

The RGM Treasure Hunt

A Guide to building capabilities for winning the
RGM Treasure Hunt in Your Organization



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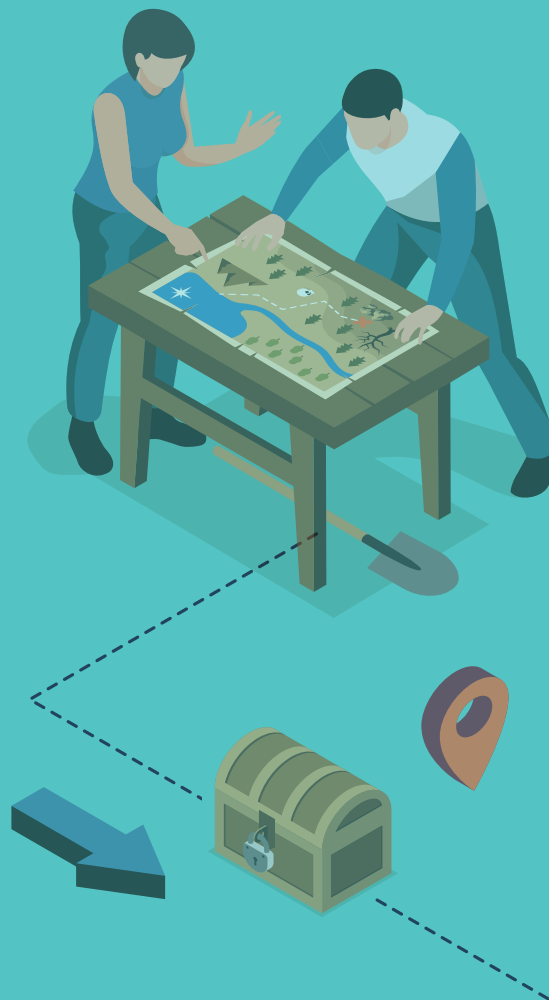
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1 What is the RGM Treasure Hunt?

When companies achieve a sustainable revenue growth algorithm, it translates into a higher valuation multiple on the street. Companies that have built a scalable RGM practice rally the entire organization to deliver on this algorithm. That's the real treasure that business leaders are chasing.

Revenue Growth Management (RGM) is recognized as the most efficient means of leveraging the business's analytical horsepower to unlock revenue opportunities and ensure sustainable growth.



Sustainable market beating Growth Algorithm

CEOs are judged by the value they create for their investors. That value is a function of the earnings they deliver in the short-term and the growth potential they are able to demonstrate for the long-term - the growth multiple.

The RGM practice needs to drive a Growth Algorithm that can deliver sustainable topline growth for the business while improving, or at least maintaining, profitability. Companies that have scaled their RGM practice rally the entire organization to deliver on this

algorithm. And therein lies the real treasure that leaders are chasing.



Cracking the Growth Algorithm requires an intensive data-driven cross-functional approach to driving business priorities and investments. That is precisely where RGM should deliver.



70%

of Organic Growth in CPG over the past 5 years was driven by **RGM**

*Source: PWC Strategy&

How do we define RGM

The RGM practice is relatively new and continues to evolve with time. It feels a bit like the situation of the elephant and the blind men in a room, where everyone has a different perspective on what RGM is.

With over a decade's experience of actively partnering with clients in building RGM capabilities across the globe, we've consistently recognized four fundamental layers of the RGM practice that interlock with each other to create value.

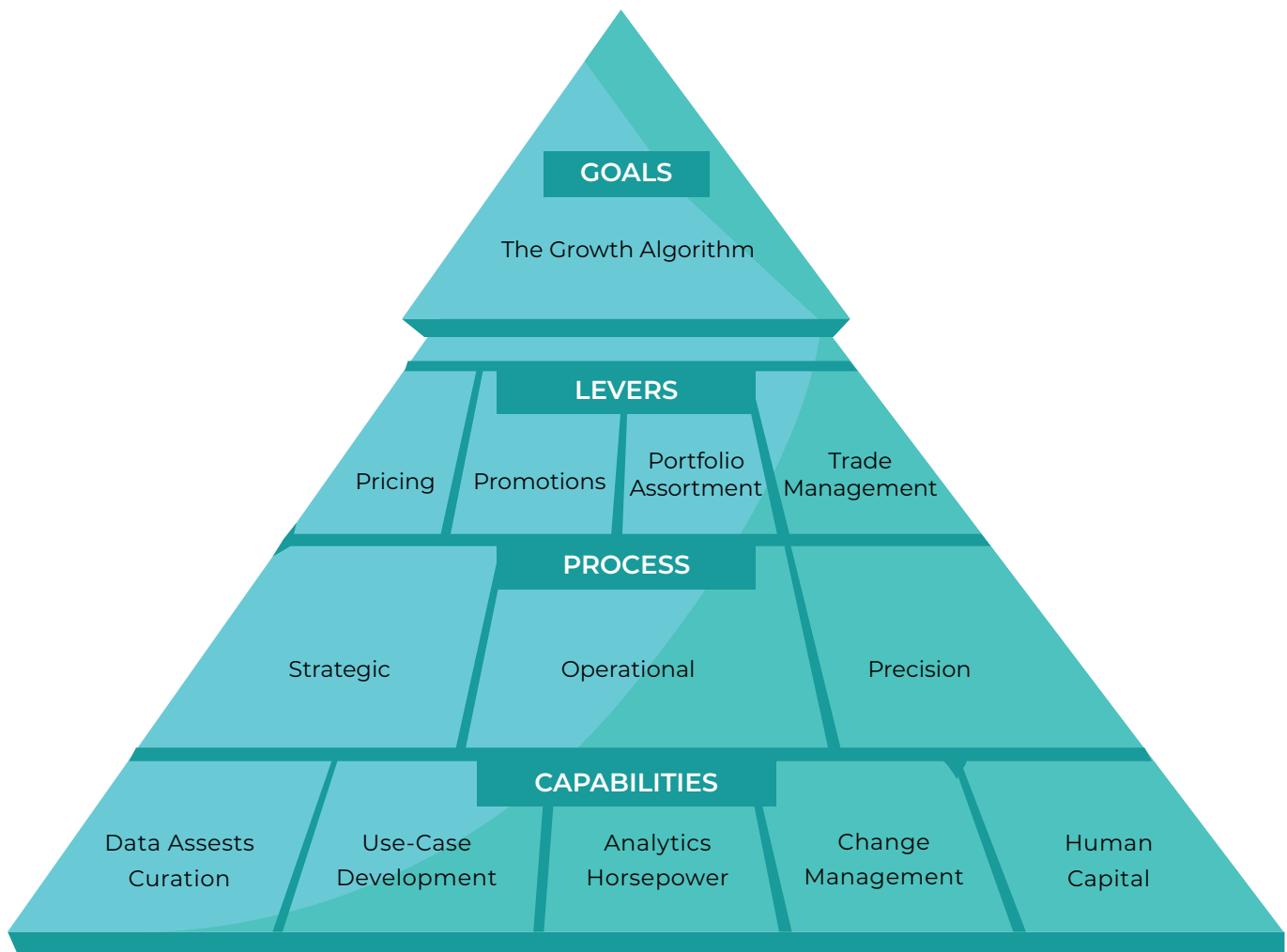
It all starts with the Growth Algorithm that defines the

primary purpose or goals of the RGM Practice.

Then come the levers that enable you to achieve the growth algorithm.

