

THOUGHT LEADERSHIP

Manufacturers and Retailers: Sharing More than Shelf Space These Days

For an industry as mature as CPG you might expect leading manufacturers to be good at managing their data, especially the data they share with partners they have been doing business with for many years. You may wonder how difficult it may be to make sure basic information such as customer, product and sales data is in sync across the supply chain. After all, we're talking about the data that describes mayonnaise sold to grocery stores, right?

Not so fast. This very data, the data that defines the most basic elements of an order, is the source of much confusion in the industry. Let's look at a simple example: With all the variations in pack sizes, brands, formulations, and labeling requirements, that jar of mayonnaise could be represented many different ways, each one defining a unique combination of variables. And how these product variations are defined in one of your systems, such as SAP, may not match how they were defined in another, such as CRM or legacy. Add in the complexity of how your supplier or customer defines this same information, and you realize that the variations start to add up quickly.

With these variations in describing the same product, how do you ensure they match with one another? How would you ensure that a 30-oz jar of Real Mayonnaise is described the same way across all systems, and with your customers?

This is the problem that data harmonization addresses. Data harmonization, or data sync, is the standardizing and matching of data, typically customer or product data (master data), but also sales orders (transaction data), to ensure that each variation can be readily cross-referenced, both internally (across your systems) as well as externally (with your channel partners). It ensures that you have a big-picture understanding about what items your customers are buying, so you can assist them in selling more.

With the rapid proliferation of SKUs and channels, data harmonization is no longer optional, but required for companies to compete successfully in today's marketplace. With so many product, customer, and order variations possible, data harmonization is the only way to understand how much you're selling, of what, and to whom.

If you can't cross-reference your product, customer, and sales data, how can you truly understand and respond in time to trends in the marketplace, let alone the evolving needs of your customers?

At Hitachi Consulting, we have found that leading CPG manufacturers view data harmonization as key to responding to evolving customer needs and a changing marketplace. Cross-referencing and simplifying their customer, product, and sales data enables these organizations to understand subtle changes in what they're selling and to which customers. And understanding these changes enables them to respond effectively, ensuring their customers receive the items they want, when and where they want them.

At Hitachi Consulting, we call these organizations, "Market Responsive," for their agility in recognizing and responding profitably to marketplace changes. And for each of these

companies, data harmonization plays a key role in ensuring that market responsiveness.

Category Management

At one leading CPG manufacturer, data harmonization is a strategic initiative, spanning all business divisions, and managed by IT shared services. For this manufacturer, data harmonization seeks to reconcile the various formats of data residing within multiple legacy, best of breed, and ERP solutions.

Over the years, as the business divisions operated autonomously and responded differently to the marketplace, each one developed its own IT systems and applications.

tively and selling product more profitably.

However, as the manufacturer had many stand-alone legacy systems and point solutions, each one unique to a business division, the company struggled to provide this information to its customers. In fact, the manufacturer had trouble providing this information internally, to enable leadership to better understand the overall business.

As a solution, the manufacturer implemented a company-wide data harmonization program, to reconcile and consolidate the various formats of customer, product and order data that existed across its many systems. With data harmonization, the manufacturer can ensure they have the tools and techniques to standardize their data when it's possible, or cross-reference and reconcile their data when it's not.

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Tips and Techniques

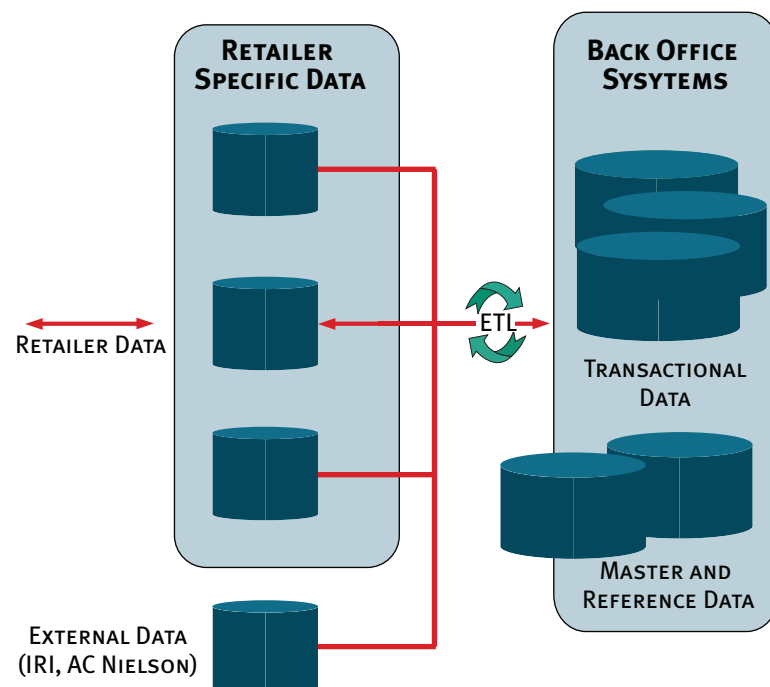
So is data harmonization the next silver bullet? Will data harmonization allow you to piece together all your data, regardless of where it resides or what shape it's in, so you can better understand your business and help your customers sell more of your products to consumers? Like many things, the answer is both yes and no.

Though data harmonization is conceptually simple, it is also complex to implement. An organization must be ready to commit fully to its data harmonization program. This commitment requires several steps:

1. Begin with a Business Case
2. Standardize your data
3. Maintain your data
4. Create data standards
5. Train your users
6. Institutionalize the change

Conclusion

Your customers are asking for more help in selling your products to consumers. You realize you don't have the big-picture data you need to help them. While you know you have pieces of that data, stored in different places with different formats, you now need to harmonize that data so that you share meaningful category management insight with your customers. With your customers selling more, you sell more and profits go up. Isn't that what it's all about anyway? ■



More recently, customers began asking for increased support in merchandising the products they purchased from the manufacturer and sold to consumers. They were looking for better insight from the manufacturer on how best to sell the products they purchased, factoring in both geographic and demographic information that they expected the manufacturer to have. Since the manufacturer sold product across the country (and around the globe), customers expected that the manufacturer knew what sold best where. These customers looked to the manufacturer to share this insight, so that they could manage the product categories, targeting the various demographics in the markets they served more effectively.

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