

Operational Forecasting Assessment Identifies Improvement Opportunities for Johnson Controls

Capgemini helps automotive supplier develop a roadmap to improve operational and financial forecast accuracy, reduce forecasting cycle time and refocus efforts toward common global planning and forecasting

The Situation

Johnson Controls (JCI) is a global leader in automotive experience, building efficiency and power solutions. The company has 140,000 employees in more than 1,300 locations serving customers in 125 countries, with headquarters in Milwaukee, Wisconsin.

Johnson Controls' Automotive Experience Group (seating and interiors) acquired an electronics business in France. In the post-merger integration process, the global ERP template was deployed, impacting existing processes. As a result, the business team started to develop non-standard applications to meet their requirements so they could continue forecasting and planning business functions. In addition, a company-wide survey of the finance employees indicated significant challenges with the current planning and forecasting process.

The Solution

Capgemini was asked to conduct a global current-state assessment of Johnson Controls' forecasting and planning processes (including sales, purchasing, operational plant and P&L/financials). The project also involved an analysis of pain points, benchmarking, identifying leading practices and the creation of a roadmap for the future.

The Result

The resulting future-state roadmap identified opportunities to achieve measurable benefits, including reduced forecasting cycle time of up to six weeks, reduced FTE effort in forecasting and planning through process efficiencies and reduced cycle times, and a refocusing of efforts toward a common global planning and forecasting initiative.



“In today’s economy, automotive companies must have constant and accurate information on how they are financially performing against their annual operating plan. The team from Capgemini clearly defined the planning and forecasting process used by the Automotive Division of JCI. The expertise of the consultants was demonstrated throughout the project. The Capgemini team pointed out numerous inconsistencies in our processes and recommended improvements through the application of best practices.”

Monte Nuckols
Executive Director,
IT, Finance & Purchasing Systems
Johnson Controls

"JCI is now planning the next phase of the project. The output of this project has provided us with the areas we need to focus on to maximize the benefits of the Global Planning & Forecasting program," said Monte Nuckols, Executive Director, IT, Finance & Purchasing Systems, Johnson Controls.

How Johnson Controls and Capgemini Worked Together

The automotive industry is experiencing tremendous volatility, and Johnson Controls needs to be able to respond rapidly. However, with planning and forecasting being conducted primarily with stand-alone spreadsheets, the company was struggling to respond quickly to global market changes.

Given the challenging forecasting and planning process, as well as frequent changes, employee morale was impacted, as indicated in an employee survey. The business team was frustrated with working in Excel spreadsheets and started to develop its own solutions (non-standard IT architecture/platform) by business unit.

The objectives of the current-state forecasting and planning process assessment included:

- capturing the "as is" processes (e.g., sales, purchasing, operational plant, profit and loss and financials)
- identifying data used in the forecasting process
- identifying similarities and differences in processes—globally and across divisions.

The project also included "pain-point" analysis to identify key issues / opportunities in the forecasting, planning and budgeting processes, as well as key strengths and opportunities within them. In addition, a benchmarking study was conducted to compare Johnson Controls' practices and processes to industry benchmarks and identify improvement potential.

The assessment found that the average cycle time to complete the annual profit plan and quarterly updates lagged behind industry leaders. It also noted that the most accurate source of forecasting data was located in different systems that were not integrated. In addition, there existed a lack of industrialization in process, data

and tools, which was driving rework and inefficiencies in the planning process. Perhaps most importantly, Johnson Controls needed to develop a comprehensive global IT strategy or standard for planning and forecasting systems.

Following the assessment, the team developed a roadmap for the future state that would enable Johnson Controls to leverage common and integrated forecasting processes, tools and data to create, iterate and finalize an accurate forecast/profit plan in nine weeks. The roadmap identified a number of opportunities, including:

- improving the forecast accuracy (e.g., data quality and integrity)
- improving the employee experience
- reducing effort and time needed for today's manual forecasting process.

To build momentum, Capgemini recommended short foundational process improvement projects that would position Johnson Controls to implement leading practices and provide quick hits that could improve forecasting and planning. These included:

- sales forecasting requirements assessment and tool harmonization
- profit plan review cycle time reduction.

Through these initiatives, it was determined that Johnson Controls had the potential to reduce forecasting cycle time of up to six weeks, reduce FTE effort in forecasting and planning, and eliminate redundant application projects and non-scalable tools.



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Capgemini provides its clients with insights and capabilities that boost their freedom to achieve superior results through a unique way of working - the Collaborative Business Experience® -

and through a global delivery model called Rightshore®, which aims to offer the right resources in the right location at competitive cost. Present in 36 countries, Capgemini reported 2007 global revenues of EUR 8.7 billion and employs over 83,000 people worldwide.

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In collaboration with



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products and services, we create smart environments that redefine the relationships between people and their surroundings. Our team of 140,000 employees creates a more comfortable, safe and sustainable world through our products and services for more than 200 million vehicles, 12 million homes and one million commercial buildings.