As the levers get defined, we need to embed RGM Frameworks into the processes that drive decision making on the RGM levers.

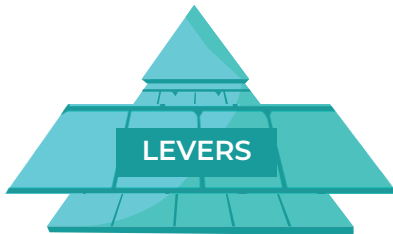
And finally, to support the execution of RGM within the various enterprise process, we have the capabilities that help scale the RGM practice.





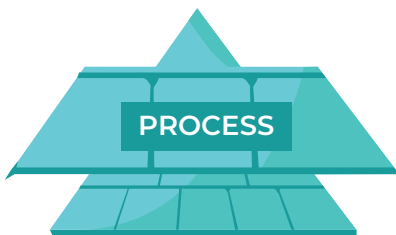
The Growth Algorithm is the North Star for RGM. Organizations need to crack this algorithm to create investor value. While the exact algorithm could vary across organizations depending on their leadership position, industry dynamics, category maturity and more, the fundamental equations within the algorithm are fairly consistent -

- ✓ Grow value ahead of market
- ✓ Accelerate underlying volume growth
- ✓ Improve quality of revenue
- ✓ Manage capital efficiently



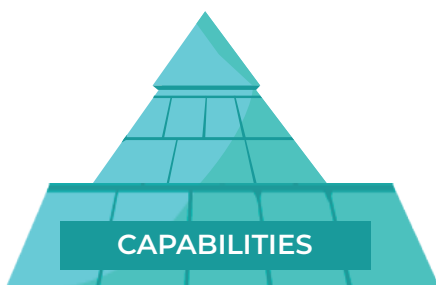
RGM, as a practice, is relatively new as compared to supply chain or consumer marketing areas. Therefore, the definition of its components remains fluid depending on the type of business and market conditions one operates in. However, any decision that has a commercial implication can be governed under the RGM practice. The following are the key levers that most organizations focus on within the RGM Practice -

- ✓ Pricing
- ✓ Portfolio Assortment
- ✓ Promotions
- ✓ Trade Management



To impact the levers, RGM needs to integrate within the existing enterprise processes at three levels. RGM first needs to integrate within strategic business planning or IBP process. This needs to then be followed by operational integration with customer and market operating teams. The final step is its evolution into A.I driven precision interventions at a POS or consumer level.

- ✓ Strategic RGM
- ✓ Operational RGM
- ✓ Precision RGM



As an enterprise initiative, RGM practice needs to build and leverage cross-functional capabilities. It further needs a leader who is highly entrepreneurial, influential and collaborative to drive the RGM agenda across the organization.

- ✓ Data Assets Curation
- ✓ Use-Case Development
- ✓ Analytics Horsepower
- ✓ Change Management
- ✓ Human Capital

Where are companies today in their RGM journey?

The global pandemic coupled with rising inflation and geo-political uncertainties has acted as a catalyst in accelerating RGM initiatives, with a strong focus on the short-term. This has also led to a dramatic increase in the development of RGM analytics tools, as underlined by the 2022 POI State of the Industry survey.

realizing the importance of the RGM function in driving agile enterprise wide initiatives to sustain and accelerate growth profitably with capabilities that can re-evaluate price-pack architecture, promotion plans and assortment rapidly in a highly VUCA demand and supply environment.

At the same time, organizations with a focus on building their RGM muscle for the long-term are aggressively investing with a more broad-based approach. They are

How is your organization approaching Revenue Growth Management?



Source: 2022 POI State of the Industry Report. Intellectual property of POI.
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Challenges of the RGM Journey

As teams embark on the treasure hunt of creating value through RGM, they face a plethora of challenges* in building the capabilities needed to succeed.



RGM teams need to be cognizant about not getting overwhelmed confronting all the challenges with the same intensity. They need to focus on developing a phased capability roadmap that will create consistent

incremental value and lead them closer towards unlocking the RGM treasure i.e., the Growth Algorithm.

*Source: POI Share groups and Decision Point Client Interactions

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The Three Phases of the Treasure Trail

In the journey to find the RGM treasure, teams often struggle with balancing short-term progress and long-term value creation. Knowing the different stages of the treasure trail and maneuvering the obstacles based on the stage of the journey is key to unlocking the RGM treasures.



Chasing Multiple Gold Mines on your RGM Treasure Hunt Journey



It is important to realize that the treasure on the RGM Journey is not just one big “gold mine” at the end of the trail. There are multiple treasures that can be unlocked along the journey. RGM teams that are able to plan their capability development and investments in a way that show consistent success have the highest probability to unlock bigger treasures and truly deliver on the growth algorithm.

“

The RGM capabilities need to evolve in a way that the value can be unlocked at every stage of the journey.

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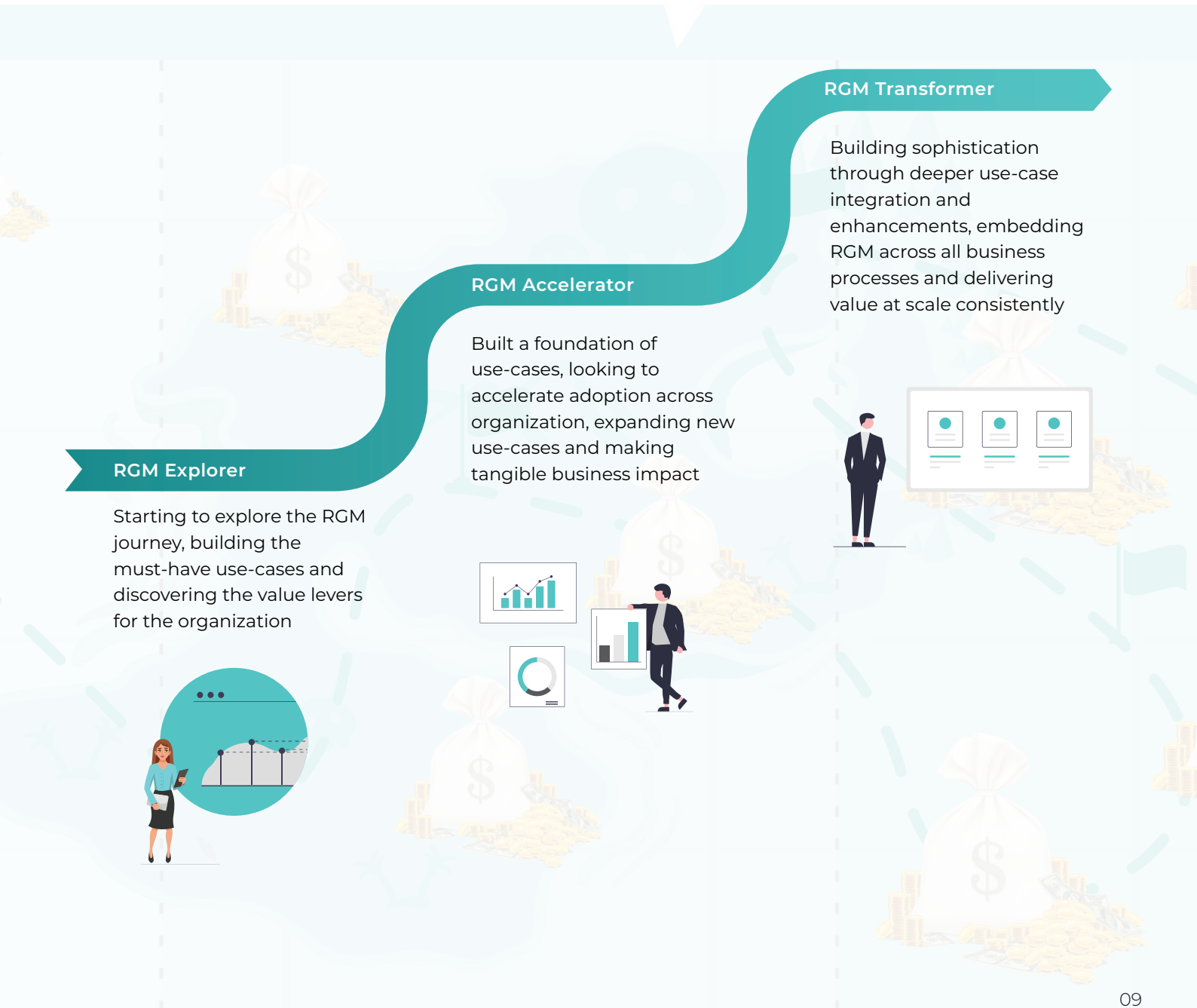
How do we define the Journey

