

# Guide to TPM essentials for CPG companies

## Reimagine how your organization manages trade promotion processes

For decades, CPG companies have struggled to drive efficiency and leverage the right tools in trade promotion processes – tools that often don't produce the required results. If your team still depends on spreadsheets to manage, track and analyze trade spend, you probably know this process is outdated and siloed. But how do you find the best fit among the solutions available? Use our guide below to help you understand the core components of an effective TPM solution.

## What is trade promotion management?

Trade Promotion Management (TPM) in the CPG industry describes the process of budgeting, planning and reconciling a company's trade spend, with the aim of driving sales and profitability while increasing productivity of sales and finance personnel.

## What can the right TPM solution do for your business?

- ✓ Easily manage all your complex distributor relationships, trade arrangements, and reconciliations
- ✓ Increase your efficiency to achieve better results and boost your ROI
- ✓ Spend less time manually inputting data and more time taking action on intelligence
- ✓ Stay competitive and agile as you make timely decisions based on accurate, up-to-date and harmonized data
- ✓ Rely on a single source of truth across all stakeholders –sales, trade development, finance, and revenue growth management
- ✓ Plan for the future as you look beyond TPM, towards TPO and RGM

## What **capabilities** should you look for in a TPM solution?

### 01 Fully transparent account planning and budgeting

To ensure convergence between sales, marketing, and finance, your TPM solution should provide cross-functional visibility into promotions, account plans, budgets, post promotion analytics, and account and company P&Ls. Opt for a solution that has an intuitive, but powerful UI to make it easy for all teams to access and onboard quickly, and for ease of collaboration on an ongoing basis. Look for capabilities within the system that provide shortcuts for the user, as well as configurable processes and workflows.

### 02 Deduction Management

Settling deductions is a labor-intensive process, so a solution that incorporates auto-settlements functionality will free your AR team to tackle the exceptions and decrease expenditures on invalid deductions. A quick and easy UI for approvals as well as for handling manual settlements is key to reduce deduction aging and improve validation rates.

### 03 Consumption and shipment forecasting

Your account planning should provide both promotional and non-promotional volume for a complete consumption plan, preferably with statistically modeled base and uplift factors. You'll need to be able to lag and modify the consumption forecast to produce an accurate shipment forecast. The ability to report, side by side, on planned sales and spend, shipment forecast, and actuals is vital.

### 04 Data

TPM systems are data hungry. Work with a partner that can help you integrate and harmonize the necessary data sources to ensure a strong foundation. Look for a supplier with an in-house data science team to provide truly predictive base and uplift factors and make recommendations on filling gaps in data sources and quality.

### 05 Funding commitment and accruals

Your TPM solution should allow you to make financial commitments at the promotion level, while the system takes the burden of spreading the liability to the granular level (products, accounts, and weeks) as well as provides a view of liability at any level of the account and product hierarchy.

### 06 Intuitive reports and dashboards

Look for a TPM solution that provides clear and actionable insights, such as reports and visual dashboards geared towards each function (finance, sales and management), KPIs related to promotion performance, spend efficiency, trade promotion effectiveness, accruals, deduction aging, account P&Ls and gross to net financials.

### 07 Onboarding, change management and ongoing support

Your TPM solution provider should have separate technical support and customer service teams. The customer success teams should be staffed with CPG industry professionals who understand both the solution and the business process to ensure success in onboarding, change management and be a trusted advisor as you advance the use of the solution over time.

#### Ready-to-use trade promotion intelligence at your fingertips

Meet CPGvision: the best-in-class fully connected and integrated 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. Get in touch with us today to learn more.

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