



The RGM Treasure Hunt

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





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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.

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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.





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.

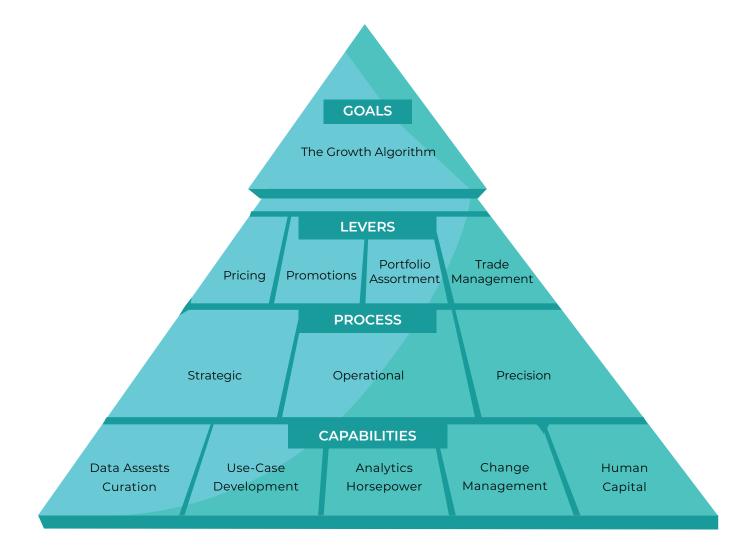
It all starts with the Growth Algorithm that defines the

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 -





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



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
- Analytics Horsepower
- Human Capital

- Use-Case Development
- Change Management



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.

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 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.

How is your organization approaching Revenue Growth Management?

Adding tools or analytical capabilities to support new RGM processes	72 %
Advancing practices, diving deeper optimized promotion pricing, and pack growth analysis	66%
Adding RGM personnel to support	46 %
Global pandemic has been a catalyst for organization's enhanced focus	18%
New titles utilizing same processes, tools and people	13%
Same approach, nothing has changed	9%
Our company hasn't started yet	7%

Source: 2022 POI State of the Industry Report. Intellectual property of POI. All Rights Reserved.



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.

How to balance short-term How to manage the quality of priorities and long-term value data across systems and creation... markets that are usually disconnected... How to get leadership buy-in to drive investments in RGM How to drive enterprise-wide tools and process... change management and address cultural challenges... How to connect the dots How to scale capabilities between multiple use-cases across markets with within RGM framework and consistency while capturing even outside... synergies...

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

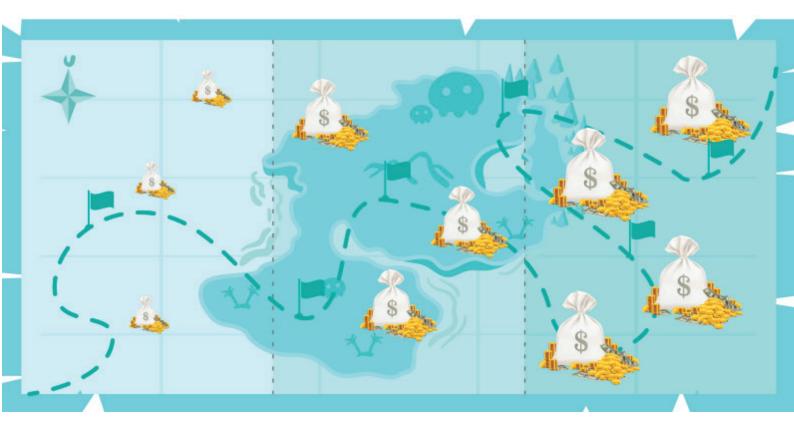


The Three Phases of the Treasure Trail

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.