We can divide the RGM Journey in three distinct stages that reflect the maturity of the RGM practice and the role it plays in driving the enterprise growth strategy.

The Explorer establishes the foundations of RGM and shows value to the broader organization. The Accelerator strives for scale and expands the RGM practice to drive consistent value creation.

The Transformer pushes the boundaries and creates a truly cross-functional capability that systematically delivers on the growth algorithm!

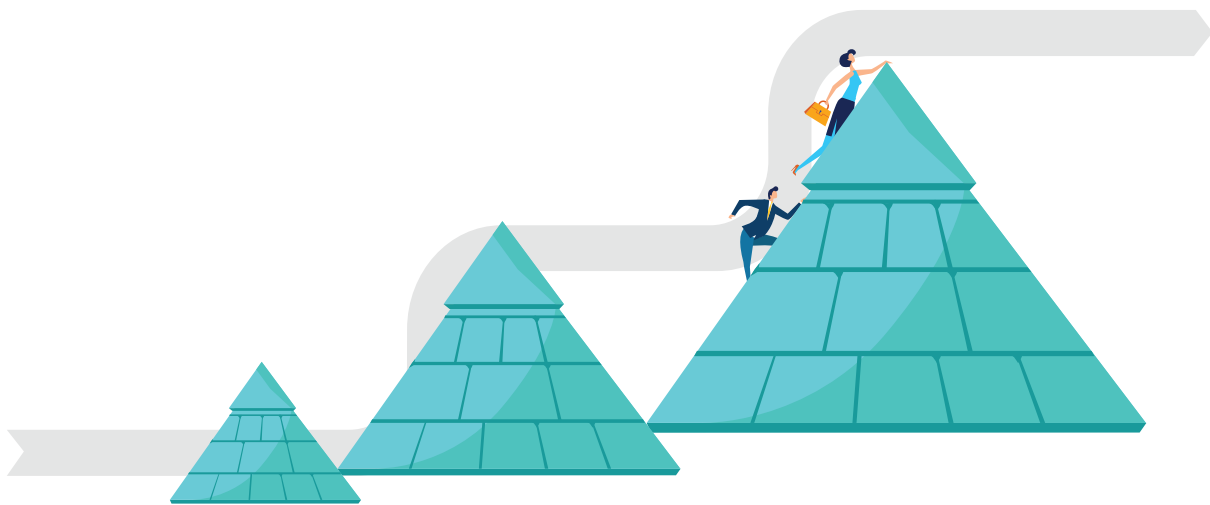
Often different markets or business segments within one organization could be at different stages at the same time and the evolution might not be synchronous.



RGM Capability Development across all stages of the Treasure Trail

The RGM capabilities development within the organization need to be synchronized with the stage of the journey. The investments need to ensure long-term development of capabilities and at the same time capture the possible value during the current stage to

demonstrate the impact that a robust RGM practice can deliver. In the next section, we share insights and strategies on how you can evolve the five critical capabilities of the RGM practice within each stage of the journey.



The Five Critical RGM Capabilities

Data Assets Curation

Building and curating trustworthy data assets is critical for progressing on your RGM goals. When it comes to data for RGM, quality trumps quantity.

Use-Case Development

RGM use-cases need to be prioritized based on the business impact potential and delivered through strong execution cadence. Creating a PMO capability within RGM will be highly beneficial to support use-case development.

Analytics Horsepower

Data-driven decision making is at the heart of the RGM process. RGM Analytics is not just about developing multiple dashboards and tools but delivering the insights that business leaders can act on.

Change Management

Critical to the adoption of RGM initiatives is building a robust influencer capability that can get cross-functional buy-in, creating a culture of data driven decision making and securing sponsorship from top management in accelerating change.

Human Capital

With a limited pre-existing RGM talent pool to tap into, most organizations need to develop a plan to grow in-house RGM talent with the right training practices and develop an org structure that expands the practice through a Center of Excellence approach.

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Capabilities to Capture the Treasure

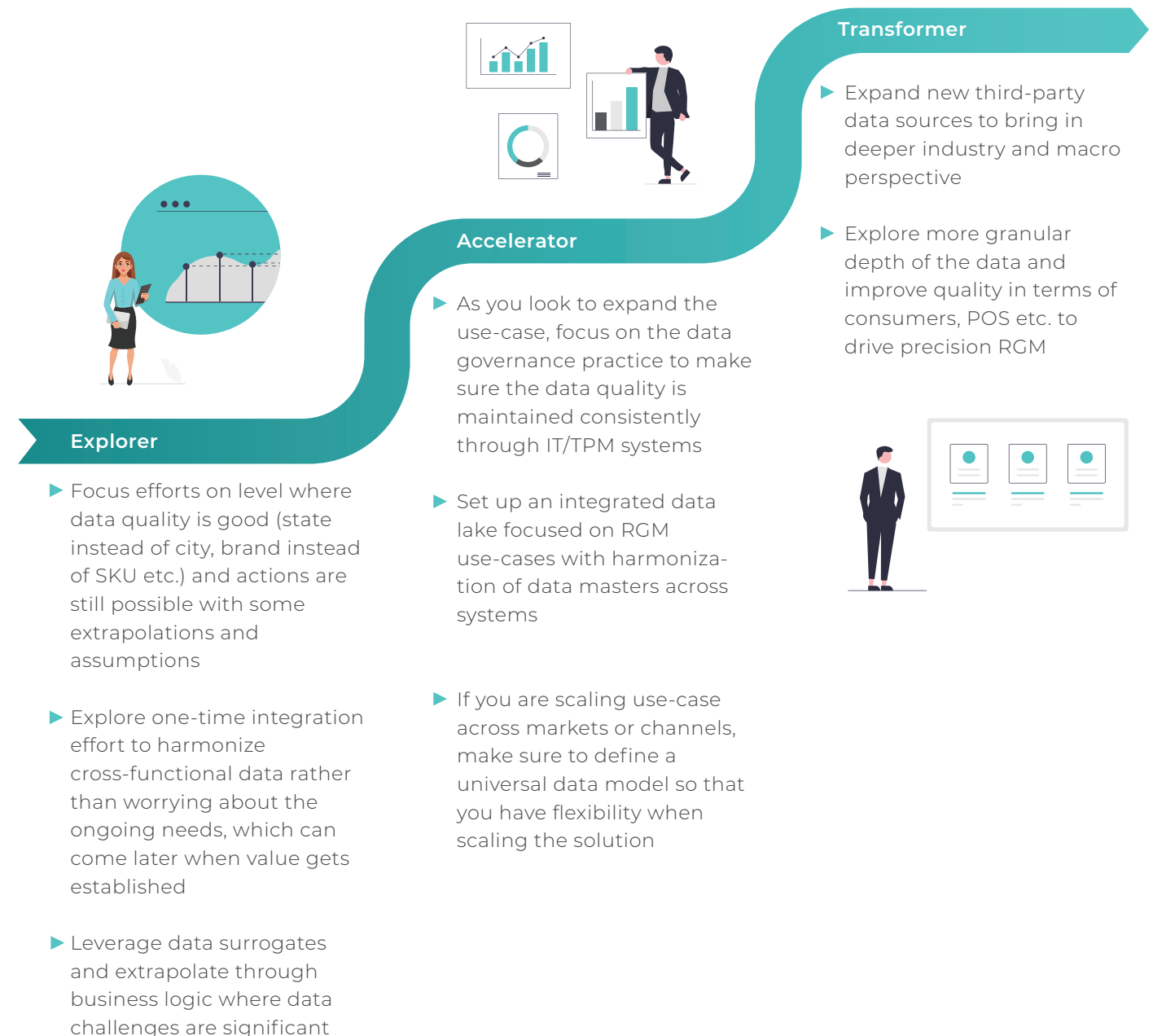
Setting up the most sophisticated RGM tools alone does not guarantee success in the RGM journey. The multiple capabilities for winning the RGM treasure hunt need to evolve synchronously based on the stage you are at. And they should be able to deliver the value in line with the investments being made.



