

WHITE PAPER

The Total Package: CPG Firms Turn to Performance Management Solutions for Sales and Marketing Excellence

Sponsored by: Cognos

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INTRODUCTION

Consumer packaged goods (CPG) companies are facing an increasingly competitive landscape. Internally, the sales organization is being pressed by key stakeholders to predict and achieve increased sales and gross margin in each period. Externally, customer satisfaction remains a top priority, and many tier 1 retailers are demanding higher levels of value-added services as a part of doing business. The marketing organization must remain focused on rapid product innovation and is challenged to continually improve the time to market for new product introductions. These firms are also under constant pressure to achieve increased market share through effective promotion management and the use of trade funds.

To meet these challenges successfully, CPG companies must pursue — and achieve — sales and marketing operational excellence. They must have a complete and consistent view into all of their operations, and they must be agile, with the ability to respond quickly and appropriately to both problems and opportunities.

Although many organizations have made great strides in understanding and reporting on their sales performance, the focus has almost always been on tracking and analyzing past results. To achieve the highest level of performance required to win in today's increasingly complex selling environment, CPG manufacturers must now establish better ways to consistently drive future performance through a more effective decision-making process.

Performance management (PM) is a solution being adopted by the sales and marketing organizations of leading CPG companies. With its roots in business intelligence (BI) as a financial solution, PM has evolved into an enterprisewide strategy for leveraging best practices, methodologies, and technologies to manage performance. Performance management is an integrated approach to plan, monitor, measure, and analyze key business decisions for optimized performance. It accelerates the decision-making process by bringing together data from disparate sources across the business. For sales and marketing, an integrated PM solution provides:

- "Real-time" information needed to analyze sales and marketing performance
- Collaborative tools needed to develop sales forecasts with all elements of the distribution channel

- ☒ Analytic tools that provide the flexibility to analyze performance the way CPG manufacturers need to look at it — by category, brand, product, customer, channel, and geography
- ☒ "What-if" scenario modeling to quickly evaluate and implement the plans required to achieve sales and marketing and, ultimately, corporate goals

In today's highly competitive marketplace, the overall performance of market leaders will be increasingly predicated by their ability to:

- ☒ Access complete, consistent, and timely information
- ☒ Use this information to make faster, more effective decisions

This white paper outlines the key business drivers for CPG sales and marketing organizations and the predominant methods for currently measuring, analyzing, and reporting results. The paper identifies the key findings and challenges that remain with regard to optimizing the performance of the sales organization and provides a case for adopting an integrated performance management approach. The paper also profiles Cognos Corporate Performance Management software as a solution for sales and marketing performance management in the CPG industry.

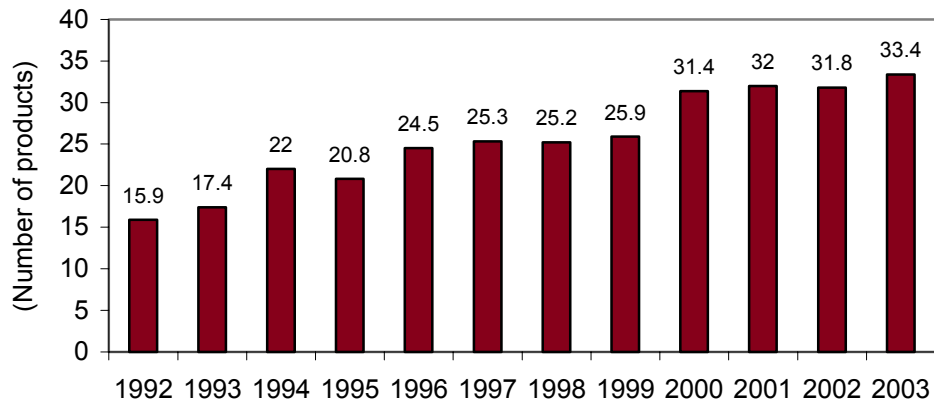
SITUATION OVERVIEW

CPG organizations face many of the same challenges today that they did a generation ago, and the business drivers are primarily the same: gain market share, manage brand equity, maintain a high level of customer satisfaction, and maximize profits.

