



USE CASE

Everything you need to know before implementing a TPM software

Need a new TPM software solution? Here's what you need to know.

In the most recent POI survey, only 16% of respondents said they were satisfied with their ability to manage trade promotions (source: POIs 2023 State of the Industry Report). 16% - satisfaction in the ability to manage the second largest spend line in most CPGs.

One thing is clear, replacing manual spreadsheet processes or old legacy systems is absolutely vital to the health of the business. But while a TPM implementation can feel like an overwhelming project to take on, it doesn't have to be. In the paragraphs that follow we outline the knowledge and considerations you need to consider as you get started.

TPM software is a powerful tool to assist you to profitably drive sales and manage the full cycle business process around trade. Here we guide you in the top considerations to arm yourself with before starting your search:

Scope

What are the capabilities you should evaluate in your decision? This will drive the vendors you choose to include in your consideration set. Be sure to consider both the company's needs NOW and what you will likely need in the FUTURE. Don't make the mistake of partnering with a company that you will outgrow in a few years.

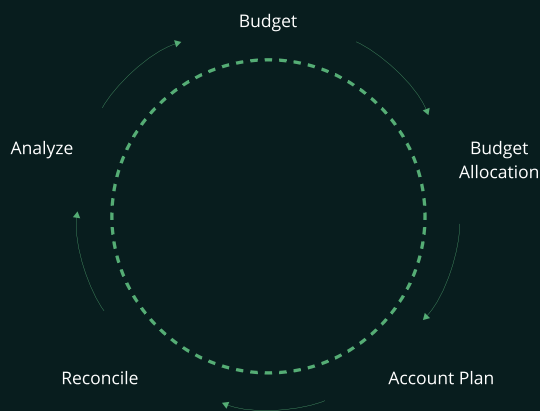
Solution and Vendor Capabilities

It has long been the case that CPG companies have struggled with efficiency when it comes to trade promotion processes. With so many TPM vendors on the market, it can be difficult to choose the right fit. Here are some of the essential features you should look for from your TPM software.



Full Cycle Planning and Budgeting Tools

Table stakes here are a powerful, efficient, user-friendly system that allows you to manage the full cycle of TPM.



✔ Predictive Forecasting

A healthy solution must start with a strong foundation of data that will predict sales with and without promotions, provide reliable uplift factors and eliminate the user's need to "do the math". There is more information on this in the section below entitled "Building a solid foundation of data".

✔ Account Planning

Your TPM must have the ability for your sales team to quickly and efficiently plan their promotions with the appropriate approval workflows built in and running smoothly. Your users want fewer clicks and "easy buttons" like plan and promotion cloning.

✔ Reconciliation and Deduction Management

Managing deductions, settlements, and reconciliation isn't a simple task, but a TPM software with deduction management features can automate these processes and improve accuracy and efficiency. Deduction management capabilities must ensure timely and proper credit or payment, shorten AR aging, provide a reliable and sustainable audit trail and enable your team to quickly and easily validate deductions.

✔ Budget and Budget Allocation

Establishing budgets, fixed and/or accruals and allocating down to planning accounts to keep everyone on track to deliver the plan within the allowed spending parameters.

✔ Post-Event Reporting and KPIs

Whether you choose to do all reporting within the TPM or export to BI tools like Tableau or Power BI, your team will want real-time operational reports in the system. Establish your KPIs and reporting needs up front and be sure that these are included in the scope of the project.

✔ Platform Features

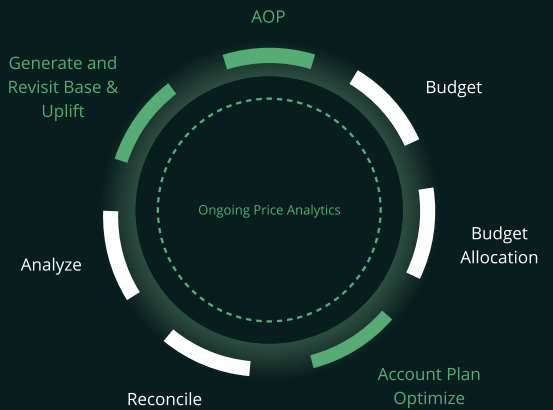
You will want to make sure that the platform you pick is highly configurable to avoid costly customizations. Reliability and cyber-security are areas to probe with every vendor you consider. And most importantly, the system must reduce user-burden for productivity, efficiency and change management.