Data Assets Curation

RGM being a cross-functional capability finds itself with a big challenge of integrating data from different sources - Customer Promotion Plans from Sales teams, Sell-out from Retailer sources, Product value chains from Finance, Category and product hierarchies from Marketing and so on.

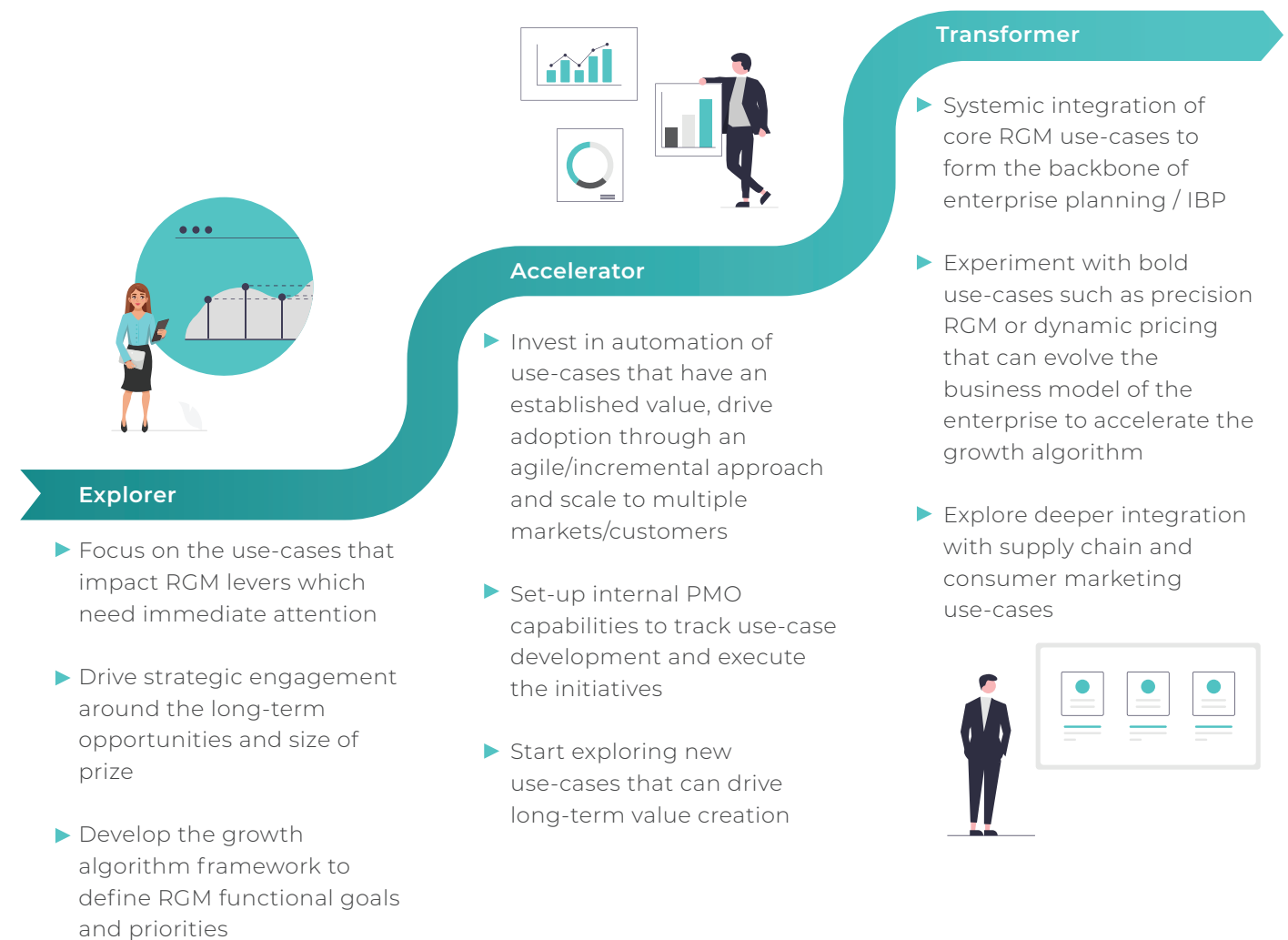
RGM teams that are starting on the journey should leverage external support if existing IT/Analytics resources are constrained and avoid stalling the initiative waiting for data issues to be resolved. The initial focus needs to be on extracting insights and value from the available data quickly through strategic projects rather than solving data integration issues.



Use-Case Development

The use-case priorities of RGM have a strong correlation with the function to which RGM reports into as it impacts the business metrics that the respective function would like to accelerate in the short-term.

Having said that, the urgency bias for immediate action recommendations tends to overshadow long-term value creation, which potentially has a lot of unknowns especially in terms of ability to execute.