The CPG sales environment, however, has changed tremendously. Increased competition, including not only branded but also private-label products, has provided consumers with more choices and higher expectations. As a result of these dynamics, retailers are gaining more leverage and applying even more pressure during negotiations. To address this reality, CPG manufacturers must constantly search for new ways to differentiate their products and find more effective approaches to promote their brands. Simultaneously, they find themselves making concessions to the retail sector for additional advertising support and discretionary spending allowances. According to information published by Product Scan and IRI, new product introductions have increased dramatically; more than one-half of all CPG sales are attributable to products introduced in the past five years (see Figure 1). Additionally, the number 2 product brought to market experiences a 25% decrease in sales compared with its competition and the number 3 product an additional 35% decrease in sales.

FIGURE 1

New Product Introductions, 1992–2003



Source: Product Scan and IRI, 2005

To bring new products to market more effectively and offset downward pressure on pricing and margin, manufacturers need to operate more intelligently and efficiently. This means they must gain a better understanding of the information available to them to make decisions and a better understanding of the impact those decisions have on their business objectives.

Business Drivers

A recent Manufacturing Insights study involving CPG sales and marketing executives revealed that the majority of manufacturers, regardless of category (food and beverage, durable goods, and personal care products manufacturers participated in the study), share a common set of business drivers:

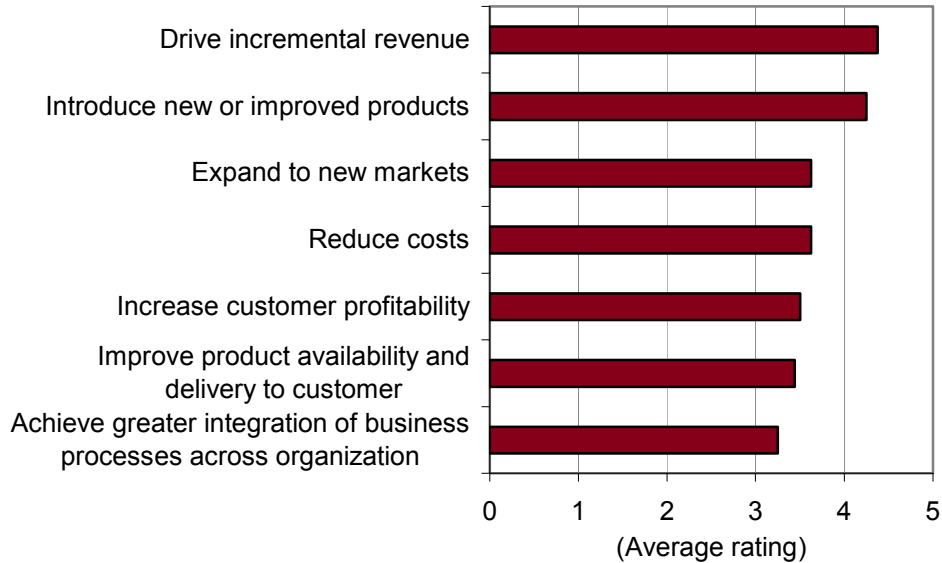
- Drive incremental revenue
- Introduce new products
- Increase customer profitability

Driving incremental revenue is the number 1 business driver for the majority of the executives interviewed, followed closely by new product introductions (see Figure 2). Customer profitability also plays an important role in driving business decisions, according to the survey.

FIGURE 2

CPG Business Drivers

Q. *Rate how important each objective is to your sales and marketing strategy (5 = most important).*



Source: Manufacturing Insights, 2005

Given the market conditions described earlier, it is not surprising that driving incremental revenue while improving profitability is the primary objective for CPG companies. But it is not easy to measure the performance of these new products in today's complex selling environment. With the increase in promotional activity surrounding new product introductions, sales and marketing organizations need timelier data and better methods to measure performance in areas such as the effectiveness of trade fund spend, sales forecast accuracy, incremental market share, and cannibalization of existing products. Also, with the demand for bringing more new products to market faster, companies need to be able to better coordinate their sales and marketing planning activities to account for more frequent product launches and more frequent product retirements.

"We have the typical challenges that every company has of trying to increase sales with an account, run effective promotions, and get new items into distribution without mortgaging the entire business with sliding allowances to do it." — EVP of Sales and Marketing for a leading food manufacturing company

Measuring Performance

A majority of CPG companies have implemented enterprise resource planning (ERP) systems, and most have implemented supply chain management (SCM) and customer relationship management (CRM) systems. Many have also deployed data warehouse (DW) and BI tools to manage the data being generated by these applications, as well as the data being received from partners and through syndicated sources. These enterprise applications increase the efficiency of a business by streamlining operational processes and providing a repository for the large quantities of valuable data now available.