✔ Ongoing User Support

User support is an important feature of any software, but especially a TPM software. Selecting a vendor that exhibits strength in CPG industry knowledge as well as practical applications can be a gamechanger. As you talk to vendors, probe on best practices and keep a log of how these practices apply to your business.

Be Prepared to Level-Up

Beyond the table stakes, you will want to consider a broader cycle – either now or to ensure you are prepared to expand capabilities in the future.



Organizational Readiness

Identify and Build consensus among key stakeholders

You will need support from IT, Finance, Sales, Sales Ops etc. – spend some time gathering their needs and understanding their concerns. Make sure your RFP addresses the needs of all parties.

Determine budget

This can be tricky, since you don't have proposals yet, but you should have a range of acceptable spend as well as an understanding of where (whose budget) this will fall.

This expanded cycle adds:

✓ AOP

Can the tool assist with top/down, bottom/up planning and collaboration?

✓ Promotion and Plan Optimization

Utilization of advanced ML and AI to optimize spend both on a promotion and promotion plan basis – gain X% in ROI!

✓ Predictive Forecasting

The predictive modeling capabilities are the foundation of TPM as well as advanced RGM functions. Ensure that you are comfortable with your vendor partner's capabilities in this area. Do they have an in-house data science team? What methodologies are they employing?

✓ Price Elasticity/Price Management

Price sensitivity trends that used to be fairly static have literally gone haywire in the past few years. Having a tool that not only measures elasticity at a granular level and allows you to manage your overall pricing strategy across the organization can be a lifesaver. Enable faster speed to action with a strong price management solution.

Start to get your data house in order

TPM systems are data hungry machines. A range of master and historical data is required to fully utilize TPM software capabilities, including:

- ✓ Accounts: The planning accounts, the account rollup hierarchy, and the necessary mapping information to connect data sources
- ✓ Products: Define the product structure and what product mapping information you need across your data sources.
- ✓ Pricing: List pricing consolidation.
- ✓ Two or more years of historical sales data (sell-in, sell-through, and sell-out data).

RFP and Vendor Selection

When you are comfortable that your organization is ready, it's time to start the RFP process, here is a good outline to the steps you will want to incorporate into your RFP strategy.

01

Define your business' pain points and objectives

- Understand the requirements and concerns of each department - This will help ensure that your RFP addresses the needs of all parties
- Define your budget
- Develop a business case – (see the section below with detailed instructions as well as helpful downloads to assist you in this pivotal step!)

02

Create a project team: Include trusted team members from sales, finance, ops, etc., that will lead the project.

03

Outline project scope and objectives: This should consider the go-live time frame, number of users, etc.

04

Research the market: it's always a good idea to carry out your own background research to get an overview of which vendors you think are worthwhile considering. Consider checking the following:

- Contact colleagues at CPG companies who have also gone through the process
- [Gartner Market Guide for Consumer Good Trade Promotion Solutions](#)
- Software review sites
- TPM vendor websites
- Industry group resources like Promotion Optimization Institute

05

Produce an RFP document: Create a document that enables you to easily compare the capabilities, pricing, etc., of TPM vendors. Alternatively, you can download CPGvision's TPM RFP template.

06

Demo your top vendors: Select 2-3 TPM vendors and deep dive into important attributes and information with a demo.

07

Make a final decision: Collate all your information and select the TPM vendor that best fits your business needs.

Although the task of selecting the right TPM vendor may seem daunting, having a place to start and a simple outline of steps like the ones above will help ensure your TPM adoption runs smoothly.

Build your Business Case

There is little doubt that a TPM software solution can have a positive impact on your CPG promotional activities and overall efficiency. Don't lose sight of the fact that TPM implementation is a huge investment, not just in money but also time. What can be difficult is quantifying the benefits and convincing stakeholders that it is a necessary investment.

