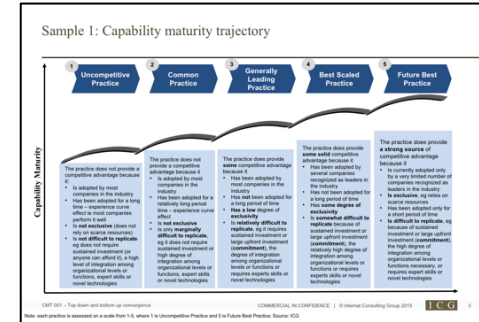
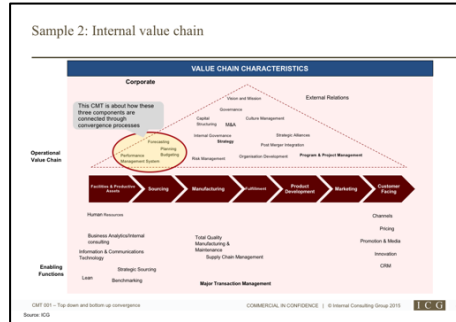
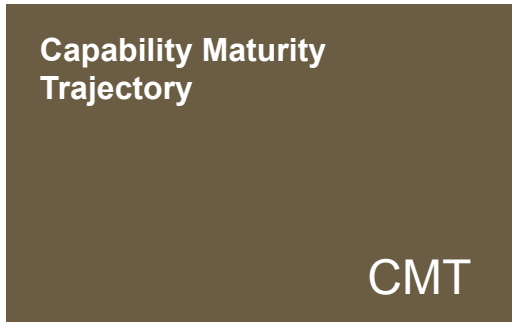


# Capability Maturity Trajectory (CMT) 001 – Top down bottom up convergence in Periodic Planning Cycle



## Capability Maturity Trajectory

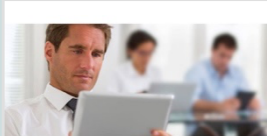
The CMT 001 (Capability Maturity Trajectory) on top down and bottom up convergence in periodic planning cycles is a document containing information rich slides which comprehensively describe how organisations implement top down and bottom up convergence in their forecasting, planning budgeting and performance management systems.

It comprises 45 pages of PowerPoint slides that contain:

- Review of current forecasting, planning and performance management approaches
- Review of frameworks to achieve top-down and bottom-up convergence
- An easy to use ICG Diagnostic Tool to assess a company’s CMT in this capability
- CMT 001 is a companion resource to our Knowledge Area Reviews (KAR) - unique highly distilled synthesis of the newest thinking in an industry, sub sector or function – and Certified Case Studies (CCS) - information rich slides which comprehensively describe an important case study in the world of management.

# ICG IP Publications span general needs (through public and syndicated reports) and specific needs (through case studies) to custom needs optimising your spend

ICG Publications (IP)  
World best professional know-how distilled as data, information, insights, case studies, benchmarks and frameworks



**TIR – The Insights Review**  
Reviews of published insights from the world's leading branded management consulting firms

The Insights Review (TIR)  
Reviews of published insights from the world's leading branded management consulting firms



**KAR – Knowledge Area Review**  
Synthesised and structured publically available knowledge from across the global on your chosen topic.

Knowledge Area Reviews (KAR)  
Synthesised and structured publically available knowledge from across the global on your chosen topic.



**GIR – Global Industry Radar**  
Global scan of relevant market evolution, trends, and important innovations and impactful case studies

Global Industry Radar (GIR)  
Comprehensive and targeted research to monitor and track developments in your industry worldwide from our unique global scanning capability



**LIR – Local Industry Radar**  
Local comprehensive and expert analysis of a chosen industry sector

Local Industry Radar (LIR)  
Authoritative and comprehensive expert analysis and insights into your local industry sector, an essential tool for internal consulting teams, strategy teams and decision-making executives




**CCS – Certified Case Study**  
Best publically available information supplemented where possible with mystery shopping

Certified Case Study (CCS)  
In-depth case study and data through mystery shopping to deliver a digital first




**CMT – Capability Maturity Trajectory**  
Map of the current state of applied management science in all aspects of business operations

