

## **Success with Today's Retailers Requires A Skilled CP 'Conductor'**



Like a professional orchestra, today's CP company must be "right on beat" as an organization — or it will strike a distinctly discordant note with retail customers and, as a result, with shoppers and consumers.

Because CP account teams work directly with retailers, leading manufacturers are transforming the role of sales from relationship manager to general manager, responsible for **ORCHESTRATING THEIR ORGANIZATIONS' PEOPLE, FUNCTIONS AND RESOURCES TO DELIVER DIFFERENTIATED VALUE ON BEHALF OF THE CUSTOMER.**

**WHAT IS THIS EVOLVING NEW SALES ROLE, WHAT DOES IT REQUIRE — AND WHAT IS THE PAYOFF FOR YOU?**



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## **ORCHESTRATING YOUR PERFORMANCE TO SUCCEED WITH TODAY'S CUSTOMER**

Your account teams know what the customer wants, and when, and how and where you're delivering — or not. That's why leading CP companies are enabling their sales teams to orchestrate the organization's activities and efforts on the customer's behalf — and reaping substantial rewards.

**THE ECONOMY IS NOW HARsher** than it has been in many years.

In this climate, retail customers are even more demanding of manufacturers to deliver what they need — meaningful data and information, accurate and timely forecasting, tailored marketing and promotion plans, well-executed merchandising programs, relevant metrics on promotion performance, accurate invoices, on-time deliveries, rapid replenishment.

Thus, manufacturers simply cannot compete without delivering — consistently — on the full list of retailer needs and wants.

So today, the challenge for the CP organization, no less than for a group of musicians, is to conduct all the various instruments of retailer satisfaction — the information and activities within your company — so that there are no sour notes in your performance.

### **WHO'S YOUR "MUSICAL DIRECTOR?"**

Because it's the account team who directly touches the retailer, leading CP companies are transforming the sales executive's role from relationship manager to general manager — the person responsible for tuning into each retailer's unique needs, and orchestrating all of his or her organization's people, functions and resources on behalf of the customer.

### **SALES: A MAJOR ROLE SHIFT**

Indeed, throughout the CP industry, we are seeing a significant shift. No longer are salespeople's responsibilities limited to selling enough volume to hit top-line goals and managing account relationships. Today, salespeople are the new "general managers," often evaluated by metrics including customer profitability, category growth and profitability, promotion uplift and profitability, in-stock rates (on and off promotion), and price reflection — as well as top-line volume and revenue.

Managing to these metrics means that sales teams are now involved in activities both strategic and tactical. These extend beyond the traditional boundaries of the selling function to encompass annual account and channel planning, account-specific marketing campaign planning and execution, ongoing forecasting and budgeting, vendor-managed inventory and responsive replenishment.

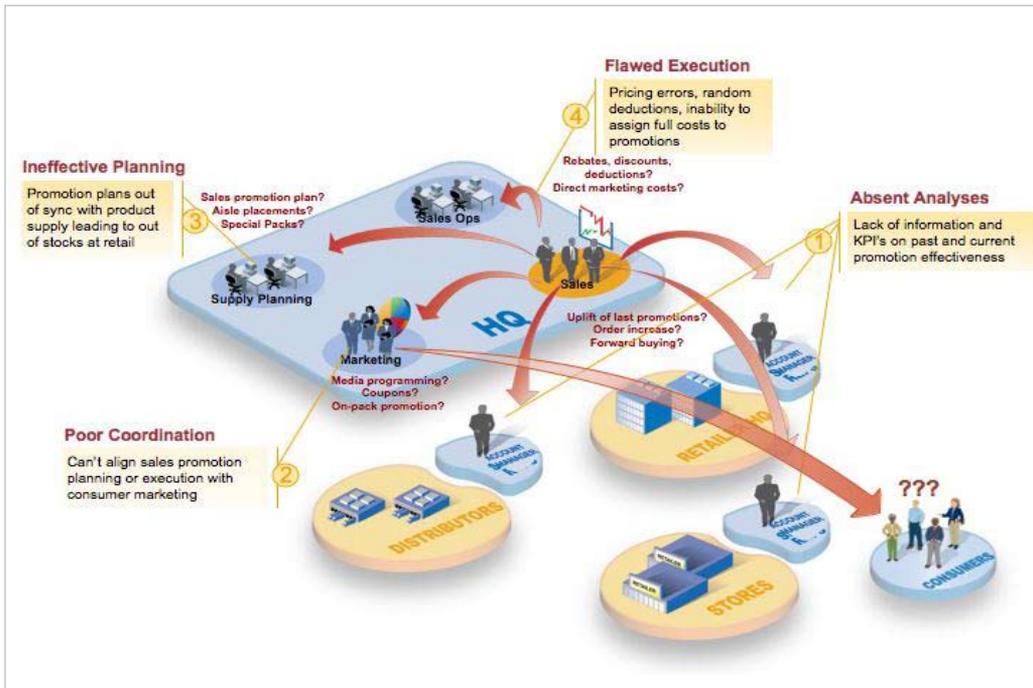
For example, historically one major area of sales focus has been — and still is — trade promotion. In the past, the goal was to drive incremental volume and increase top-line revenue.

