

Tackling Trade Spend

INTEGRATED SALES MANAGEMENT GIVES ORGANIC VALLEY AN EDGE IN ORGANICS MARKET

Global sales of organic food and drink are soaring with revenues projected to approach \$40 billion this year. In order to compete effectively with bigger rivals and satisfy growing consumer demand, **Organic Valley Family of Farms**, the nation's largest organic and farmer-owned cooperative, needed to re-engineer what had been a decentralized volume and trade planning system.

"We closed 2004 with a great deal of overspend and out of stocks, and we were turning customers away," says Tripp Hughes, director of marketing & sales - analysis & planning, Organic Valley. "The problem was that we weren't integrated. Our sales team held their own information; marketing held their own information and operations held their own information — none of it connected."

TACKLING THE TRANSITION

In July 2005, Organic Valley announced plans to implement Oracle's Demantra Trade Promotion Management (TPM) solution to provide visibility into plans across the company; create more accurate demand projections and sales volumes based on advanced analytics; and improve the efficiency and effectiveness of promotional spends.

According to Hughes, the implementation of Oracle's Demantra TPM solution was seamless. The actual tool has been live for four months, but prior the launch, Organic Valley was challenged to align its fragmented business

processes. "Just to get the Oracle solution launched required a lot of integration across the organization," says Hughes.

Hughes mentioned two key elements that ensured the success of the project, which resulted in sales forecasts and event plans that are synchronized across sales, marketing and operations: For one, Organic Valley Chief Financial Officer Michael Bebessem was the project sponsor and believed in the potential ROI from the start. Also, Organic Valley's sales team helped design the tool so that it met the specific needs of company.

MEASURING SUCCESS

The intent of deploying a TPM tool was to give Organic Valley greater visibility and reduce the overall risk of overspend. Today, Organic Valley is able to spend more efficiently and effectively by leveraging volume and trade expense planning capabilities. "The name of the tool — Trade Promotion Management — is misleading. We consider the process and technology to be integrated sales management, which all starts with volume management," says Hughes.

Going forward, Organic Valley will continue to expand and enhance the predictive elements of model because advanced planning leads to robust analytics on the back side. For now, however, it looks like Organic Valley is



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satisfying the organic market's rise in demand. In the last year alone, the cooperative achieved record success both in sales (up from \$210 million to \$328 million in 2006) and in farmer recruitment (up more than 300 farmers to 1,034 farmers). The increased number of acres and cows brought into the organic system was equally strong (up to more than 113,000 acres and 26,000 cows). Additionally, the Organic Valley brand is the top-selling brand in natural food outlets in the United States. **CG**

Closing the Loop

SORRENTO BREAKS DOWN SILOS TO BUILD ONE VIEW OF TRADE SPEND

With more than \$800 million in annual sales, **Sorrento Lactalis Cheese Company** is one of the largest cheese producers in the United States. But like most companies, Sorrento Lactalis found itself in the not so uncommon dilemma of having various disparate applications to manage its trade promotion expenditure for both the retail food and foodservice divisions. These applications were man-



Real-time trend analysis allows Sorrento Lactalis to realize a substantial return on its trade promotion investment.

aging the key components of trade promotion, but were being managed in a silo environment, with minimal synchronization of the vital information.

"We had basic control regarding our deductions, but were extremely lagging in the analytical area regarding predictability and liability analysis," says Ken Morris, general manager of foodservice, Sorrento Lactalis Cheese Company. "In addition, as a result of the lack of synchronization, specifically regarding planning, the various operating areas had multiple versions of the current plan status."

Sorrento realized that its significant trade promotion investment needed a comprehensive solution that could break down the silos of information and deliver one synchronized view of the information to all operating areas.

FAVORING PREDICTABILITY

Sorrento Lactalis chose the **Synectics Group's** Account Review closed-loop trade promotion software solution. The Synectics Group team worked closely with a multi-operational Sorrento team to integrate the Account Review TPM solution to Sorrento's JDE ERP system.

The successful integration of the Account Review solu-

tion resulted in the ability to conduct automated nightly batch feeds of necessary financial and product information from JDE, as well necessary planning, accrual and deduction information from the Account Review system. The system now provided all of the operating areas managing trade promotion one accurate view of budgeting, planning, deductions/payment resolution, and most importantly, analysis.

Sorrento now has access to relatively real-time reporting regarding budget versus plan versus actual shipments. In addition to this valuable trend information, the system also provides Sorrento accurate variable contribution profitability analysis by promotional event, rolled-up to any hierarchy level in the organization.

The combination of having real-time trend analysis and being able to project financial liability at any given time in a budget period, provided Sorrento Lactalis the tools necessary to realizing a substantial return on its trade promotion investment. The three-plus year promotional event history that resides in the Account Review at both the shipment and syndicated data level now provides Sorrento Lactalis with the predictability capability it lacked. **CG**