Capability Maturity Trajectory (CMT)  
Mapping the current state of applied management science in all aspects of business operations



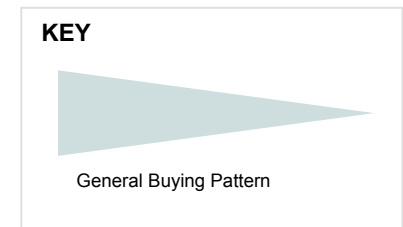
**ERT – Expert Round Table**  
Focused collation of expert insights and opinions on a subject matter of interest. Can be convened with local and or global experts.

Expert Round Table (ERT)  
Providing deep insights into business issues efficiently and comprehensively

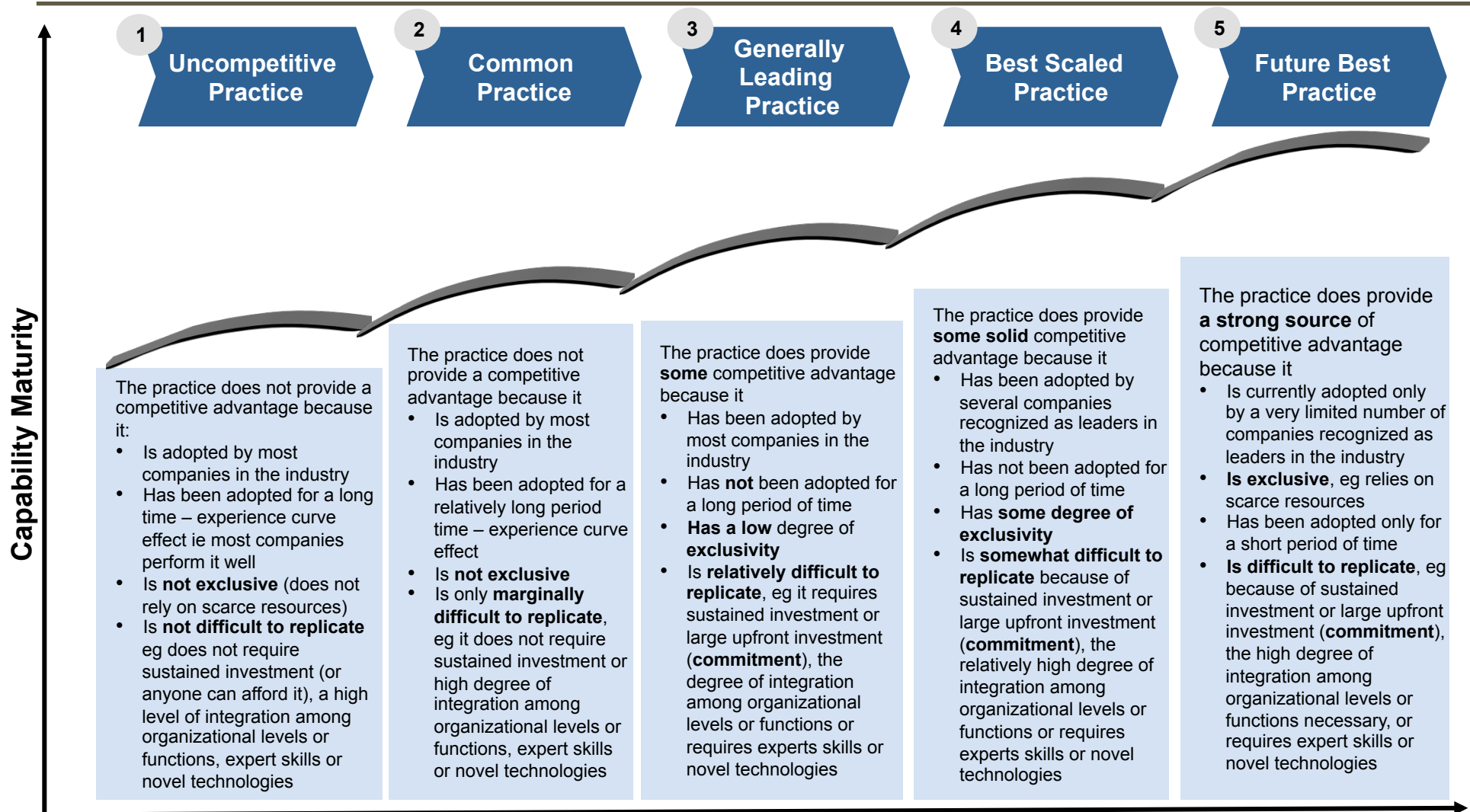


**BAF® – Best Affiliate Forward**  
Fit for purpose professionals to assist with customer and confidential research, analysis and insight generation often augmented with industry leading methods

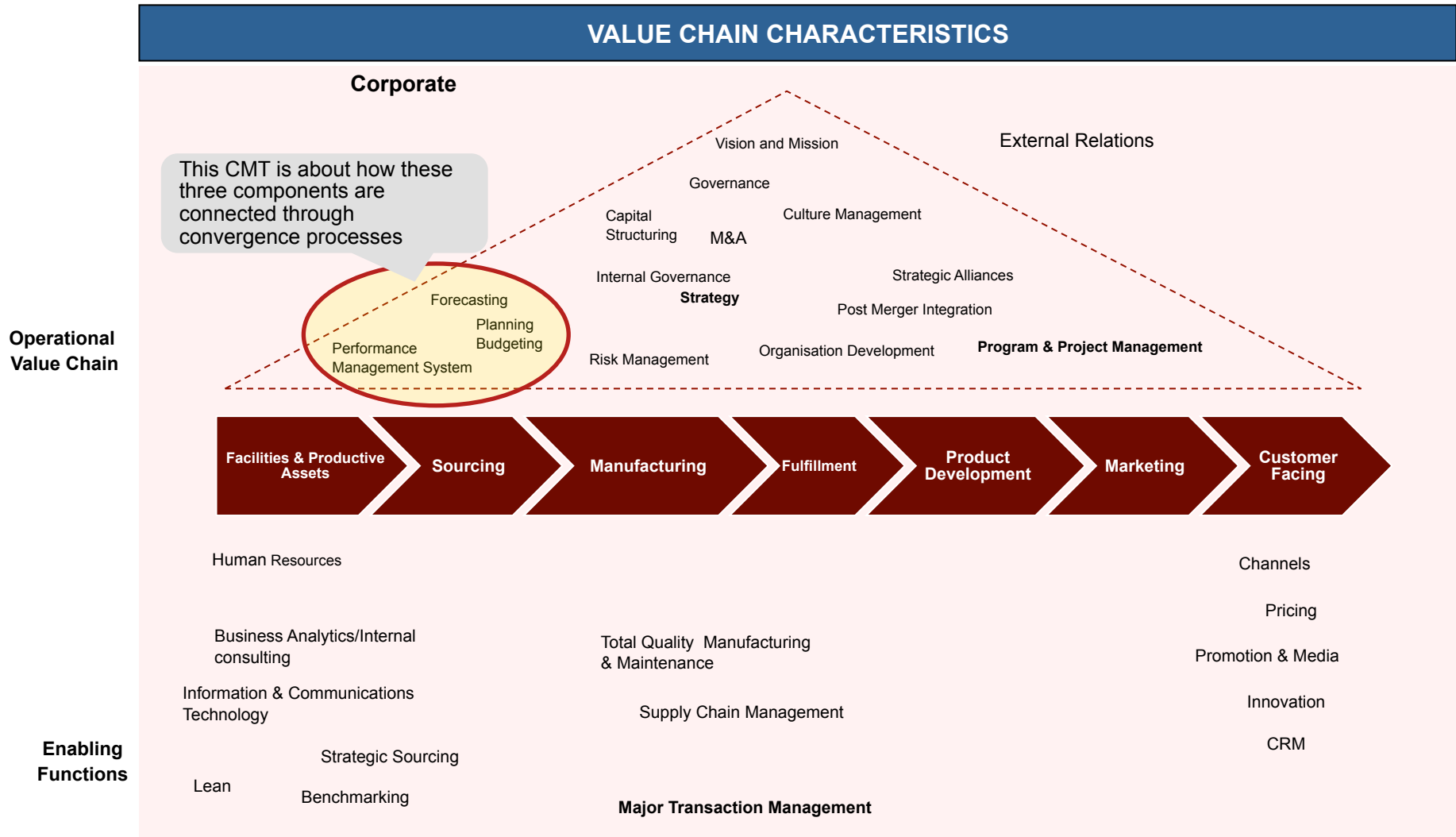
Best Affiliate Forward (BAF®)  
Best fit to customer, commercial interests, and objectives in the market at all times



