CORPORATE MODELING
DESIGN & IMPLEMENTATION
OF FINANCIAL PLANNING SYSTEMS
FOR THE HP 3000

FORESIGHT is a computerized financial analysis, planning and modeling language that addresses the numerous problems faced by managers. It was the first User-oriented interactive financial planning language to be placed on a computer system. It has been in use for over a decade and has been continually upgraded and modified in responce to changing business trends and computer technology.

FORESIGHT is a part of United Computing Systems, Inc., Business Information Products and is backed by its parent company, United Telecommunications, Inc. with assets of $3.5 Billion. As a consulting oriented firm, UCS-BIP has extensive technical, training and consulting staff to assist the user through numerous regional offices - Atlanta, Houston, Kansas City, Los Angeles, Minneapolis, New York City, San Diego and San Francisco.

FORESIGHT's command vocabulary is based on everyday business language. Data entry is simple and previous computer experience is not required. Your attention is focused on the report, not the computer.

In addition, FORESIGHT can be used at any origanizational level, from the smallest cost center to the largest multi-national corporations. It was developed for business people by business people. It readily adopts to your particular require- ments and can accommodate each departments unique operation. Management reports or financial models can be easily adjusted to reflect changing business conditions or organizational evolutions.

FORESIGHT can be purchased or leased for your HP 3000.

Planning for the future, whether that future is the next quarter, year or 5 or 10 year period, is a basic concern of every business manager. Management has to make decisions on corporate analyses, planning and control. All within limited time periods. And - not only is the manager expected to have access to the required information, but he is expected to be able to report on it, and present it in an understandable form.

Management has need to test assumptions in relation to planning, control or financial models without risking capital or resources.

The ability to explore alternatives, to ask "What if?" is more important today than ever before.

 -What if my sales should increase by 15% ?

 -What if material costs should rise 5% ?

 -What if I should have to make a substantial capital outlay in the third quarter?

Before we look at an example, let's take a minute to understand how information is handled using Foresight. Foresight is based on the concept of a matrix. A matrix being made by the intersection of a series of lines and columns (both variable). The intersection of which houses a data element (either directly input of calculated). The intersection of a line and column we call a cell.

Specifications   -   5500 cells
100 columns
1000 lines

To this matrix, a number of descriptive fields are added:

January 1, 1977   Eastern Division

1977 Planned Product Sales
Cost of Goods Manufactured
Profit and Loss Statement

Month end   Total
January   Fiscal Year
1977   1977

Let's look at an example which will illustrate some of these needs. To help with the illustration, we will look at the Willett Manufacturing Company which has two product lines (we'll call them A and B). Willett markets these products to both the commercial and residential housing markets. With the exception of sales which is segmented into two geographical divisions, all functions are centralized within the company (attached).

The three individuals involved in this planning cycle are the:

