from plot level up to financial statements, then scenario planning can take place anywhere, on any device – from head office to site office.

While the UK's house building industry may already be benefiting from recent government initiatives, the challenges to house builders remain the same; the need to manage cash flow and hit ROCE targets puts increasing pressure on these businesses. By integrating the data generated from all departments in an intelligent and timely fashion, finance directors can not only confidently manage the business today but also have a clear and accurate plan in place as and when the tide turns.