# Sample 1: Capability maturity trajectory



# Sample 2: Internal value chain



# Sample 3: Table of Contents

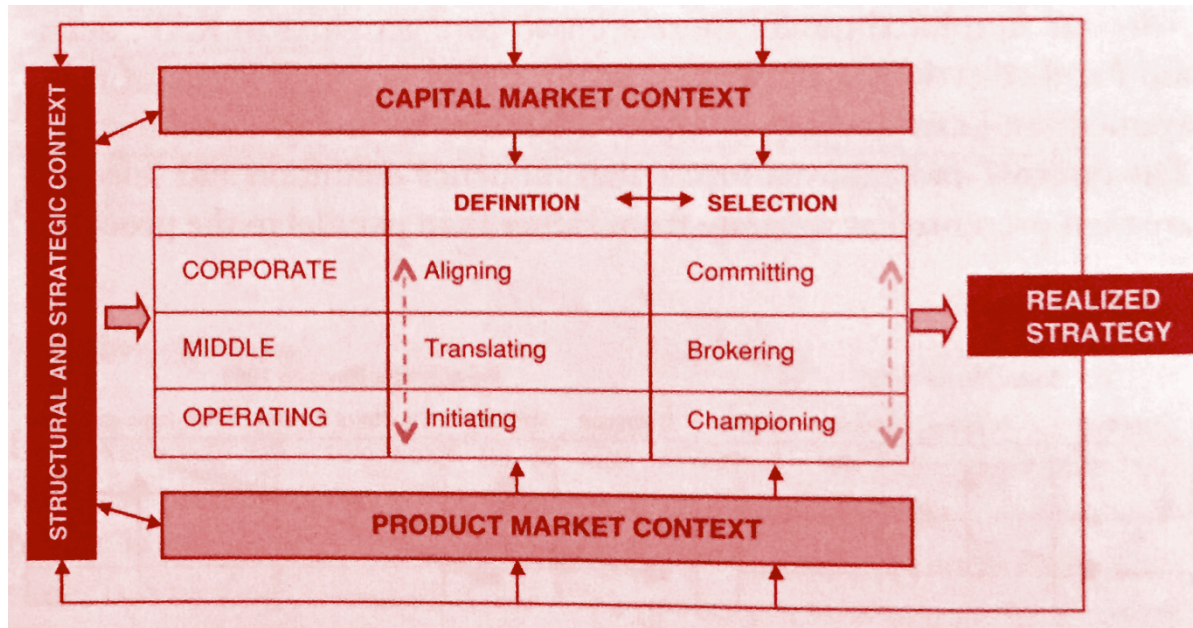
Section	Component	Description
1	<b>Capability Maturity Trajectory Framework</b>	<ul style="list-style-type: none"><li>• Internal Value Chain</li></ul>
2	<b>Periodic Planning Cycle</b>	<ul style="list-style-type: none"><li>• Forecasting</li><li>• Planning Budgeting</li><li>• Performance Management Systems</li></ul>
3	<b>Top Down and Bottom Up Convergence</b>	<ul style="list-style-type: none"><li>• Different approaches to convergence</li><li>• Diagnostic Tool</li></ul>
4	<b>Appendix</b>	<ul style="list-style-type: none"><li>• Additional Material for further reading</li></ul>