But with today's new emphasis on general management, many more metrics are now associated with trade promotion effectiveness. For salespeople today, volume is still vital — but so is sustainable



# THE CP PAIN POINTS:

## Are You Out of Tune with Yourself & Your Customers?



**How many times have you — and your retail customers — been frustrated by four painful problems common to the average CP company?**

It's these pain points — lack of appropriate information, poor coordination, ineffective planning and flawed execution — that can make it so difficult, if not impossible, to “sing off the same song sheet,” to achieve the goals your organization has set for itself, and for the customer to easily do business with you.

Lack of information on past and current promotion effectiveness makes it an unanswerable question whether your promotion spend is delivering meaningful results, and if not, how to modify it.

Inability to consistently align sales promotions with consumer marketing campaigns means that advertising dollars are wasted because shoppers aren't motivated in the store — or vice versa.

Promotion planning that is not integrated with the supply chain system inevitably results in production and demand that are out of sync leading to out-of-stocks and lost sales, while promotion planning that is not integrated with financial systems leads to pricing errors, unauthorized deductions and claims, and the inability to allocated total costs to promotion activity.

The consequences of this “cacophony” are wasted marketing investments, poor service levels, lost sales opportunities at the shelf, shortfalls in volume, revenue and profitability — and loss of credibility with an ever-less-forgiving retail customer.

How long can you continue to play this way in today's ever-more-demanding CP space? ■



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## NEW SALES ROLE IN CONSUMER PRODUCTS: FROM RELATIONSHIP MANAGER TO GENERAL MANAGER



### ORCHESTRATING FOR SUCCESS:

Playing in Concert Requires  
Getting in Tune via Rethinking, Integration



**In today's new, more demanding economic climate, are your business results still being sabotaged by the same old CP pain points** — lack of appropriate information, poor coordination, ineffective planning and flawed execution?

If so, it's time to play differently, from a new song sheet with some new instruments. What do you need?

**1. Analytical capabilities** that enable your account managers to measure your company's promotion effectiveness, category growth and customer profitability.

When you empower your salespeople with timely analytics, enriched with integrated data from multiple internal and external sources, you arm them with information on performance metrics and past promotional effectiveness. You give them what they need to make better decisions about where and how to invest effectively for you going forward.

**2. Tight alignment between sales and marketing** via complementary solutions and processes to ensure coordinated and complementary trade promotions, direct-to-consumer marketing, and media and advertising.

When you enable coordinated solutions and processes, you empower your sales and marketing teams to plan for complementary campaigns and promotions to optimize their investments.

**3. Demand and supply planning process integration** with sales and marketing to support anticipated spikes in consumer demand from planned marketing campaigns and trade promotions.

When you enable demand and supply chain visibility to planned incremental volume due to marketing and promotion activity, you ensure that manufacturing, logistics and distribution have the information they need to assure your retail customer that you will deliver supply adequate to meet consumer demand.

**4. Integration with financials** to provide total visibility into your program spend and your product and customer profitability.

When you integrate your sales organization's planning and execution activities with your financial systems, you ensure that your sales and finance teams can coordinate effectively around budget constraints; that finance can account properly for temporary price changes and other promotion terms; that your sales teams are equipped to resolve open deductions quickly and accurately; and that all promotion and marketing costs are appropriately assigned, streamlining evaluation of your program effectiveness and enabling full brand, product and customer P&L analysis.