Managing performance with the integrated approach described earlier, however, is an immature, manual practice at many of these otherwise leading-edge CPG companies. Often, the different enterprise systems are not integrated with one another, making it very hard for an organization to gain a single, consistent view of its business. In particular, sales executives now require a comprehensive 360-degree view of their customers and prospects to understand the impact a deal or promotion will have on key business factors such as profitability, customer loyalty, and cost of sales.

DW/BI tools are being used to address this issue in many instances, and companies have built custom reports and ad hoc querying capabilities to provide the operational information required. Most organizations, however, are hard-pressed to provide the desired 360-degree view with these tools because it requires a consolidation of information that often resides in disparate systems across the enterprise. As a result, sales executives spend extra effort gathering the necessary information to make an informed decision, or they forgo the analysis and base critical customer decisions on "gut feel."

A number of companies have also developed high-level dashboards to provide reporting of corporate metrics or key performance indicators (KPIs). Dashboards, however, provide information after the fact and do not provide a comparison to corporate goals or insight into the cause of a particular result — good or bad. Without a complete picture of the reasons behind their companies' performance, sales executives risk making incorrect assumptions and using these assumptions to make less than optimal decisions on future plans and strategies.

While most of the executives surveyed were satisfied with their companies' overall performance measuring capabilities, they recognized the limitations of their current tools to provide the comprehensive and timely information desired. When asked about specifics, they identified a number of opportunities for improvement in each of the three areas of performance management:

- Plan
- Monitor/measure
- Analyze

Plan

Business process integration was a major component of many ERP implementations, and sales and operations planning (S&OP) became recognized as a best practice in the area of planning. The key principles of an S&OP process are:

- ☒ On a monthly basis, evaluate revised time-phased projections of activities (new products and initiatives), demand, supply, and resulting financials
- ☒ Ensure the tactical plans of the business are aligned with one another and in support of the company business plan and strategy
- ☒ Achieve consensus on a single operating plan that allocates the critical resources of the company to most effectively meet the marketplace in a profitable way

A majority of the sales executives interviewed participate in both an annual planning and budgeting process and some flavor of an S&OP process. Due to the summary level of data that is utilized in this process and the multiple sources of data required to create a corporatewide view, the S&OP process is one of the most manually intensive within an organization.

"We're doing a rolling forecast. There's a business planning group that has the final responsibility to pull those things together. We are doing a rolling demand plan, a rolling market forecast, a rolling overhead spending forecast ... you do all of that, and the next thing you do is to try to pull it all up and take a snapshot. Then we compare that to prior periods to see if it makes any sense against what the numbers and/or volume metric or revenues say." — SVP of Sales and Marketing for a leading food manufacturer

Additionally, these executives cited the need for a more granular or bottom-up planning process versus the typical top-down approach. Sales executives today need to plan and drive business at the customer and channel levels and have a system with the capability to roll up their plans for a corporate view.

"It [the planning process] has evolved from a strictly top-down effort to kind of a top-down, bottom-up, meet-in-the-middle sort of thing. It's still somewhat laborious in that it is not automated to a great degree. That would be one way it can be improved." — EVP of a leading CPG company