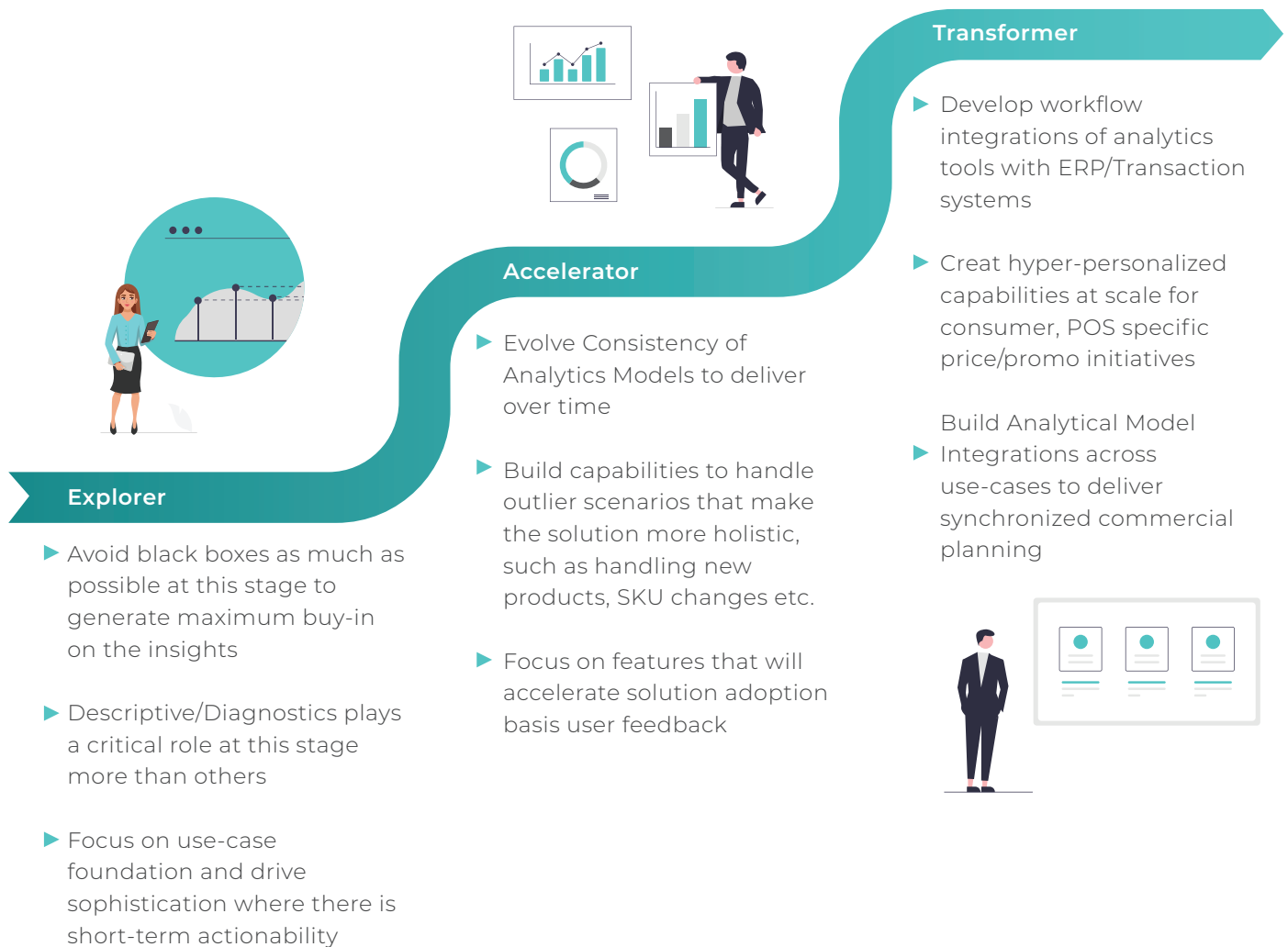
Analytics Horsepower

Analytics capabilities need to evolve in line with the functions and leadership teams' ability to digest information and drive actions. Defining the trade-off between analytics sophistication and insight simplicity at every stage of the roadmap is key for wider adoption of the RGM tools.

Not all use-cases need to be at the same level of sophistication. It needs to be guided by the ability of the

organization to execute and the challenges and opportunities we are trying to address.

Most importantly, we need to take an agile incremental approach to building analytics capabilities in line with value delivery and this is where our RGM experts can guide you through the journey making sure your investments are in line with value creation.



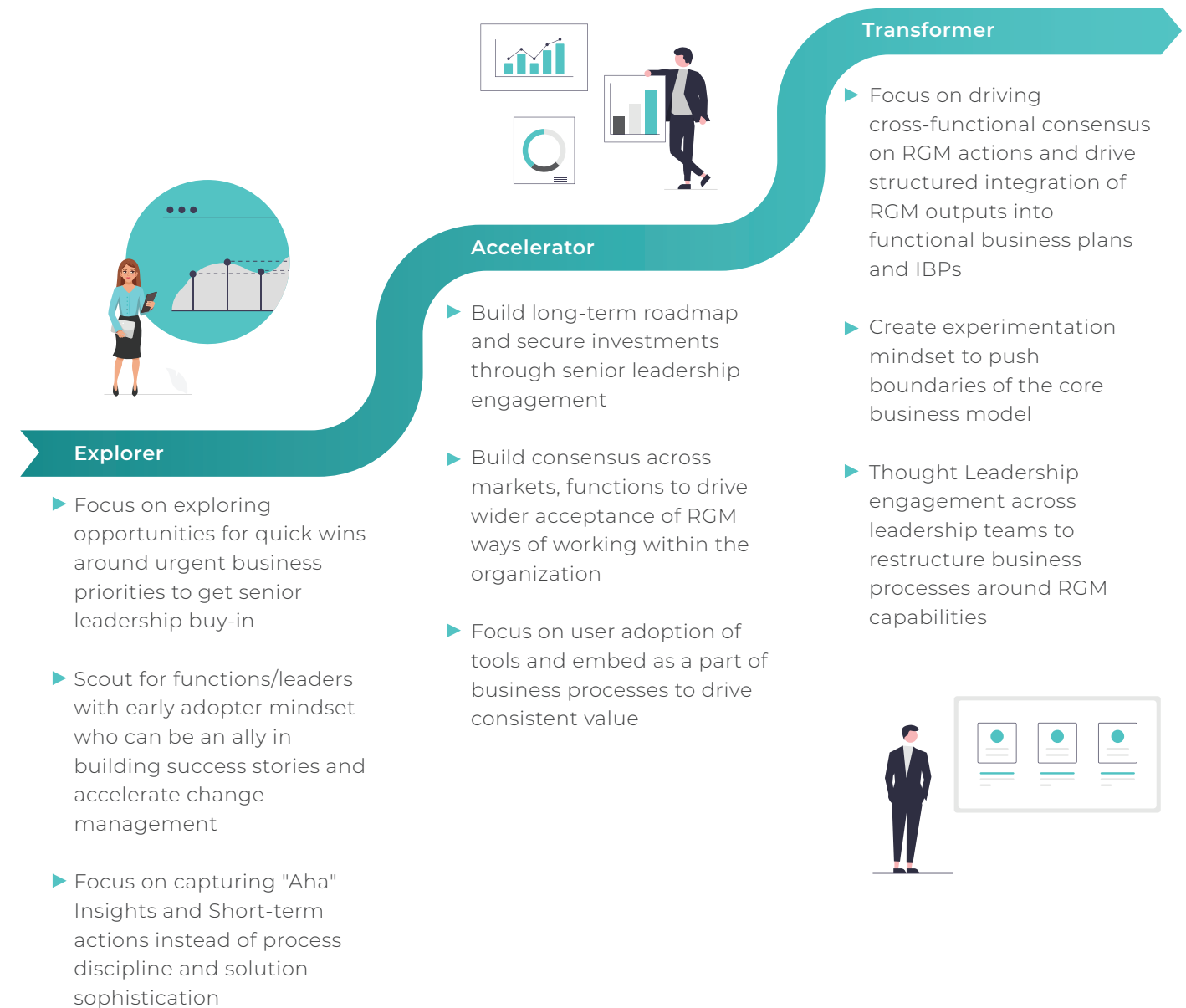
Change Management

Establishing RGM capabilities successfully requires an enterprise transformation that impacts multiple functions. Therefore without a well thought-through change management strategy, most RGM initiatives fail to take off and even if they manage to, don't go the distance.