**Result:** Internally and in your customer's eye, you give a flawless performance! ■



Four pain points — lack of appropriate information, poor coordination, ineffective planning and flawed execution — can make it impossible, to “sing off the same song sheet.”

revenue growth, profitability, category growth and share, retailer brand equity, and account profitability — and they must deliver all these consistently, at acceptable costs.

#### **RETAILER EXPECTATION: COORDINATED, TAILORED EFFORTS**

A major factor in the application of new metrics to sales performance is the growing complexity of account relationships. Gone are the days when a salesperson could pay a call on a retailer, say, “Here is our promotion calendar, will you participate or not?” and then be rewarded based on the retailer’s answer.

In today’s ultra-competitive retail environment, retailer requests for custom programs in the form of promotions, marketing campaigns and even packaging, logistics and distribution are increasingly the norm. More and more, sophisticated retailers expect the CP company to tailor its promotions and marketing campaigns to their own unique markets and target shopper profiles, helping differentiate the store and better compete for consumer traffic.

Retailers also expect that CP companies will field coordinated sales promotion and marketing efforts as complete programs tailored to the retailer and the retailer’s shoppers — campaigns and promotions tied together to complement one another, so that, for example, in-market advertising does not run before in-store merchandising displays are up, or vice versa.

In short, as retailers have grown and matured, aligning much more closely with consumers and shoppers, manufacturers have had to grow and evolve accordingly to compete.

Accordingly, the ability to work with retailers on a one-to-one basis is becoming a prerequisite for collaborative retailer relationships and successful CP selling. Thus, the CP sales executive of today must be a holistic thinker, taking into consideration many more factors than his or her predecessors did, and incorporate each of these factors into account strategy planning.

And he or she must do this not only in a way that complements the retail customer’s go-to-market strategy, but in a way consistent with the manufacturer’s own goals and objectives, too. Managing the complexity of a wide range of differing retailer-specific programs while balancing the retailer’s objectives with those of the sales executive’s own company is at the heart of the challenge for today’s “new” CP sales executive.

#### **TODAY’S REALITY: DISCORDANCE**

For CP companies, today’s new retailer imperatives are posing major challenges — especially for salespeople, the supplier’s key point of contact with the customer.

The customer now expects your sales representative to have analytical tools, driven by up-to-the-minute data,



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at their fingertips, so that their questions about the market, demand for your product, promotional appeal, product availability, stock levels and replenishment/delivery information are answerable on the spot.

Yet in most CP companies today, legacy processes and systems make it difficult if not impossible for salespeople to function effectively in this new environment.

Massive amounts of data - POS, syndicated data and internal and external information of all kinds — coupled with corporate information silos often make it extremely difficult to perform the right analysis and get to the metrics demanded by the customer.

The CP company is typically challenged to metabolize its data on its own behalf — to analyze it for meaningful insights that its people and functions can use to react and improve performance across the board.

### TRADE SPEND EFFECTIVENESS: STILL A 'LOST CHORD'

Perhaps the deepest source of frustration continues to be trade spend. The second-largest expenditure for CP companies after cost of goods, trade spend as an overall percentage of the marketing budget continues to grow; it reached a full 65 percent in 2007.

Every CP company knows its sales efforts could be aligned more to improve trade spend efficiency and effectiveness. This conviction is driving companies not only to invest in trade promotion management tools, but also in other tools and capabilities to help their salespeople and account teams improve sales productivity while also managing and measuring account profitability.

Yet, surveys show that, so far, few manufacturers are satisfied with their trade promotion management results, let alone with sales productivity and customer profitability initiatives. Indeed, only three percent of companies surveyed by AMR Research at the end of 2007 would consider themselves best in class at promotion effectiveness (a full 63 percent said, in effect, either "We need improvement," or "We're only average"), only 6% consider themselves best in class when it comes to measuring and managing account profitability, and only 8% consider themselves best in class when it comes to sales productivity.

Why has better control — not only of trade promotion, but of marketing results, customer service levels and deductions — proved so elusive to date?