Monitor/Measure

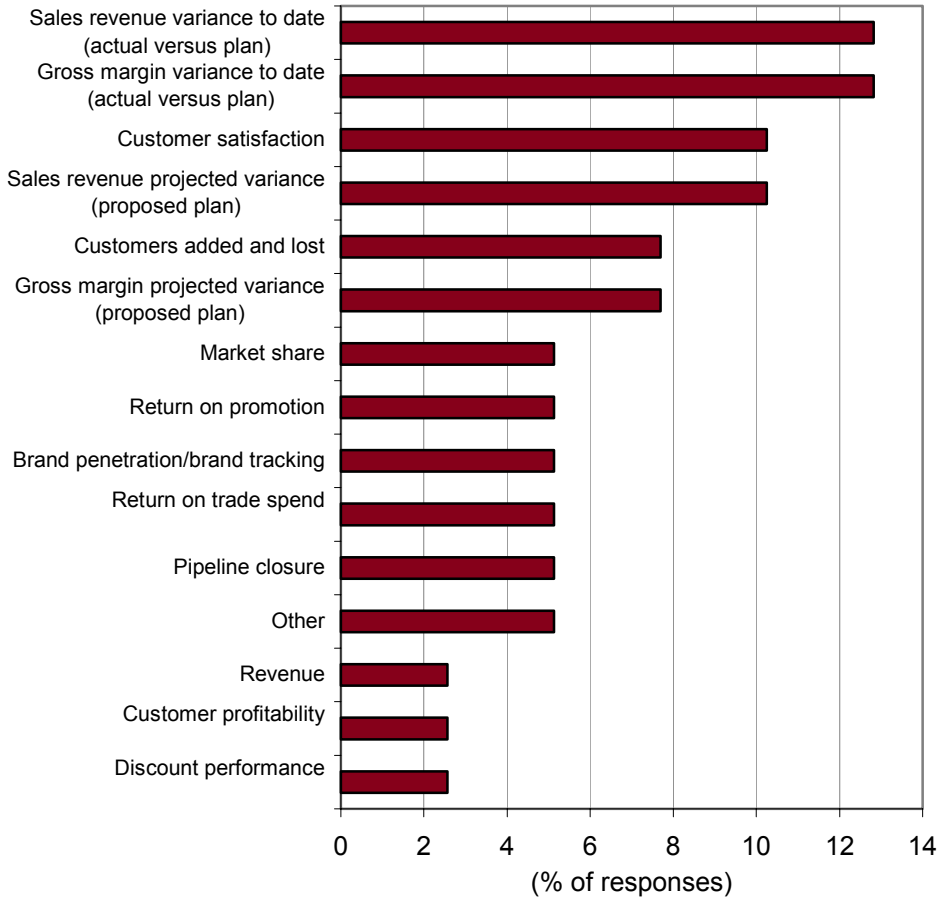
As mentioned earlier, many of the enterprisewide initiatives included the development of KPIs and a corporate dashboard to report corporate results based on CPG industry best practices.

Not surprisingly, the majority of the sales and marketing executives interviewed identified sales revenue-related measures in their companies' top 3 KPIs (see Figure 3).

FIGURE 3

KPI Ranking

Q. Identify the top 3 KPIs you currently use to measure sales and marketing performance.



Source: Manufacturing Insights, 2005

However, an unexpected finding was that the KPIs identified in the top 3 beyond those related to revenue were not necessarily aligned with the business drivers prioritized in the interviews. As an extreme example, although increasing customer profitability was identified as a top 3 key business driver, not a single company identified customer profitability as a top 3 KPI.

The static reporting developed during earlier enterprise initiatives has limited capabilities and is not usually able to provide the up-to-the-minute insights needed to drive better sales performance. The BI tools that were invested in to fill the gap of static reporting often require specialized information analysts to gather and format the data. Decision makers must wait days or weeks before the information is finally delivered, limiting their ability to change course in a timely fashion when necessary.

Many of the study participants recognized that each of these tools provides a necessary historical viewpoint by which to measure results. However, they also highlighted that the combination of a historical viewpoint, inconsistent metrics, and inflexible reporting capabilities makes it very difficult to determine the impact of key variables and their effect on performance. As a result, sales and marketing executives are limited in their ability to make actionable plans and predict future outcomes.

"I think that we are definitely getting better now that we have moved into a dashboard reporting format, but I think that what we do is measure everything. Everyone is looking at things like missing our forecast or missing our share, and everyone has an opinion, but I don't know if anything really comes out of it as robustly as it needs to. If one of our brands is losing 2 share points in the marketplace, everyone scrambles to try to figure out what's going on, and by that time, you're already into the next month." — Marketing Director of a personal care products company

Analyze

The study results indicate that of the three main components of performance management, analysis clearly lags from both process and technology perspectives. Analysis capabilities, the ability to drill down to the information needed to determine the root cause of an issue and the ability to view data in multiple hierarchical dimensions, are key to successful performance management. Sales and marketing executives cited the need to better understand the cause-and-effect relationships driving the observed business behavior and the need for more information to make fact-based decisions.

"Clearly there is room for improvement. We just traditionally have not been a very analytical company. We really go more through intuition. I think that doing more analysis and getting to root causes is something we could work on." — Strategic Planning Executive for a leading apparel and footwear manufacturer

"It [analysis] is all manual. It's a lot of alignment. It's a lot of cross-functional things where everyone holds hands and jumps into the fire together. We think that a particular brand is taking price, that's what's going on, boom, that's it. It's not very systematic. It's not system-based." — Marketing Executive for a major consumer products manufacturer

According to the study, the predominant limitation of the technology that is currently deployed for analysis is the lack of "drill down" capabilities, followed closely by the inability to provide a hierarchical view of data (see Figure 4).