Organizations that are by default more data-driven have an upper hand in accelerating RGM. Without a robust

culture of data-driven decision-making already in place, RGM teams need to focus a lot more on stakeholder engagement.

Achieving all of this requires long-term commitment from the senior leadership for RGM and that can be achieved only when RGM gets aligned to the leadership's strategic goals and priorities.



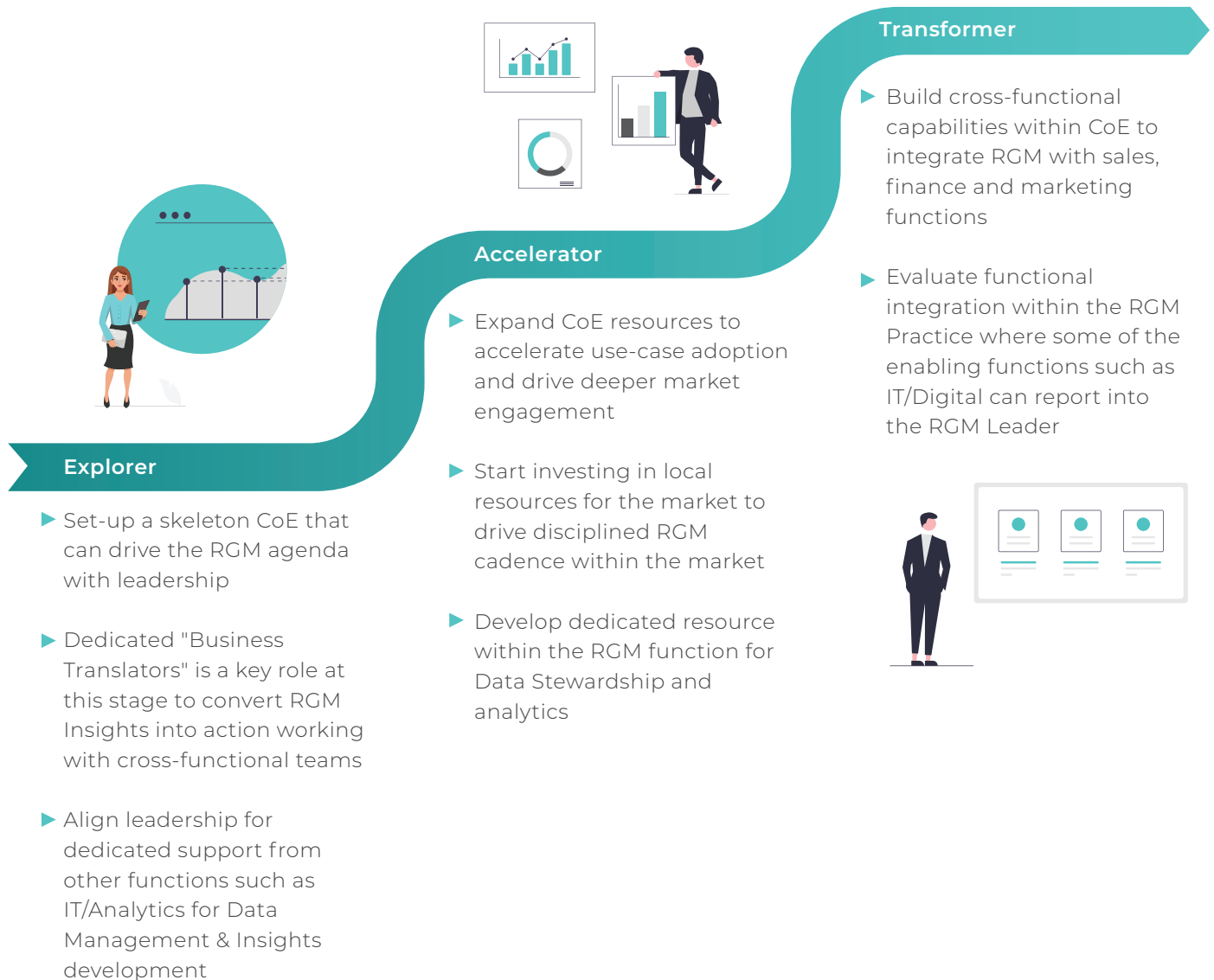
Human Capital

The practice of RGM is relatively new and implemented in diverse ways across organizations. That means, organizations need to invest in developing RGM talent internally while making a few lateral hires.

As the RGM team gets set-up, leaders need to find the right balance of Center of Excellence (CoE) and in-market resources. The investment in this structure

can be scaled depending on the stage of maturity but will need to feature prominently within the RGM plans.

A strong RGM cadence that explores strategic implications of RGM for the enterprise and a regular tracking of RGM execution is a crucial capability in delivering the promised impact.



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Configuring the Compass for Success

There are many ways to measure the impact of the RGM practice on the overall business. But the success of RGM initiatives is not just about metrics. It's also about how it can be leveraged to validate the growth algorithm and scale the practice.

As RGM initiatives begin to create impact, it drives a self-perpetuating growth of the RGM practice and scales in a non linear way from being an explorer to a transformer!