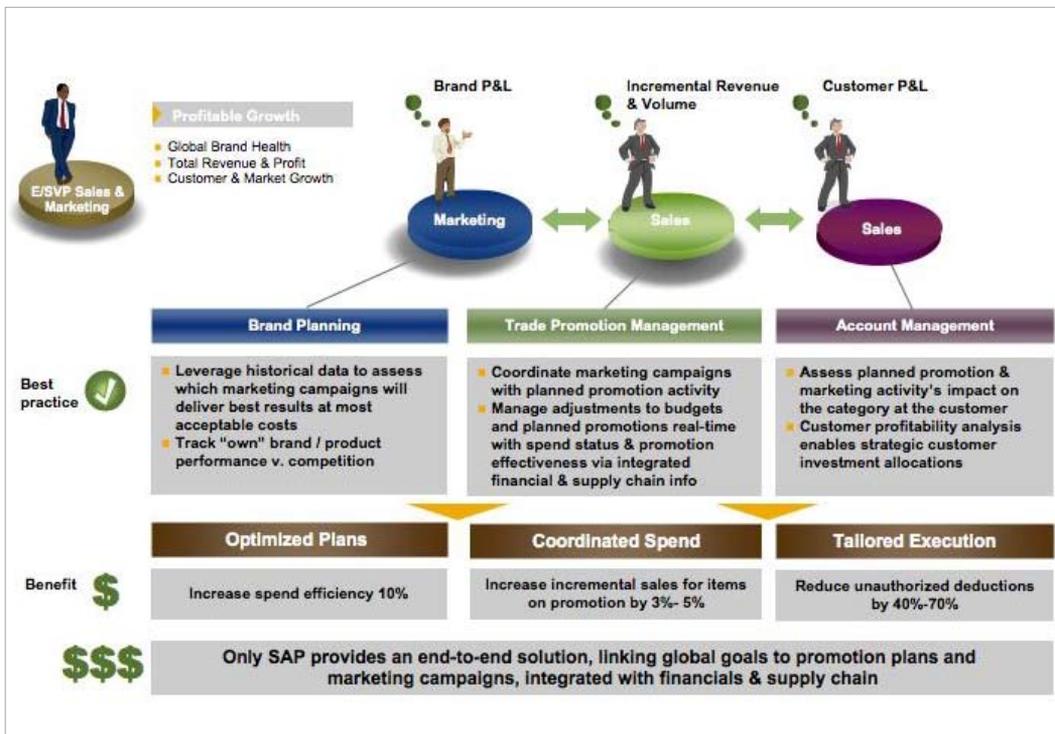
In a word, disconnect. In the absence of coordinated and integrated systems and business processes, it's impossible for CP manufacturers to ensure that their activities are aligned and connected, let alone complementary.

What challenges do these disconnects create? First, lack of information and KPIs on performance of past promotions make it very difficult for salespeople to determine which future events will be the most effective; provide retail customers with good information on which promotions best achieved their objectives — higher store traffic and basket ring; and provide the best return to the CP company itself.

Disconnect also makes it difficult for the marketing and sales teams to align promotional activity with planned marketing campaigns in a way that ensures complementary activity and maximizes the spend on both counts — let alone combine promotions and marketing campaigns into tailored programs specific to retailer requirements.

## FROM COMMITMENT TO STRATEGY & EXECUTION:

Tuning Up to Optimize Your Sales & Marketing Investments



**Imagine what this performance improvement would do for your cash flow and your year-end results:**

- A 10-percent increase in spend efficiency;
- An increase of three to five percent in incremental sales of promoted items;
- A reduction of 40 to 70 percent in unauthorized deductions.

In fact, results like these have been demonstrated by CP leaders that have adopted end-to-end solutions for their sales teams, linking global goals to promotion plans and marketing campaigns, and integrating with finance and supply chain.

SAP delivers coordinated, integrated processes supporting the CP sales organization and its constituents, from strategic planning to tactical execution, starting with brand planning to set global goals and strategies, followed by Trade Promotion Management to manage promotion strategies, terms, and planning; and continues through to

Account Management for achieving better promotion execution and customer relationships.

### Turn Down The Noise, Start Orchestrating for Greater Success

In CP, isn't it time to stop living with the same old pain points while hoping for a new level of business success? If so, start by talk to us about better orchestrating your people and functions, and about the business process thinking you'll need to optimize their effectiveness.