FIGURE 4

Current Performance Reporting Technology Limitations

Q. Rate how effective your performance management tools are at doing the following (5 = very effective):



Source: Manufacturing Insights, 2005

Value of an Integrated Performance Management Approach

An integrated PM solution helps sales and marketing organizations achieve business objectives by leveraging information and analytics to support the decision-making process. The hallmarks of this approach are:

- ☒ Collaboration across the organization by providing a common planning platform for defining goals and objectives
- ☒ Alignment of business drivers and KPIs to measure/monitor business performance
- ☒ Visibility into the information needed to analyze business performance in a timely manner and at the desired hierarchical level to drive proactive, fact-based decisions

Prepare Integrated Business Plan

An integrated PM solution enables senior management to collaborate and share information during the business planning cycle. The solution provides the forum for sales and marketing to develop accurate plans and an automated method to ensure that the sales plan is aligned with the corporate financial and operations plans.

The system also provides the capability to perform what-if scenario planning with immediate visibility into the impact of decisions and actions. New business processes are required to enable sales and marketing employees to anticipate business directions and outcomes, understand the key performance drivers behind the numbers, and respond to changing conditions more quickly.

"We set a plan once a year, and then from there we make constant adjustments. We get updates as we go once the year starts. That might be the result of the costs going up, or the price went down, or the volume went up, etc. We make adjustments, and there are embedded goals that we are constantly trying to drill down to."
— SVP of Sales and Marketing for a leading food and beverage manufacturer

Define KPIs and Monitor Performance

A critical first step toward successfully implementing a performance management strategy is identifying the business drivers and KPIs. Developing a process to align KPIs with business drivers is crucial because often the business strategy defined by executive management is not translated into measurable sales and marketing objectives — causing objectives to go unmet.

The defined KPIs are then implemented with a sales and marketing scorecard, which is a key component of a PM strategy. The scorecard enables sales and marketing organizations to set aligned departmental goals and to plan, monitor, and analyze performance in a coordinated fashion.

"Today we have the scorecard, which is plan versus actual, and it's broken up by month. What it will do is give a readout of how we are doing versus this month's plan so far, and I think it's very effective. The fact that any week I can look and see exactly where I am as of last week's numbers versus the plan is great. I can do that at any time." — Sales Planning executive for a leading consumer products company

Analyze Results and Apply to Business Decisions

The analytic component of a PM solution provides the ability to deliver comprehensive and timely information to executives and managers in many dimensions, including:

- ☒ **Root-cause analysis** — the ability to drill down on a KPI to a more detailed report of underlying business activity. This permits analysis of causative factors and enables corrective action.
- ☒ **Time-series analysis** — the ability to track and analyze key metrics over time and to identify trends and exceptions.
- ☒ **Predictive analysis** — the ability to forecast, model, and analyze complex relationships. Predictive analysis is necessary to better understand the future impact of decisions.

"We have a lot of basics, like our software that constantly tracks all the different things we measure and it's up to the minute and current. For example, a field sales person in Omaha could log into the computer and know exactly where he stands across a wide array of measurements. He could also find out at any given point in time what his customers are doing and slice and dice." — VP of Sales for beverage company

COGNOS PRODUCT PROFILE

The Cognos Corporate Performance Management solution enables CPG manufacturers to meet sales and marketing critical performance goals by delivering a consistent decision-making platform that stands on top of corporate data (see Figure 5). It is an integrated PM suite of planning, reporting, scorecarding, and analytic software.

The solution enables CPG companies to create "a single version of the truth" with coordinated, consistent, and timely information from financial, operational, and external data sources. By bringing together this disparate information from across the enterprise for up-to-date performance tracking and what-if scenario planning, the Cognos PM solution accelerates the analysis and decision-making process. Sales organizations can more effectively implement updated plans required to meet changing business conditions.

