: What is Planners Lab?

by Dan Power

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Planners Lab is an innovative software product, a modern version of IFPS, a new tool for teaching students financial modeling, AND a promising tool for helping managers examine financial assumptions and see the impact on results. Planners Lab is more precisely "a strategy simulator with two primary components, namely, (1) an easy to learn and use assumption description language (also called model-building or planning language) and (2) intuitive and easy to use drag and drop visualization. Decision makers can easily and on the fly 'play' with assumptions and immediately experience the consequences of changes."

Long time readers may recall two Ask Dan! columns from Winter 2001 on IFPS. Hubert Deneault at Hydro-Quebec wanted a good replacement for models built using IFPS. The software package called IFPS (interactive financial planning system) was originally marketed by EXECUCOM and then Comshare. The program died a quiet death in the late 1990s. In 2001 there was not a good replacement that met Deneault's requirements. That sorry state of affairs seems to be changing.

IFPS was originally developed in the mid 1970's by Professor Gerald R. Wagner and his students including Kirk Jones. Jerry pioneered business planning software and was the principal designer of IFPS. Planners Lab is Jerry Wagner's fifth start up company product. His software design credits list now reads IFPS, VisionQuest, TeamBook, WebIQ and Planners Lab.

Planners Lab is not currently available at Staples or Office Depot. From my perspective Planners Lab is in advanced beta testing. So how did I get a copy? I had heard rumors Jerry was working on a visual financial planning DSS for almost 2 years and in September 2005 Jerry emailed me "I have been working on a new piece of software for modeling and planning." Our schedules didn't mesh in the fall, but in April 2006 Jerry sent me another email "I'd like to give you an on line demo of our software using GoToMeeting ... It is time to let old IFPS customers know what is happening here and your newsletter might just help." I quickly accepted.

On May 3, 2006, Jerry used gotomeeting.com to provide me a personal demonstration. I had a family emergency that cut the demonstration short, but Jerry showed me the major features. He has since sent me the Planners Lab Quick Start, an article discussing Planners Lab, and a link so I could download a trial version. What follows is not a software review, rather I'll summarize the capabilities of the software and make a few comments on the user interface. Over the next few months, I hope to find an occasion to try the product on a "real" planning problem. If so, I'll write another Ask Dan! about that experience.

One begins a Planners Lab session by creating or opening a model. If an analyst or manager is creating a new planning model, the model concept and design is the first hurdle. What do we want to better understand? Are we interested in understanding our firm's business model? Are we interested more narrowly in a profit and loss model? Are we interested in developing a model for evaluation of construction loan applications? We then need to break the model into useful components or "small chunks". In Planners Lab each chunk is called a node and the nodes are linked together in a hierarchical tree. Nodes and variables are given descriptive names like "revenue" or "days worked". The Planners Lab approach is to "modularize large complex models into small understandable and manageable chunks. This is done using a 'family' tree hierarchy." The interface is attractive and intuitive.

After creating a model, a manager/user continues the "learning and discovery process by visualizing results and asking what if and goal seek questions." At the bottom of the screen is a button called "Playground". Clicking that button displays the icons for chart styles. The user drags any chart style onto the stage (the main window); clicks on nodes that contain variables s/he wishes to display; and drags variables from those nodes onto a chart template. To remove a chart, the user drags it off the stage. To remove a variable from a chart the users drag it off the stage. To move a variable from one chart to another, a user drags it from one to the other. Multiple chart styles can be on the stage and can be used to create an interactive planning dashboard for the situation.

Currently, Planners Lab has 9 chart types: Line Chart, Bar Chart, Table, What If Line Chart, What If Bar Chart, Goal Seek Line Chart,

Goal Seek Bar Chart, Impact Chart, and Risk Analysis Chart. The What If Chart feature is for making temporary changes in the model logic and seeing the affect of those changes. What If "is for 'playing' with different assumptions and visualizing the impact of such changes." Goal seek asks the question "what does the value of one variable need to be 'moved to' in order to achieve a desired goal value in another variable?". The Impact feature asks the question "what impact does X% change in a what if variable have upon a goal variable?" The risk analysis feature is for quantifying uncertainty.

The Planners Lab is designed so decision makers can easily simulate, visualize and anticipate how their assumptions about the future will influence future outcomes. The theme is "to rehearse the future at no cost or risk. The philosophy is that if you can see it, you can get it. The Planners Lab software combines simulation and visualization. The intuitive visualization interface allows the end user to test and understand assumptions about the future before committing to a decision, strategy or course of action."

According to Jerry, "The Planners Lab is one of the first major business applications to use Macromedia FlashMX as its interface development platform to support animated interaction. The Planners Lab software is a starting point to achieve the vision that business software should provide decision makers with engaging experiences, such as are currently available in computer gaming. Just as gamers receive immediate visual response to their actions, decision makers should have comparable feedback experiences with software-based strategy simulators."

What situations are appropriate for Planners Lab? My guess is that as the product matures and evolves the possible applications domain will expand. Also, because Planners Lab can be used with Excel and as part of a Web-based DSS, those capabilities create many opportunities. Currently, some advertised applications include "project proposals for business expansion/retraction, benefits planning, product development, analysis of initiatives in Balanced Scorecards, real estate development, advertising campaigns, marketing strategy analysis, sales strategy analysis, business plans, hiring strategies, make or buy, acquisitions, mergers and risk assessment."

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Downloading and installing the Planners Lab software was easy. We did need to upgrade to Flash 8 Player. Planners Lab is also available as an Enterprise Edition client server network enabled product, but I haven't tried that version.

Is it a good replacement for IFPS? Mr. Deneault's criteria included a planning language, support for large models (1500 variables and approximately 80 time periods), a more modern environment, "able to talk to an OLAP application". Progress has been made. I'm also hoping to see capabilities for building data input screens for model variables (perhaps using Visual Basic in Excel) and designing reports that can be exported as PDF documents with text and charts.

Jerry and I will be attending CIDMDS 2006, the International Conference on Creativity and Innovation in Decision Making and Decision Support (http://www.ifip-dss.org), starting June 28, 2006 in London. We're both on a panel on DSS and Design Science. Join us in discussing innovative software for planning and decision support. I'm hoping to get Jerry involved with ICDSS 2007(http://www.ICDSS2007.org) in Calcutta Jan. 2-4, 2007.

Campus-wide Planners Lab licenses are available to academic institutions at no cost for teaching, research and administration. For more information email: grwagner@mail.unomaha.edu. Also contact him to sign up for a live on-line Planners Lab tour. Jerry wants feedback and constructive suggestions to enhance Planners Lab. So please help him and the Planners Lab software design and development brain trust: Alex Bucevicius, Eric Goeken, Joe Crum, Miao Liu, and Ryan Phelan.

Jerry notes that with Planners Lab "Decision makers can 'play' with assumptions and immediately experience the consequences of changes." I agree. Planners Lab can help managers understand their assumptions about the future. Try it! You'll like it!

References

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Last update: 2006-10-22 16:36