At SAP, we specializing in helping CP companies address these challenges via an integrated suite of solutions that enable business process coordination between your salespeople and the constituent groups that support them — your marketing, supply chain and finance organizations.

Today, SAP is helping enable standing-ovation performances by other CP companies. We can do no less for you. ■



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### CASE STUDIES OF COORDINATING IN CONCERT

#### At the tactical level, how are CP sales teams working as general managers in concert for the customer?

■ In one vendor-managed inventory example, it's the sales/account teams who are now managing the inventory in the supply chain. They receive notification if out-of-stocks are imminent, and/or if inventory drops below a specified threshold.

The sales and supply chain teams have achieved levels of coordination that empower the salespeople – via supporting systems and processes – to go into the system and adjust inventory levels or the forecast to ensure stock adequate for the program to proceed.

Not long ago, this degree of involvement and responsibility by a salesperson would be unheard of. But it makes perfect sense — after all, it's the sales teams who are closest to the account. They know what promotions are planned or running, they know the timing, they are on the receiving end of information and feedback from the retailer.

■ In another CP company, sales and account teams have gained enough visibility and control over their promotion spend that they have maintained their promotional presence while simultaneously reallocating residual funds to building brand equity. This company was able to target promotions based on effectiveness analysis, and then redirect available funds back toward marketing campaigns and brand-building events, markedly improving its

consumer takeaway at the shelf.

■ In other SAP client companies, sales and account teams are leveraging analytics as part of their business planning cycles to measure and assess brand performance, product / customer profitability, and promotion and campaign effectiveness. These advanced tools let the account representative know which proposed programs and promotions are likely to be most effective and profitable for a particular retailer, based on history with that or similar retailers.

■ In all of these CP companies, the account team has been empowered to become that internal “orchestra conductor,” functioning as general manager on behalf of the retail customers.

And because better service to retailers drives better results for the manufacturer, these CP companies are rewarding themselves, too.

By optimizing brand planning processes, they have realized opportunities to increase spend efficiency. By coordinating trade promotions with their marketing activities, they have created opportunities to increase incremental sales for items on promotion.

And by coordinating account management with trade promotion and brand planning to tailor their execution to the retailer, making sure that what they do is reflected accurately back into the supply chain and the financial organization, they have reduced unauthorized deductions. □

By the same token, sales promotions and marketing campaigns result in planned incremental volume, in total for the manufacturer and at the account level for the individual account teams. Disconnect between sales/marketing and supply chain teams leaves manufacturing, logistics and distribution unable to plan for anticipated spikes in consumer demand. Result: out-of-stocks at retail and lost sales.

And, finally, given the financial implications of sales promotions and marketing campaigns, disconnect between sales and finance prevents communication of the terms of the deal, the structure of a given

promotion, special pricing and time periods. Result: pricing errors, unauthorized deductions, strained manufacturer/retailer relationships and, ultimately, the inability to assign full costs to individual promotions.

#### TIME TO GET IN CONCERT

So today, the choice is:

■ Lose ground to competitors, while an ever-more-sophisticated retailer and its stores continue to grow in importance as the primary environment through which the CP manufacturer can reach the consumer and the shopper, or...



How much better would your account managers be enabled to perform if they had the right infrastructure, the right data environment and the right tools to run the analyses required to make good strategic decisions?

.....

■ Differentiate from competitors among your retailer customers by enabling your sales executives to become true general managers, equipped to orchestrate your efforts in service of the retailer.

Leading CP companies are choosing to transform the account team's role, equipping them to be true general managers empowered to orchestrate their companies' efforts to delight the retail customer.

### **WHAT ARE THE STEPS YOU NEED TO TAKE TO JOIN THEM?**

#### ■ Quantify the business case

Consider the ROI of end-to-end processes empowering your sales teams to act as general managers on behalf of the customer.

How much better would your account managers be enabled to perform if they had the right infrastructure, the right data environment and the right tools to run the analyses required to make good strategic decisions about where and how your company ought to be spending its money? How much better would your retailer relationships be if you could increase your trade spend efficiency, if you were able to allocate more to working closely with key customers on more customized programs?