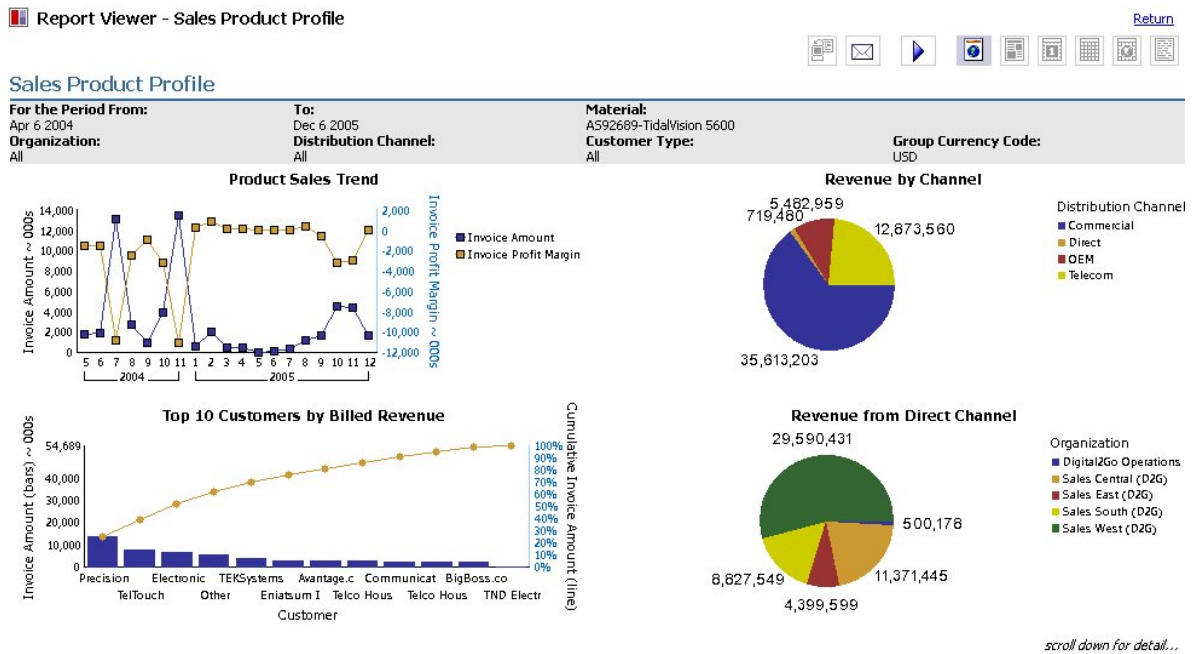
The suite is composed of modules to address each of the three key processes of the overall performance management process:

- ☒ **Plan.** Performance begins with enterprise planning. Cognos Planning allows CPG companies to capture a common set of business goals and systematically develop discrete plans, budgets, and forecasts against those goals.

- ☒ **Measure/monitor.** Cognos ReportNet is capable of meeting a number of reporting needs, from ad hoc queries, managed reports, and business reports to production reports such as invoices, statements, and bills. Cognos Metrics Manager is an active, database-driven scorecarding application that enables enterprises to manage their business through a network of metrics, thresholds, history, and accountabilities.
- ☒ **Analyze.** Cognos PowerPlay provides enterprises with the ability to analyze critical corporate data from any angle, in any combination. PowerPlay's online analytical processing (OLAP) capability is a means of extracting value from corporate data through multidimensional analysis.

FIGURE 5

Cognos Performance Management Solution



Source: Cognos, 2005

Cognos product offerings for sales and marketing are described in more detail in Table 1.

TABLE 1

Cognos Product Summary

| Product | Function | Benefits and Applications for Sales and Marketing |
|-----------|----------------------|---|
| All | | Secure access to information and reporting from any place, at any time, via a configurable, Web-based interface. |
| Planning | Enterprise planning | Translate high-level strategy into plans and goals, down to channel and individual account levels. |
| | | Model various financial and sales plan scenarios to determine best balance between revenue, margin, and resources. |
| | | Coordinate planning and forecasting at SKU, brand, category, channel, geography levels with corresponding roll-up and drill down. |
| | | "What-if" analyses capabilities and additional planning capabilities such as top-down planning, which spreads high-level, top-down targets across any profile (such as previous-period actuals or projected seasonality) and across multiple dimensions (such as products, customers, territories, or time periods) without needing to define special business rules. |
| ReportNet | Enterprise reporting | Intuitive, out-of-the-box report creation for sales, finance, and budgeting. Create by dragging and dropping report data elements and report formatting onto a blank page. |
| | | Comprehensive coverage of all types of reports containing any number of report objects — charts, crosstabs, and lists — as well as non-BI components, such as images, logos, and live embedded applications that can be linked to report information. |
| | | Works with existing applications, and queries can draw data from any database or a combination of databases and be linked together or left as independent. Provides a complete view of customers and markets by combining all relevant data into a single report. |