- Director of Marketing

- Manager of Production

- Director of Finance

As a marketing driven company, the director of marketing has developed a sales forecast which is submitted on a monthly basis for the period January to December.
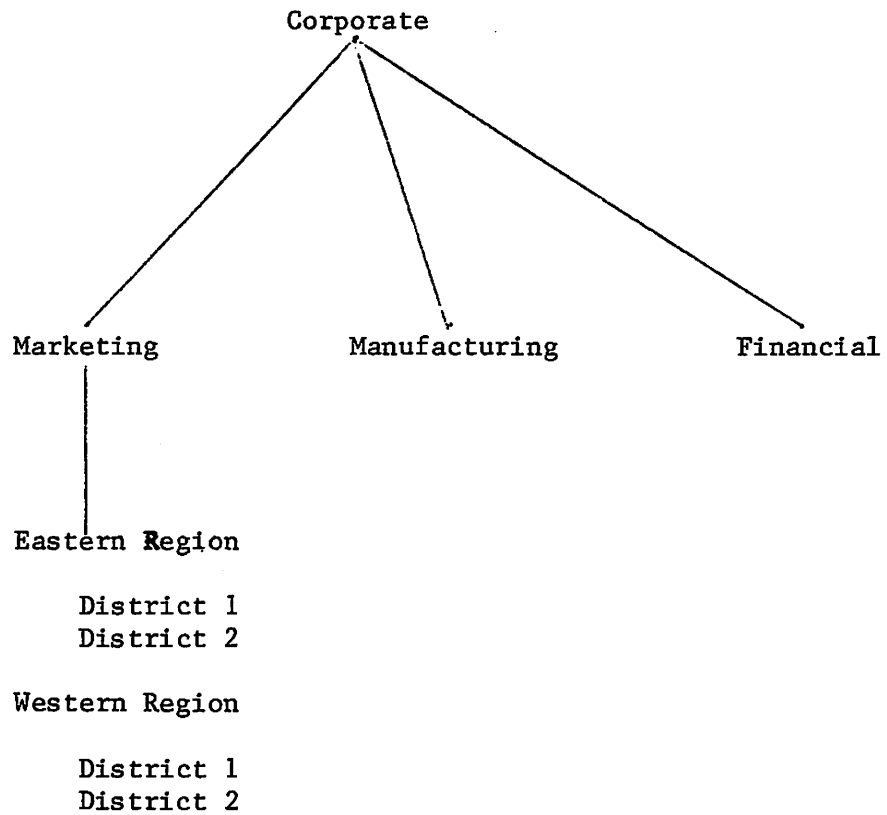
Eastern Region

District 1

Product A	135	175	225	265	310	310
	265	225	225	225	175	135

Product B	105	95	93	95	115	125
	135	135	135	120	115	155

District 2

Product A	180	180	180	180	180	180
	180	180	180	180	180	180

Product B   Incrementing by 5% per month based on a 1976 year
end average of 100 units per month.

WILLETTS MANUFACTURING COMPANY

Corporate

Marketing   Manufacturing   Financial

Eastern Region

    District 1
    District 2

Western Region

    District 1
    District 2

In addition, marketing has determined the price per unit for product A will be $1475 per unit; for product B - $1700 per unit with a price increase to $1800 per unit starting in July.

The first statement we need to look at is planned product sales (Exhibit 1). We have taken input from the Director of Marketing and produced a report based on the various line items and calculations he wished to see.

Based on these results the Manager of Manufacturing determined the necessary lead time for production. The Director of..Finance concurred for the indirect cost and overhead. From this input, a cost of goods manufactured report was produced (Exhibit 2).

At the Finance Director's level, most of the detailed information is not required. So his profit and loss report is produced (Exhibit 2) using only those totals he wishes to see and including additional corporate level items of interest (Depreciation, General and Adminis-trative expenses, Bonuses).

Now that we have a full set of basic reports for the Eastern Division, what about the Western Division? As both divisions have the same organizational structure, the only change from the Eastern division is in the sales estimates -

District 1

Product A	160	210	270	320	370	370
	320	270	270	270	210	160
Product B	100	90	90	90	105	120
	130	125	130	110	110	145

District 2

Product A	190	190	195	195	195	225
	235	275	275	260	260	250

Product B   Incrementing by 10% per month based on a 1976 year end average of 100 units per month.

A similar set of reports is produced (Exhibits 4-8).

From these two sets of divisional outputs, a series of higher level reports can be easily attained.By the use of the Foresight consolidate and merge command a consolidated profit and loss in statement produced (Exhibit 9).

At higher corporate levels a variety of additional reports may be required using the existing data base of information. A comparative profit and loss statement is produced using the consolidate and select command (Exhibit 10). At each higher level, additional logic an be added to specified results extracted from the original data base utilizing Foresight's format file capability.

For the final presentation to the President of the Willett Manufacturing Company, the Finance Director decided to use Foresight's andvanced report writer capability to produce a more finished report (Exhibit 11).