Consider the ROI of empowering the sales team to coordinate more effectively with the marketing organization, with supply chain and with the financial team. How would an incremental improvement in forecast accuracy translate in terms of in-stock

rates — and, again, better retailer satisfaction? How would your retailer relationships, and your own cash flow, improve if you reduced your open deduction balances?

How would all of these, taken together, enable your account teams to develop better retailer relationships for you? What would these return to your company?

#### ■ Assess the sales teams' business process responsibilities

Define the breadth of your account teams' responsibilities. Consider ever-more customized programs, price and promotion programs, in-stock goals and other service-level objectives, category and market share growth, and profitability.

Consider then the constituent groups within your organization that support the sales teams in their efforts.

How do sales teams need to collaborate with marketing to drive coordinated campaigns, tailored to individual customer needs? How do they need to work with finance to better manage budgets, to plan strategically for ongoing customer and product investments? How do they need to work with supply chain to ensure timely production of the right inventory — not too much, not too little?

In short, how does today's full range of sales accountabilities, if better enabled, translate to higher performance and greater potential ROI — not only in relation to the customers they serve, but to your company's overall performance goals?



## NEW SALES ROLE IN CONSUMER PRODUCTS: FROM RELATIONSHIP MANAGER TO GENERAL MANAGER

### 'THE JOB HAS BEEN ELEVATED'

## At Colgate and Kraft, a Transformed Sales Role Reflects Growing Sophistication in Selling Approach

**Inside Colgate and Kraft, as in many leading CPG companies,** today's sales role would be unrecognizable to the account manager of 10 years ago.

Gone is "Let's make a deal!" the proprietary one-on-one salesperson-to-buyer handshake that, in decades past, largely defined the commercial relationship between manufacturer and retailer.

In its place is a matrix organization linking manufacturer with customer: Often led by key account managers, manufacturer teams representing sales, marketing, supply chain, information systems, financial and other key functions on the supplier side connect with counterpart functional representatives on the retailer side. These interactions are coordinated by a team leader, typically the key account manager.

At Colgate, observes Scott Smith, Worldwide Director, Colgate Business Planning, our overall customer development strategy is to create innovative solutions for our customers that deliver mutual profitability and entice our shoppers. "One of the biggest evolutions are customer development teams. Today, we work with customers in all aspects of their business — category management, supply chain, information, data management, financial/capital management. Many customers now expect all of these elements in a business relationship."

Supported by powerful data-sharing systems and analytics, the manufacturer's account teams are charged with growing the retailer's business — and their own — by bringing to bear whatever resources are required to make the customer a better retailer.

As the commercial relationship has grown ever more complex and intertwined, the size of the manufacturer's customer teams have grown, too. Notes Colgate's Scott Smith, "The number of people dedicated to our Wal-Mart team has grown approximately 80 percent versus 10 years ago. The same increases have taken place for

many other customer development teams."

#### Collaboration to Present 'One Face'

At Kraft, a key goal of the team approach is to present "one face" to the customer; no longer does each brand have a separate customer relationship centered on that brand. Instead, teams manage the commercial relationship; account managers work together with a host of new tools and processes in service of the customer.

Because there is so much more collaboration within Kraft and with customers, today's account managers must understand not only selling, but marketing, data analysis, financials, and how the supply chain works.

"The job has been elevated," says Rita Fisher, Director – Information Systems, North American Sales & Foodservice, who is leading North American Sales IS organization in delivering future state sales capabilities enabling business growth and superior sales execution.

"As never before, our sales people have to be well-rounded professionals who can use innovative technology solutions and apply information to make intelligent business decisions — and do it collaboratively, within Kraft and with the retailer."

As in many CPG companies today, Kraft's people now rely on technology and information to a far greater extent, she says. "There is now much more emphasis on advanced analytics, on timely information being available, on integration with the retailer."

More and more, "integration" also applies internally: Leading CPG companies including Kraft and Colgate no longer think of analytics as a "bolt-on," but are now empowering their people with analytics in the context of the business process itself. Sales/customer development teams now make better, more informed, more timely decisions because



the analytics and the business process are — or are becoming — one and the same.