TABLE 1**Cognos Product Summary**

| Product | Function | Benefits and Applications for Sales and Marketing |
|-----------------|---------------------------------------|---|
| Metrics Manager | Measures business process performance | Allows for standardized measurement of metrics across the organization, including sales performance and channel and account levels. |
| | | Tailored scorecards allow you to engage the sales team with real-time feedback on progress toward goals and performance with daily, weekly, and monthly updates as appropriate. |
| | | Track actual performance against planned strategy and budgeted spending with specific sales performance metrics or KPIs. Control how they are combined, identify what constitutes good and poor performance for each indicator, and define links to supporting reports. |
| | | Metrics management combines actual performance compared with targets as well as trends over time. Proactive visibility is provided into metrics needing attention, and drill down into underlying cause of performance issues provides a guideline for corrective action. |
| | | Tap into multiple data sources in near real time to import and provide data to populate and support your scorecard from any source, including Cognos BI sources, Excel spreadsheets, flat files, user-entered values, and third-party databases. |
| PowerPlay | Analysis functionality | Users have the ability to drill through to related reports and cubes with one click and the ability to drill through from summarized information to underlying transactional detail in transactional applications. |
| | | Multidimensional analysis allows users to easily look at information in a variety of ways. Drag-and-drop analysis provides an easy means of highlighting sales performance and identifying supporting detail and underlying causes behind performance issues. |
| | | Exception highlighting provides the ability to see values above or below a designated range with automatic exception highlighting. |
| | | Forecast a trend by extending current time-based data forward a designated number of periods. |

Source: Manufacturing Insights, 2005

FUTURE OUTLOOK

In today's increasingly competitive business environment, having a good business strategy is not enough. The market leaders are striving to streamline operations, deliver more value to their customers, and improve execution on defined strategies.

Benefits of PM for Sales and Marketing

Many PM initiatives begin by defining sales and marketing objectives to address the most acute pains and aligning those departmental objectives with corporate goals. PM benefits begin with the planning process by proactively supporting enterprise strategic goals with selected sales and marketing operational objectives. Alignment is a critical step in the process because organizational strategy, as defined by executive management, is often not translated into measurable departmental objectives — ultimately resulting in unmet goals.

Beyond the planning process, improving sales and marketing performance requires visibility to the results both horizontally across the organization and vertically within various sales channels. The benefits of this next step is that after a company has been aligned through commonly defined objectives, the sales and marketing team can track and analyze performance against a focused set of metrics that supports sales and marketing objectives as well as corporate KPIs. Additionally, with real-time visibility into performance and systematic insight into root causes and "what ifs," PM-empowered organizations are far more agile and effective in today's dynamic selling environment.

"We feed everything into one database, and we are bringing things together. We have customer report cards, and if we don't satisfy our efficiencies internally, we don't get new share of business. I also use full KPI management on the efficiencies of operations internally — how quickly we confirm an order to the customer, how quickly we tell them if there is a change to the confirmation, how quickly we are billing a customer, how well we monitor our inventory levels at our consignment warehouses, things like that, those are all being run internally." — Director of Inside Sales and Operations for a durable goods manufacturer

Finally, an integrated PM solution provides the sales team with a readily accessible tool to view results in near real time and to perform the root-cause analysis that is required to make better decisions. A PM solution enhances the effectiveness of corporate dashboards, which traditionally involved the time-consuming tasks of data gathering and metrics calculation, by providing an automated approach for creating a timely view of performance and of analytic applications.

Cognos Challenges/Opportunities

Cognos competes with other software vendors in the CPG marketplace. Each of those vendors will encounter both challenges and opportunities as performance management gains momentum with sales and marketing organizations.

Cognos performance management solutions provide a powerful toolset for sales and marketing stakeholders, and Cognos has an established history of helping companies harness data and intelligence from across the business. But performance management as a solution is relatively new to the sales and marketing business context. An organizational learning curve will be encountered as firms introduce performance management into a sales and marketing environment that is historically rooted in manual and reactive reporting processes. To meet this challenge, CPG firms will be wise to address both the process and organizational changes needed to complement a successful sales and marketing performance management solution.

ESSENTIAL GUIDANCE

Considering the Options

The Manufacturing Insights study showed that although sales and marketing executives recognized the value of each key phase of PM, they have not embraced the need for an integrated performance management solution like their finance counterparts. For those who are planning to invest in technology, most are not looking at an integrated PM solution; rather, they are looking to address a particular need by investing in either an analytic or reporting tool or a best-of-breed application to address a particular issue such as trade promotions management.