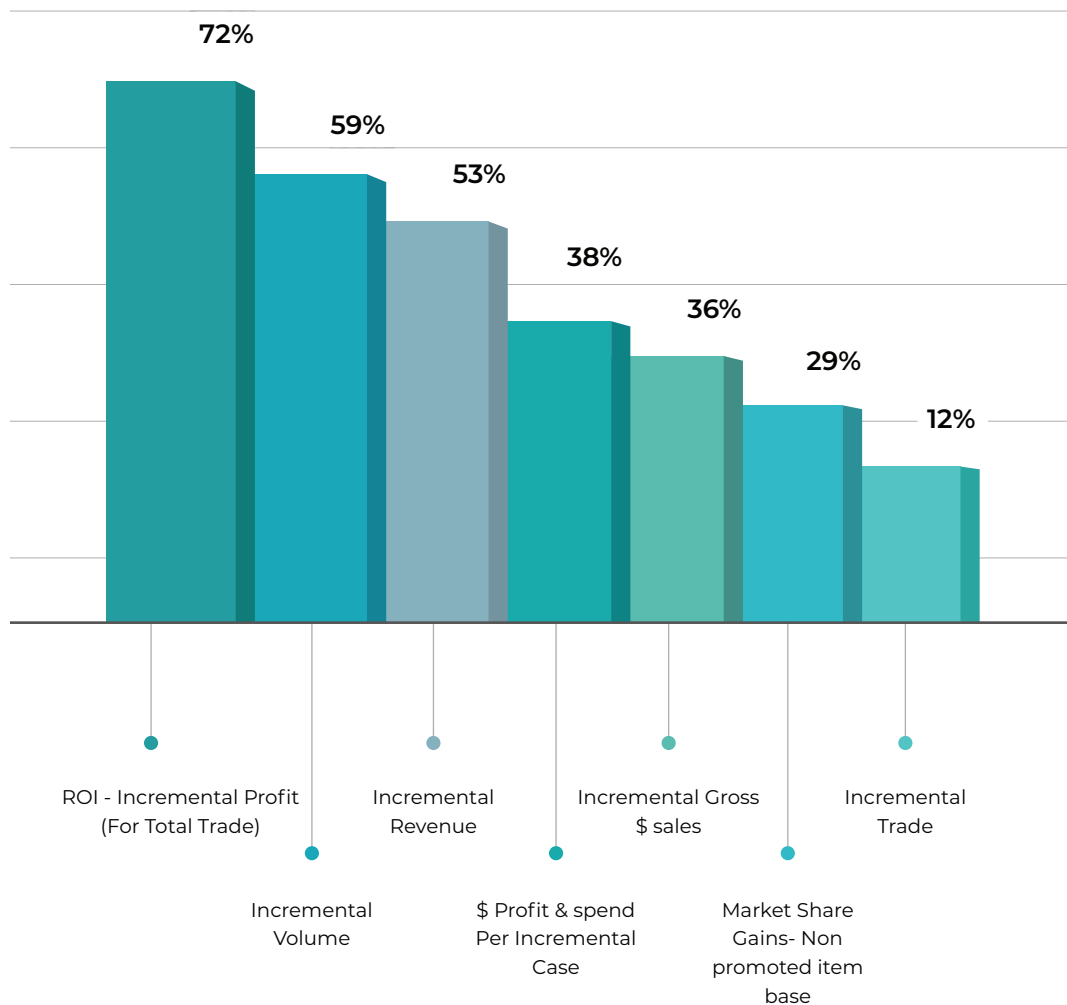


Defining the Markers of Success

Defining the right success markers are an important yet often understated aspect in building momentum for the RGM journey. It also helps you course-correct the direction of initiatives if required to drive value creation.

There are many metrics that can be tracked for overall impact depending on the use-cases being implemented. But most metrics revolve around the incremental value of sales/volume/profit.

What are the top RGM KPI's your team utilizes?



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Going beyond business metrics



Beyond the overall metrics that potentially involve multiple dependencies outside the RGM team, one must focus on three key aspects that showcase the value driven by RGM initiatives for the organization and amplify its impact.

RGM Practice can easily attain Non-Linear evolution from an Explorer to a Transformer.



With enhanced visibility of initiatives and strategic communication, transitioning from an explorer to a transformer will happen faster than one can imagine. And as the treasure markers get unlocked consistently, the growth algorithm will be achieved.



Initiative Tracking

- ▶ Identify and track execution of initiatives that are core to driving the RGM growth algorithm irrespective of the functional ownership
- ▶ This develops renewed leadership focus and also brings more cross-functional collaboration in successfully implementing RGM initiatives



Long Term Projections

- ▶ Beyond the Impact on business performance KPIs, also focus on projecting the definitive long-term size of prize from specific interventions that were driven through the RGM focus
- ▶ This enables functional leaders to focus beyond the short-term gains and visualize the true long-term impact of the RGM Process



Evangelizing RGM

- ▶ As RGM initiatives get executed and impact is generated, there needs to be broader sharing of the impact through success stories, case studies and best practice calls
- ▶ As more leaders and colleagues start to realize the value, investments into RGM practice accelerates and barriers to change reduce across the enterprise

Measure the Growth of RGM Capabilities

The practice of RGM is relatively new and implemented in diverse ways across organizations. That means organizations need to invest in developing RGM talent internally and retain them to drive sustainable impact. As the POI Survey points out, a lot of organizations leverage the “RGM Super User” and this works well in the early stages. But this needs to evolve into more immersive and structured training as the journey evolves.

And RGM training cannot just stop with the RGM teams alone but need to go beyond. As RGM Ways of Working are relatively new at an enterprise level, there is a need for educating leaders and managers across functions

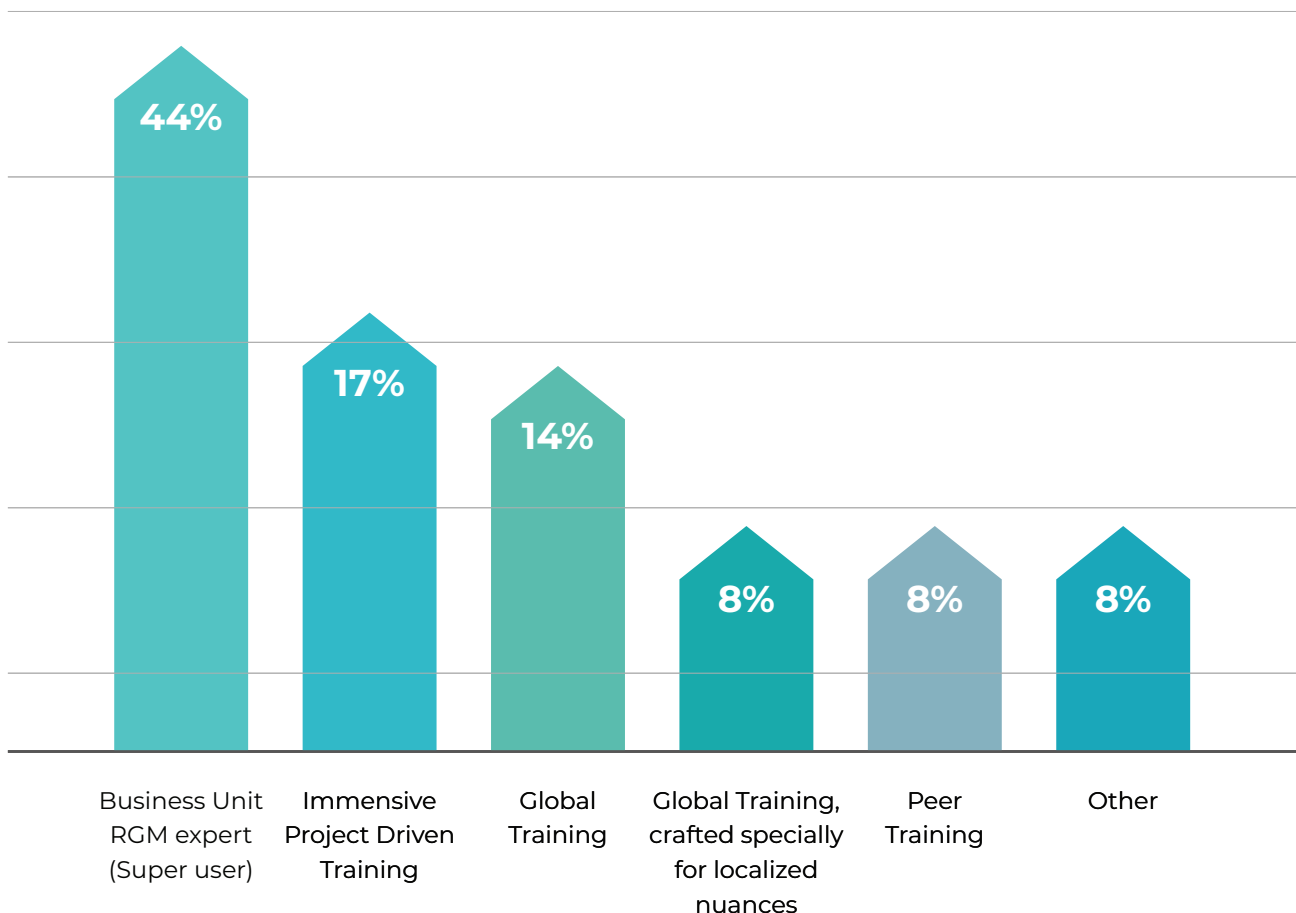
around how the process works. Engaging leaders and colleagues in an environment that is not time sensitive or politically charged is key to getting buy-in at critical stages of the RGM process in future.



