

# Cheese Company Realizes TPM Solution

**Capgemini worked with a European cheese company to implement an SAP CRM Trade Promotion Management solution that has resulted in efficiency gains and more effective evaluation of promotions.**

## The Situation

Trade promotion management is a critical business process for the retail sales organizations of this European cheese company. The company had determined that more efficient and effective management of promotions could result in both increased sales and cost savings.

## The Solution

The company, in collaboration with Capgemini, determined that the best approach was the development of a new system for managing trade promotions, integrated in the enterprise SAP system. The SAP CRM Trade Promotion Management (TPM) solution was selected to help manage the company's trade promotions and promotional spending.

## The Result

The integrated nature of the solution has resulted in efficiency gains and has helped the company build a solid base for the effective evaluation of promotions.

## How Capgemini and the Cheese Company Worked Together

The cheese company is the operating unit for the production and marketing of cheese of a large dairy group. The company has marketing and sales organizations throughout Europe and sells millions of kilograms of cheese each year.



Trade promotions are a critical business process for the company's retail sales organizations. The promotion planning process is structured along a yearly time line and starts with the creation of an annual promotion plan based on the agreed-on budgets. This yearly plan is the basis on which the account managers start planning promotions for their customer groups. Within a quarterly time frame, the planned promotions are discussed with the customers. Based on these discussions, the planned promotions are adapted and confirmed. After execution, promotion effectiveness is evaluated.

Throughout the process, sales planning uses the information registered for the planned promotions as input for the long- and short-term production plans to ensure that the extra volumes generated by a promotion can be delivered. Timely information is critical due to the nature of the cheese production process, in which taste is a product-related characteristic.

Despite the importance of promotions, the trade promotion management process is rife with challenges that include high costs, inaccurate sales volume forecasting, information lag time, lack of remote field sales planning, difficulty identifying best practices and a lack of integration.

The company determined that more efficient and effective management of promotions could result in both increased sales and cost savings. Working with Capgemini, the company selected the SAP CRM Trade Promotion Management solution.

Leveraging SAP's order fulfillment, supply chain management, strategic enterprise management and business intelligence solutions, mySAP CRM ties together a seamless, end-to-end trade promotion management process that extends its value across the entire enterprise and to business partners. This helps ensure maximum value from the significant investment that consumer products companies spend yearly on trade promotion efforts.

The SAP TPM solution is designed to help companies manage trade promotion processes with a closed-loop, integrated approach. This helps improve management of promotional spending, effectively plan promotions with each retail customer, and make forecast volume for promotions that can be analyzed on key performance indicators such as total trade

expenditures, profit impact and incremental return on investment.

A number of benefit areas were identified:

- **Field account planning:** Volume/ spending forecasts based on promoted and non-promoted time periods should reduce manual administrative work by role, up to 12% to 15%.
- **Sell-in and negotiation:** Volume forecast is delivered to the supply chain planning team to support their activities, resulting in a more effectively aligned sales force and a potential sales increase of 1% to 8%. Additionally, committed pricing conditions can be transferred to the order entry system, thereby reducing invoice error write-offs.
- **Retail execution, validation and settlement:** Orders are assigned the correct pricing conditions for each promotion, resulting in a reduction of invoice record write-offs.
- **Evaluation and analysis:** With a better understanding of the impact of promotional programs at both a product/brand and customer level, the company can identify and resolve problems quickly. In addition, monitoring of actual vs. plan for all volumes is based on baseline and uplift volumes, resulting in margin improvement.

The starting point of the implementation was the creation of a business case by the cheese company in cooperation with a trade promotions consultant. The manual gathering and comparison of promotional data identified a first potential savings of 15% of marketing funds on an annual basis. This return on investment convinced the company of the value of a pilot of the basic integrated TPM solution linking in the planning and ERP systems.

Once that was completed, the focus shifted to the creation of structural promotion evaluation mechanisms, which resulted in a strong, yet simple way of classifying promotions along a set of matrixes.

The company and Capgemini are rolling out the TPM solution, which is enhanced with country-specific functionalities. By taking a step-by-step approach, the implementation is done in a controlled and effective manner on both the IT and organizational sides of the business.

The first concrete results of this project are now becoming visible. The integrated nature of the promotion management solution has resulted in efficiency gains and has helped the cheese company build a solid base for the effective evaluation of promotions.



### About Capgemini and the Collaborative Business Experience

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Backed by over three decades of industry and service experience, the Collaborative Business Experience is designed to help our clients achieve better, faster, more sustainable results through seamless access to our network of world-leading

technology partners and collaboration-focused methods and tools. Through commitment to mutual success and the achievement of tangible value, we help businesses implement growth strategies, leverage technology, and thrive through the power of collaboration.

Capgemini employs approximately 60,000 people worldwide and reported 2004 global revenues of 6.291 billion euros.

#### Europe

Consumer Products, Retail & Distribution  
SAP Trade Promotion Management

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