For the investments in analytic tools, many IT executives are looking to their enterprise application providers, which are investing in their analytic applications business at a time when their core applications business is leveling off. The enterprise players are building in key cost- and time-saving integration to their core applications, which makes them a very desirable choice as an analytic applications provider with their install base. Many IT executives are also looking to a Band-Aid reporting tool or at database vendors that are bundling reporting and multidimensional analysis services at little or no additional cost to fulfill what, on the surface, appears to be a reporting requirement versus a performance management requirement.

Although these options are viable, the IT and sales and marketing organizations need to add an integrated PM suite, which sits above both the database and application layers, to their list of solutions. They should seek PM vendors to educate their organizations about the value associated with an integrated PM suite and work with the vendors to develop a phased approach to implementing a PM solution that will meet both the short-term and long-term business needs, as well as the budgeting and ROI requirements, of the sales and marketing decision makers.

Implementing a Solution

Throughout this paper we have highlighted the benefits associated with an integrated performance management solution. Implementing a PM strategy can enable major improvements in the overall sales and marketing management process. It gives companies a strategic focus through a collaborative management process and provides more timely and accurate information by allowing a business to make fact-based decisions. Ultimately, these improvements create a more competitive, agile business, which leads to better results. Manufacturing Insights recommends that sales and marketing organizations that choose to implement an integrated PM solution use a phased approach that addresses the greatest area of need first in order to recognize easy wins and to shorten the time to benefit. This approach also facilitates the migration process from current packaged or custom-built applications.

Some recommended steps for a phased approach include:

- ☒ **Define key business objectives and associated KPIs.** A critical first step for any PM project is for the entire business to agree upon a common set of goals and objectives and the associated set of KPIs to measure performance. This enables the business to track and analyze performance metrics that exist not only within departmental domains but also broadly across the entire enterprise.
- ☒ **Map integrated PM process to existing processes.** It is equally important to develop a common definition for key types of information (plans, forecasts, models) so that the organization is aligned not only on objectives but also on the decision-making process.
- ☒ **Identify a process with the greatest opportunity for improvement.** A handful of processes will stand out as having the greatest opportunity for improvement. One of these processes and the appropriate PM module should be selected for the initial implementation.
- ☒ **Identify a segment with the greatest opportunity for improvement.** Like the processes, certain segments will stand out as having the greatest opportunity for improvement. The segment may represent any hierarchical dimension of the business (e.g., region, category, or brand).
- ☒ **Run a pilot program with the identified business segment and process.** Implement the PM solution for the identified process and business segment. The plan should be for a specific time period with an evaluation planned to review results of the pilot and criteria established for proceeding with the rollout.
- ☒ **Develop rollout plan for PM.** Use the experience and learning gained from the pilot to build a plan to repeat the process with additional parts of the business.

Conversely, some approaches to avoid include:

- ☒ **"Big bang" implementations.** Companies that attempt to "go live" with a complete solution often find that the project will take upwards of a year; by that time, the requirements will likely have changed more than once and the goals will have become too fluid to achieve.
- ☒ **Extensive business process reengineering.** Organizations typically have more success using current processes as the baseline, with a focus on making changes to fill the gaps required to enable specific performance management activities.
- ☒ **Building a custom solution.** Packaged modules, even though their use is less proven for sales and marketing organizations, are mature and functionally rich with regard to performance management. Building custom solutions from scratch should be undertaken only when there is a "must-have" need for missing functionality and the custom application can be integrated with more packaged elements to deliver the complete system.

"There are concepts that we're building into new measures that we are putting in and we are actually discussing right now — what are our goals and what behaviors do we want to drive across each of the areas, so as you get into that, it's an evolution. The phrase is used far too often; it's a journey not a destination, and this is absolutely a journey." — Enterprise Business Intelligence Manger for leading beverage company

METHODOLOGY

This white paper was sponsored by Cognos Corporation. The primary research component of the paper consisted of 10 formal interviews with sales and marketing executives from leading CPG companies. Results of the study are presented in aggregate in the figures throughout this paper. Extensive secondary research was also performed by Manufacturing Insights in the course of preparing this white paper.

Manufacturing Insights feels strongly about the benefits of implementing an integrated PM solution. However, this paper is not intended to specifically recommend the Cognos solution; rather, it points out the strengths of this particular solution when applied to the sales and marketing business issues of a CPG company.

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