Accenture TPM improves spend efficiency by $20 million

Managed service solution helps to improve trade spend return on investment, forecast accuracy and uplift per trade dollar spent.
A North American household products company wanted to improve its market share with more efficient trade promotion spend. Poor visibility into spend and manual processes prevented it from getting the maximum benefit from its promotional activities. It collaborated with Accenture on an Accenture TPM solution, delivered as a managed service, to gain greater visibility into and control over its promotional spend. The team standardized company processes based on industry best practices built into the solution template. Accenture’s delivery approach also helped to minimize costs and roll out the solution quickly to approximately 275 users throughout the United States and Canada.

Already, the company is on track to achieve benefits of more than $20 million in spend efficiency over five years, representing an annual uptick of 1 percent. With the improved spend efficiency, the company and its retail customers can offer consumers “everyday low prices” to improve market share and revenue. Its new capabilities and insight into promotional activities also enable the company to move underperforming trade dollars to higher performing promotions, and improve company profitability and forecast accuracy.

**Opportunity**

The company was looking to increase its market share against other brand-name and retailer products. It spends a sizeable proportion of its overall sales revenues—25 percent—on trade promotions annually and consistently overspent due to lack of controls. However, the solution it used to manage trade promotions could not scale to its growth objectives, nor manage all aspects of its trade program. What’s more, it was difficult to use, and provided poor quality data that shed little insight into activities across brands. Without the right tools, how could it determine whether its trade promotion investment was in fact well spent?

To compete on price, it needed to offer “everyday low price” spend efficiency, move underperforming trade dollars to higher performing promotions, and improve company profitability and forecast accuracy. The company searched for a new trade promotion management (TPM) system that would give it greater visibility and control over TPM spend. It chose Accenture TPM, delivered as a managed service over a five-year period for its completeness, ease of use, and speedy implementation supported by Accenture’s deep industry and delivery capabilities.

**Solution**

Before the team could get started, they needed to update the company’s outmoded TPM processes with current industry best practices. Using the Accenture TPM approach, the company adopted leading consumer packaged goods processes that are already embedded into the Accenture TPM solution. With the implementation methodology, Accenture used a pre-configured TPM solution, templates and methods, working side-by-side with the company over a defined period of time to focus configuration priorities and minimize customization. Taking this approach helped the team to get the solution up and running quickly and cost effectively. The new solution addresses all aspects

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of trade promotion planning including account planning and forecasting, promotion planning, funds management, checkbooks, payments and deductions, and post-event analysis. Over 275 users throughout the United States and Canada are using this solution to help optimize trade planning, forecasting and spending. The team has integrated the solution with the company’s SAP and other key back-office systems to support financial reporting and planning.

**Results**

With its new solution, the company is improving trade spend return on investment, forecast accuracy and the uplift per trade dollar spent. It is on track to achieve benefits of more than $20 million in spend efficiency over five years. It also benefits from automation, with better overspend controls built into the system, increased labor productivity, and post-event analysis to determine promotion return on investment. The improved efficiency can be passed on to the consumer with lower prices, which is helping to make the company more competitive.

A centralized promotion menu enables easy activity planning. Teams can overlay their marketing plans in the system to sync trade promotions with customer planning and prevent “cannibalizing” other brand promotional activities. The customer development team can now manage the customer plans from revenue and trade forecast to promotion execution and analysis. The improved forecasting data also facilitates accurate production and distribution, helping to get the right products are on the right retailer’s shelf at the right time. The enhanced data collection and visibility into the customer/promotion mix allow the company to make better fact-based decisions during planning and reallocate spend to more profitable areas. Together with retailers, they can engage the customer with promotions they actually want, helping to improve collaboration, as well as increase sales and profitability.

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Accenture is a leading global professional services company, providing a broad range of services and solutions in strategy, consulting, digital, technology and operations. Combining unmatched experience and specialized skills across more than 40 industries and all business functions—underpinned by the world’s largest delivery network—Accenture works at the intersection of business and technology to help clients improve their performance and create sustainable value for their stakeholders. With more than 375,000 people serving clients in more than 120 countries, Accenture drives innovation to improve the way the world works and lives. Visit us at www.accenture.com.

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