This convergence of analytics and business process effectively “sets the parameters,” freeing the customer teams to think creatively within the context of the business process, taking into account all of the revealed constraints, to translate the information consistently into differentiated programs that drive sustainable revenue, profit and volume growth for both the manufacturer and the retailer at acceptable costs.

The goal: To take better advantage of bigger opportunities. As Kraft’s Rita Fisher articulates it, the challenge comes down to this: Kraft has numerous opportunities to invest in the marketplace, and wants to “work with customers who are willing to grow with us, and to focus on the fewer, bigger, high-value propositions and initiatives.” So Kraft’s account team members of today need to be able to analyze information, run different scenarios, identify the right strategies, and look for the truly ‘win-win’ opportunities.

### **Analysis Comes to the Fore**

Analytical skills are equally critical at Colgate. Today’s customer development people need all of the selling skills they have required in the past — communication, negotiation, etc., Scott Smith observes. “But now, what is also essential is an inclination towards analysis, at a far higher level than in the past. We’re operating in an environment that is far more fact-based. In this environment, one’s ability to analyze facts and data, and consistently translate that analysis into differentiated “win-win” opportunities and action, is a much more important requirement than it was before.”

Collaboration skills and tools are vital at Colgate too, as today’s account teams are responsible for ensuring that the whole commercial relationship is intact and healthy. That includes different disciplines within the business — supply chain, receivables, or any of a host of different elements.

“Because of the team structure,” Smith observes, “the idea of someone working as an ‘independent broker’ is less tenable; today, a person needs to have a far more collaborative approach in developing their plans — they’re no longer responsible merely for managing the relationship with one buyer on an individual basis.”

### **Metrics Broaden with Role Expansion**

Because roles are so changed, today’s account teams and their members are measured in new and different ways.

As a result of the team approach and today’s broader commercial relationship with the customer, and because the people involved and their functional roles have been so expanded and elevated, the way CPG companies measure their success has moved from volume to margin and net sales/revenue metrics. Measurement now has a true P&L orientation.

At Colgate, Scott Smith says, “We have shifted our focus from volume and shipment to consumption, in terms both of how we measure our business, and how we invest to grow it.

With a focus on consumption comes vastly increased data streams, and the need to manage and merge them effectively to extract relevant actionable information, he observes. “Today, we are at all different stages of this ‘consumption’ evolution. It starts out perhaps on a market level; then can move to a chain customer basis. If you’re getting POS, you can also look at it on a store level. You can move from monthly buckets into weekly and daily buckets. So this data has, over time, become far more plentiful and powerful.”

“Obviously,” he adds, “it requires a great deal of rigor and resources to harness and turn this data into information. But the ability to truly understand, from a specific customer standpoint, what’s happening, by store, by day or by day parts, so that you can ensure, for instance, that a store is properly stocked, is a big focus. It is an opportunity for everyone. The retailer and manufacturer are better able to partner to provide end consumers with more of what they’re looking for, when and where they’re looking for it.”

### **Business Process and Systems Implications**

What does this imply in terms of new sales processes and support tools? In Scott Smith’s view, there are five key process and systems requirements:



## NEW SALES ROLE IN CONSUMER PRODUCTS: FROM RELATIONSHIP MANAGER TO GENERAL MANAGER

### At Colgate and Kraft, a Transformed Sales Role *continued...*

■ **Commercial integration.** Colgate needs tools that ensure the numbers used in its internal budgeting process are the same as those used in the external customer development process. Because Colgate wants to be able to look at its P&L on both a brand and a customer basis and because these views need to have common denominators, there must be strong commercial integration from the supplier's budget all the way to the customer's store.

■ **A complete P&L approach.** Because Colgate is measuring so much more than volume now, the tool needs to take a complete P&L approach, from volume through margin.

■ **Transparency.** Tools need to ensure that everyone can see the same information, so that all decisions can be based on the same data. That way, Scott notes, "having all business functions coming to meetings with the same data, on a brand and customer basis, allows the team to collectively work together overcoming any gaps and leveraging any opportunities."

■ **Automation.** Colgate seeks tools that speed and streamline all its commercial processes, eliminating the need for manual intervention as much as possible.