Determining the exact ROI can be challenging, but it is crucial for gaining support from within your organization. This is why building a robust business case for TPM adoption is essential. Here we will help you calculate that ROI and create a convincing argument for the investment.

Below are some ways to present a business case to key stakeholders and secure their approval for the TPM project and vendor.

- ✓ **Improve promotion effectiveness and efficiency:** CPG companies typically spend between 10-20% of gross sales on trade promotions, making even small improvements in effectiveness and efficiency a significant payback. An automated TPM system can help drive bottom and top-line growth by removing manual Excel work and providing actionable intelligence.
- ✓ **Promotion Planning:** A TPM solution can provide significant ROI by aligning all stakeholders in the organization. Building a customer's promotion calendar is a process that requires coordination, and a TPM system can facilitate this by providing a centralized platform for communication and approval.
- ✓ **Reconciliation:** Automating deduction management can prevent invalid deductions and reduce accrual liability and AR aging. This can lead to significant annual savings, and a TPM system that includes auto-settlement functionality can further improve the productivity of the AR team.

By having a TPM system in place it makes it easy for brands to drive growth, optimize promotions, and improve productivity. All together these will ensure that the company is able to achieve its objectives. Why not try our own ROI calculator to help make your business case as persuasive as possible.

Change Management and User Adoption

Once you've convinced important decision makers within your CPG company that a TPM is the right way to go, the next step is to ensure a smooth transition to a new system. Successful implementation of a TPM system requires managing and communicating changes to stakeholders and team members, ensuring your organization is prepared for the transition, and providing support to workers as they adapt to the new ways of working. To make this process as smooth as possible, it is important to keep in mind the following key considerations.

Start with data

As mentioned in the organizational readiness section, having the right data and information ready is essential when setting up your TPM system. Data health is vital to successful change management. If your users don't believe the output they will not want to invest time in the input. Reliable, harmonized data with accurate reporting and visualizations are strong motivators for your users.

Communication strategy

Securing the support of key stakeholders and team members is vital for the success and longevity of your initiatives and should be gained prior to adoption. These individuals or groups have a vested interest in the organization's growth or are involved in daily operations that will be impacted by the program.

Involving them in the development process allows for consideration of their concerns, building support and commitment to the TPM software. It also ensures that the necessary resources are available to you to successfully carry out the implementation.

Clear communication of the program's benefits and potential challenges, and how they will be addressed, is crucial, especially for revenue growth management initiatives that involve multiple teams such as sales, finance, IT and marketing.

Document your SOPs (Standard Operating Procedures)

This will ensure that the whole team understands how to operate in the system. Include planning timelines, promotion standards, approval processes and anything that is particular to your company and therefore not outlined in the user manual.

Consider a phased-in or minimum viable product approach

Every business is unique, which means that your TPM system will require time to adjust and for your team members to become familiar with it. By selecting an MVP (minimum viable product), you can launch the software, identify features that do not align, and make short-term changes to align it with your processes and revenue goals.

CPGvision's adaptable approach enables you to immediately access basic trade promotion planning, funding, reconciliation, and standard reporting in a matter of weeks. This software is highly scalable as your organization grows and as you incorporate other TPO and RGM capabilities.

Change is often challenging, but it is also a fundamental aspect of human existence and improvement. Effective change management is a valuable skill for any manager or business leader. In cross-functional projects, leaders must stay motivated and keep team members focused on the big picture.

By implementing bottom-up change management rather than top-down, the organization relies on the workforce's ability to adapt before turning to the executive level.

Meet CPGvision:

The best-in-class fully connected and integrated TPM and RGM solution suite for Consumer-Packaged Goods, built on the Salesforce platform. With the most advanced functionality in the industry, CPGvision equips you with real-life problem-solving applications for TPM, TPO, and RGM.

Your success is our success. CPGvision proudly provides a dedicated customer success team staffed with CPG industry professionals. Regardless of where you are in your RGM journey, you'll be fully equipped with the solutions you need for profitable revenue growth. [Contact us today to learn more.](#)