

## Case Study

### Revenue Management in Food Service

This \$3.5 billion food manufacturing company which supports school, national and chain accounts, traditional food service, and convenience store and vending channels, needed a trade promotion management plan for its \$1 billion food service division.

With the help of Hitachi Consulting, this company improved trade spend visibility, accountability, and communications. They also eliminated manual accounting processes and duplicate entries, and realized substantial benefits in trade spend processes.

#### Business Challenge

A \$1 billion food service division of this \$3.5 billion food manufacturing company experienced some unique revenue management challenges. The division had difficulty tying information together as a result of using several disparate trade promotion management systems. Without a complete view of customers, deals, programs, and profitability they were executing too many programs and initiatives simultaneously, thereby diluting effectiveness.

The division struggled with insufficient accountability, including lack of clearly defined roles for trade spend processes, incomplete tracking and accountability of spend to budget, and lack of consistent incentives or consequences to drive desired behavior and compliance with existing processes.

Disparate systems led to inconsistent processes and the lack of up-front controls, thereby allowing for late deal entry and rushed approvals. Without tools such as automated deal profitability analysis, there was simply not enough time to fully evaluate each deal and predict its effectiveness.

Communication breakdowns also were affecting the business due to the lack of a structured, cross-functional communication process. The various sales channels did not always communicate the desired outcomes of the different trade programs, therefore causing the execution of redundant trade programs.

#### The Solution

Trade Promotion Management (TPM) is an important solution for companies in the food service industry. This food service division chose Hitachi Consulting to help develop an appropriate TPM solution to solve its various issues.

Working closely with division leaders, Hitachi Consulting helped the company implement new business processes and a new system from discovery through design, development, and roll out. This included a significant change management component to help people understand and adapt to a common, standard, and centralized organization and application which replaced their highly decentralized, customized, and personalized processes and systems.



# Revenue Management in Food Service

The TPM solution improved the division, taking a dispersed, non-synchronized and non-standard series of work steps by department and changing them to a collaborative structure that utilized 'closed loop' processes including: budgeting and planning, contract execution, and analytics—all with a single view of the data.

Reporting went from being available only at month end and in the hands of a few people, to more widely distributed information through a broadly accessible database and user-reporting tools which facilitate continuous and real-time analysis and decision making.

## Business Benefits

Since implementing the TPM solution, the division has seen improvements in consolidating its trade spend picture, enabling a better view of:

- Trade promotion effectiveness
- Deal performance
- Program, deal, customer, and product profitability
- Trade spend budget, actuals, and commitments analysis
- Trade spend processing efficiency
- Product flow through distributors to operators
- Contract compliance

The standardization of processes allows for transparency between departments of this food service division, minimizing redundancy of functions, and increasing communication. The reduction of manual processes and consolidation of systems also enabled more consistent reporting and in-depth, sophisticated analysis capabilities.

The food service division now has a contract management system in place, enabling the electronic capture of contracts and deals, and minimizing the research required for deductions and other trade spend questions. The system allows the company to manage its contracts and deals more proactively.

## About Hitachi Consulting Corporation

As Hitachi, Ltd.'s (NYSE: HIT) global consulting company, Hitachi Consulting is a recognized leader in delivering proven business and IT solutions to Global 2000 companies. With a balanced view of strategy, people, process and technology, we work with companies to understand their unique business needs, and to develop and implement practical business strategies and technology solutions.

Hitachi Consulting's client base includes nearly 25 percent of the Global 100 and many leading mid-market companies. From business strategy development through application deployment, we help clients quickly realize measurable business value and achieve sustainable ROI.

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