■ **An 'ROI' mentality.** Colgate seeks to infuse all its commercial processes end-to-end — that is, budget to store — with a "return on investment" mentality. "This ensures that from both an internal and external standpoint, we're utilizing consumption data to evaluate our commercial investments and understand what is driving the most success for us as a supplier and for the retailer as our customer."

At Kraft, a similar evolution has taken place. The company is in the process of developing new tools and new capabilities for its salespeople, giving them visibility to information that, before, they were never able to see.

As Rita Fisher observes, "Kraft will grow if

our retail customers grow." To this end, the company seeks to make sure its people have the information they need to effectively and profitably grow not only sales and margins on its products, but category, market share and customer profitability. Because of rising commodity costs and price increases, and in today's extremely competitive environment, like many leading CPG companies Kraft is equipping itself and working diligently to address questions such as: "Are we spending our trade dollars in the most effective way?"

At Kraft, all this has meant, over time, "a shift in the focus of our efforts from the back-office operation — what we consider 'running the business' — to front-office operations — 'growing the business' — that is, helping enable the business to grow," says Rita Fisher.

Today, she adds, "Kraft Information Systems are strategically shifting from operational efficiency toward top-line growth which requires significant changes in business processes and technology. We are looking for ways to deliver differentiated service to our customers while maintaining consistent and cost-effective back-end processes. We are focusing on development of much better category and consumer analytics and platforms that will help our sales people better collaborate with our retailer on shopper insights and new market opportunities."

#### A True Transformation

All this requires a true transformation. It's one thing to have an effective transaction environment that flows through all the business units, functions and customers. But it takes totally different information systems to work with customers in a collaborative manner, and look at analytics that helps a CPG company's people create opportunities they had not been able to see before.

In both Kraft and Colgate, gone are the days when, in many functional areas, a company would simply reprise the previous year's



promotional calendar, marketing programs and sales approach to retailers across the board.

Instead, companies including Colgate and Kraft are continuously asking themselves: “Are we bringing the actionable information to our customers — information that can truly help them and us to grow their business, and with it our market share and profitability?”

To enable this, the information available to support the sales/customer development

manager in making the right business decisions has changed dramatically. Whether internal, syndicated, point of sale, consumer research, new information systems are bringing it all together, harmonizing it and making it transparent to the whole organization.

**The result:** In leading companies such as Colgate and Kraft, CPG sales managers are, at long last, enabled to be true business managers — and the customer development teams they lead are ever more powerful and effective. ■

#### ■ Get the fundamentals right

Based on your business imperatives, establish a priority matrix based on the business processes you need to better enable in order for the sales team to work more productively and effectively with marketing, finance and supply chain.

For example, trade promotion and in-stock rates are clear opportunities. The ability to understand what’s happening, day to day, week to week, from a specific customer standpoint so that you can ensure, for instance, that a store is properly stocked, is a huge opportunity for every company to increase customer satisfaction and eliminate lost sales due to out of stocks. The better you as a manufacturer are able to collaborate with the retailer in these areas, the better you’ll both be able to provide end consumers with more of what they’re looking for, when and where they’re looking for it.

#### ■ Leverage Fundamentals and Business Process Priorities

Leverage this business process assessment and prioritization to build out your high-priority capabilities, empowering your key processes with analytics and decision support and defining the KPIs for the business processes you plan to enable.

For those KPIs, understand also the data requirements for better enabling each process as well as the requirements for delivering the data in the context of

the business process. For example, how do you define campaign effectiveness, promotion effectiveness, and customer profitability? And, to what extent will you be required to integrate retail POS data or other third party data to generate these and other KPIs like in-stock rates?

#### ■ Engage the broader team

Work with the constituent groups in your company that support your sales teams — especially marketing, finance, supply chain. Align on business process definition, on the content, granularity and timing of required data and analysis to support those business processes, and on exceptions and exceptions handling. Internal collaboration around core business processes sets the stage for effective collaboration with retailers and, ultimately, the coordinated delivery of tailored and differentiated programs to consumers and shoppers at retail.

### PERFORMANCE IN CONCERT: A CP DIFFERENTIATOR

The ability to draw on all people, functions and resources of the organization, marshalling them in concert for seamless service to the retailer, is more than a huge differentiator for any CP manufacturer with its retail customers.

It is simply the most efficient, effective and productive way for any CP company to operate. ■



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