# Sample 4: Organisation implementation of Periodic Planning Cycle

Periodic Planning Cycle Focus Area	Forecasting	Planning Budgeting	Performance Management Systems
Key Elements	Embed forecasting into the periodic planning cycle	Embed planning budget into the periodic planning cycle	Define clear indicators, targets and responsibility
	Prepare needs, requirements and data sources	Develop and implement a comprehensive budget	Effective performance tracking
	Execute factors prioritization, models and methods	Monitor and evaluate budget performance	Conduct performance dialogue
	Evaluate accuracy		Provide positive incentives and take corrective actions
	Reconcile models		Link performance management systems to corporate strategy

Convergence focus areas

# Sample 5: Bower-Gilbert's Resource Allocation Process (RAP) has identified two contexts and two processes affecting resource allocations



- The RAP model is a field-research driven model that aim to represent successful RAP and their impact on realized (as opposed to “theoretical”) strategy
- RAP explicitly recognize interaction between different levels, different processes and different contexts that affect resources allocation in practice
- RAP address many of the shortcoming of top-down and bottom-up processes
- Proposals from the bottom are not evaluated exclusively on the basis of the financial returns, but especially on the basis of the **credibility of the proposing managers from the middle**

## Key characteristics

- RAP is multilevel, simultaneous and dynamic
- Three levels are engaged: corporate, middle and operating managers
- Two fundamental internal contexts:
  - **Structural context:** administrative mechanisms which top management can manipulate to influence the perceived interests of the strategic actors at the operational and middle levels in the organisation
  - **Strategic context** political mechanisms through which middle managers question the current concept of strategy, and provide top management with the opportunity to rationalise, retroactively, successful autonomous strategic behaviour
- Two fundamental central processes:
  - **Definition**, starts with a discrepancy between where the business or firm is positioned and where its leadership believes it needs to be
  - **Selection**, focus on the initiatives to propose, sponsor and approve
- There is an explicit recognition that both capital markets (**capital market context**) and customers (**product market context**) do have influences on RAP

# Sample 6: Appendix

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**A** Hax: further elaboration

**B** Beyond Budgeting approach

**C** Issues with commonly used planning cycles

**D** Strategic Management Styles

**E** Zero based budgeting

**F** Principles of effective planning



# Sample 7: Forecasting – sample framework

**ILLUSTRATIVE**

	Sub Capability	Uncompetitive Practice	Common Practice	Generally Leading Practice	Best Scaled Practice	Future Best Practice
<b>1. Embed forecasting into periodic planning cycle</b>	Integrate internal budgeting into organizational planning, organizational roles and responsibility	<ul style="list-style-type: none"> <li>• Forecasts are very detailed and infrequent</li> <li>• Forecast are not produced collaboratively across business units and corporate headquarters</li> </ul>	<ul style="list-style-type: none"> <li>• Forecasts are somewhat detailed and infrequent</li> <li>• Forecasts are not produced collaboratively</li> </ul>	<ul style="list-style-type: none"> <li>• There is an attempt to produce light and frequent forecasts</li> <li>• Forecast are not yet produced collaboratively</li> </ul>	<ul style="list-style-type: none"> <li>• Forecasts are generally light and frequent</li> <li>• Forecast are not yet produced collaboratively</li> </ul>	<ul style="list-style-type: none"> <li>• Light and frequent forecasts</li> <li>• Forecast are produced collaboratively and/or based on social forecasting</li> </ul>
<b>2. Prepare</b>	Prepare needs, requirements, and factors	• xxx	• xxx	• xxx	• xxx	• xxx
	Understand business environment	• xxx	• xxx	• xxx	• xxx	• xxx
	Determine data sources	• xxx	• xxx	• xxx	• xxx	• xxx
<b>3. Execute</b>	Prioritize top factors	• xxx	• xxx	• xxx	• xxx	• xxx
	Create model projections and ranges	• xxx	• xxx	• xxx	• xxx	• xxx
	Select forecasting methods and variables	• xxx	• xxx	• xxx	• xxx	• xxx
<b>4. Evaluate</b>	Measure accuracy	• xxx	• xxx	• xxx	• xxx	• xxx
	Perform simulations	• xxx	• xxx	• xxx	• xxx	• xxx
<b>5. Reconcile</b>	Combine models	• xxx	• xxx	• xxx	• xxx	• xxx



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