Measure RGM Capability through People Development Scorecards, Training Progress and Stakeholder Feedback.



How is your organization developing and cascading the RGM capability throughout and across the enterprise?



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Choosing the Right Guide for the Journey

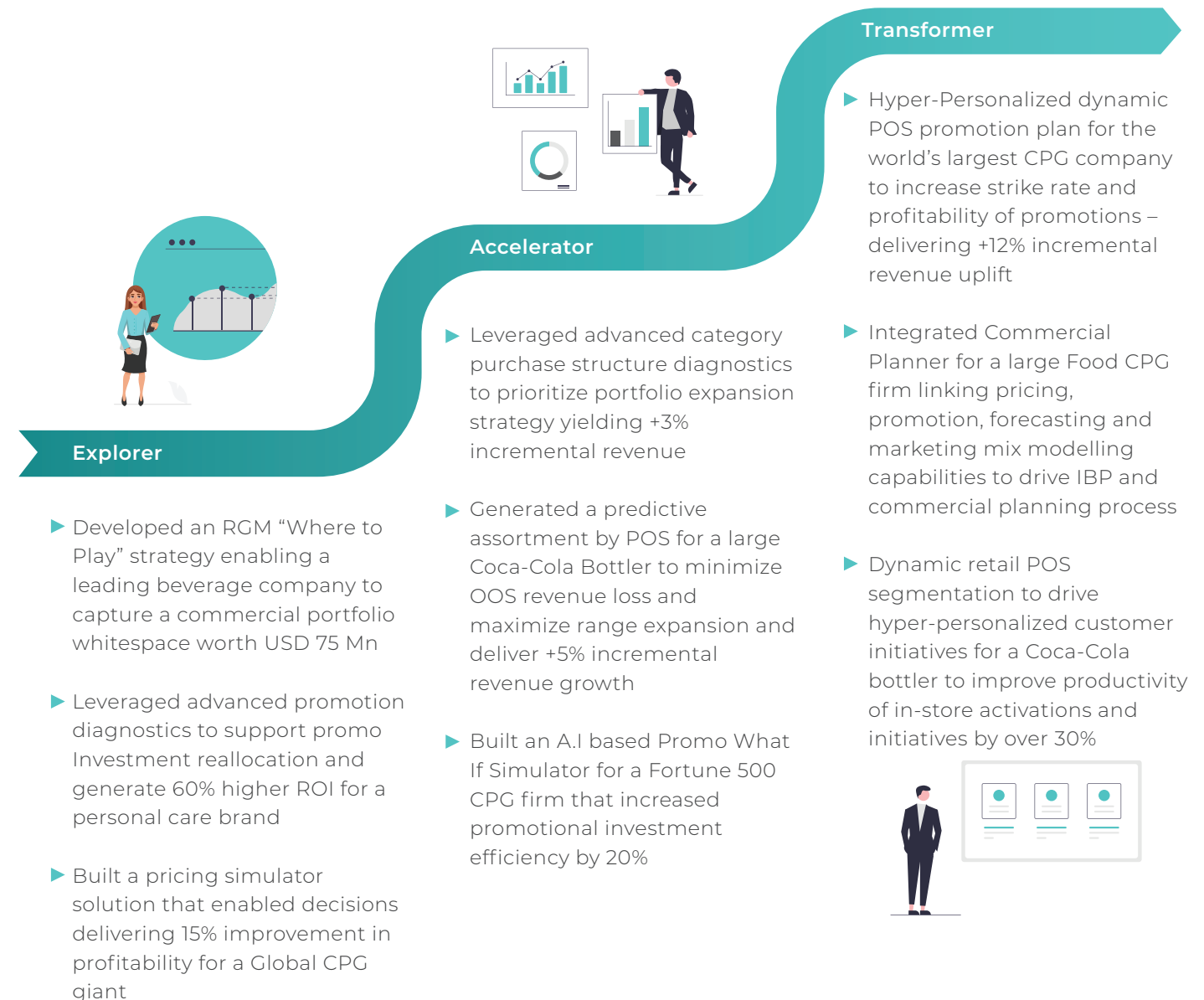
In any expedition to the land of the unknown, it is a great advantage to have an experienced guide who has traveled the track before and is familiar with the unknown quirks of the journey. And if the guide has proven expertise too in enabling the capabilities needed at any stage of the track, it can't get any better!



How can Decision Point help you

Decision Point's goal is to partner with you and help create a RGM Transformation specific to your organization. We are not just about tools, but about the people, process and capabilities to enable the full journey. And we have the experience in supporting organizations at

different levels of maturity in their RGM journey bringing in end-to-end capabilities cutting across Data Engineering, Advanced Diagnostics, Strategic Consulting, Analytics Tools and Change Management.



The Decision Point Advantage



A Decade of RGM Experience

With over a decade of experience driving RGM capabilities globally across developed, developing and emerging markets, Decision Point is an ideal partner for driving multi-market RGM capabilities



Fully Integrated RGM Stack

We have deep expertise across all RGM levers of Pricing, Promotion, Assortment and Trade Management and can build holistic solutions to truly deliver on the RGM growth algorithm



Value based Engagement Model

We implement solutions through an agile approach in phases to ensure value delivery and remain flexible in our engagement model that helps maintain investments in sync with value delivery for our clients



Focused Quick Wins and Business Adoption

We have extensive experience in evangelizing RGM with senior leadership, advanced diagnostics to deliver quick wins and follow a highly immersive process working in the field with customer and sales teams to drive adoption of RGM capabilities



Best-in-class Analytical Tools

Last but not least, our RGM Solution Platforms have truly best-in-class analytical capabilities with unique industry leading Precision RGM models and have delivered consistently superior results for our clients

Our clients speak for the impact we deliver...



We have worked with DP over the last 18 months, supporting us on our Promo Analytics capability...Their value creation goes beyond than just the analytics, getting their team immersed with ours. Their flexibility, sharp talent and commitment to results make them a perfect partner in our RGM evolution.

**- Head, RGM CoE,
A Large Coca-Cola Bottler**



Decision Point has delivered more value than any other firm we have worked with on our RGM journey and are the ideal partners to deliver end to end transformation that is so critical in succeeding with RGM.

**- Director, RGM & Digital Transformation
Leader - Fortune 500 CPG**



Little By Little,
One Travels Far...





Decision Point

Decision Point is a leading Global RGM Think Tank, offering a broad range of platforms and end-to-end solutions for CPG clients. We are a company with over a decade of unmatched experience and specialized capabilities within RGM underpinned by the value of delivering the best-in-class analytics solutions. We own the success of our clients by providing Full Stack RGM capabilities that truly drive enterprise transformation and provide a flexible engagement model to suit our client's needs and budgets. We have served over 20+ clients, across North America, Latin America, Europe, Africa, and Asia in markets with diverse maturity levels and business dynamics.

For more information, visit us: www.decisionpoint.ai



Promotion Optimization Institute

POI brings together manufacturers, retailers, solution providers, analysts, academics, and other industry leaders with the specific objective of collaboratively improving enterprise planning, promotion management and distribution of consumer goods. Members of POI share cross-functional best practices in both structured and informal settings. Additionally, members benefit through our industry alliances, the Certified Collaborative Marketer (CCM)[™] program, share groups, and industry-leading summits around the globe. POI aims to instill a financial and metrics-based discipline not typically found with other trade groups.

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