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

journey. 55



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 Transformer

Building sophistication through deeper use-case integration and enhancements, embedding RGM across all business processes and delivering value at scale consistently



RGM Explorer

Starting to explore the RGM journey, building the must-have use-cases and discovering the value levers for the organization



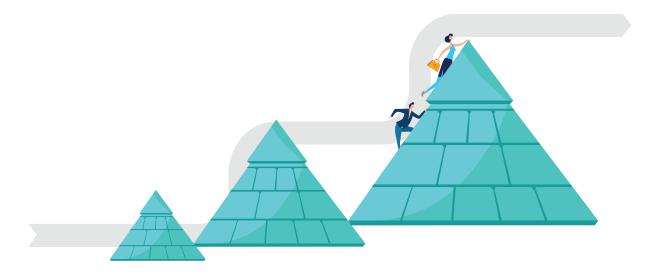
RGM Accelerator

Built a foundation of use-cases, looking to accelerate adoption across organization, expanding new use-cases and making tangible business impact



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.

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.

🖒 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.

🔄 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.

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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.



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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.



Accelerator

As you look to expand the use-case, focus on the data governance practice to make sure the data quality is maintained consistently through IT/TPM systems

- Set up an integrated data lake focused on RGM use-cases with harmonization of data masters across systems
- If you are scaling use-case across markets or channels, make sure to define a universal data model so that you have flexibility when scaling the solution

Transformer

- Expand new third-party data sources to bring in deeper industry and macro perspective
- Explore more granular depth of the data and improve quality in terms of consumers, POS etc. to drive precision RGM





Explorer

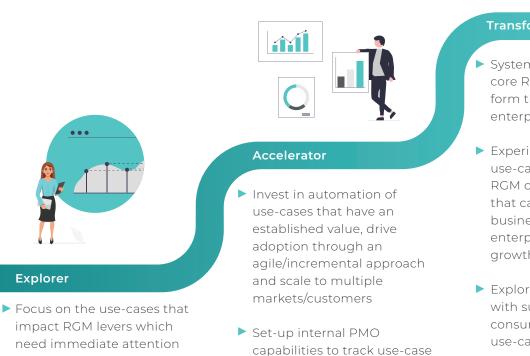
- Focus efforts on level where data quality is good (state instead of city, brand instead of SKU etc.) and actions are still possible with some extrapolations and assumptions
- Explore one-time integration effort to harmonize cross-functional data rather than worrying about the ongoing needs, which can come later when value gets established
- Leverage data surrogates and extrapolate through business logic where data challenges are significant



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.



- Drive strategic engagement around the long-term opportunities and size of
- Develop the growth algorithm framework to define RGM functional goals and priorities

prize

- development and execute the initiatives Start exploring new
- use-cases that can drive long-term value creation

Transformer

- Systemic integration of core RGM use-cases to form the backbone of enterprise planning / IBP
- Experiment with bold use-cases such as precision RGM or dynamic pricing that can evolve the business model of the enterprise to accelerate the growth algorithm
- Explore deeper integration with supply chain and consumer marketing use-cases





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.



Explorer

- Avoid black boxes as much as possible at this stage to generate maximum buy-in on the insights
- Descriptive/Diagnostics plays a critical role at this stage more than others
- Focus on use-case foundation and drive sophistication where there is short-term actionability



Accelerator

- Evolve Consistency of Analytics Models to deliver over time
- Build capabilities to handle outlier scenarios that make the solution more holistic, such as handling new products, SKU changes etc.
- Focus on features that will accelerate solution adoption basis user feedback

Transformer

- Develop workflow integrations of analytics tools with ERP/Transaction systems
- Creat hyper-personalized capabilities at scale for consumer, POS specific price/promo initiatives

Build Analytical Model

 Integrations across use-cases to deliver synchronized commercial planning





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.



Explorer

- Focus on exploring opportunities for quick wins around urgent business priorities to get senior leadership buy-in
- Scout for functions/leaders with early adopter mindset who can be an ally in building success stories and accelerate change management
- Focus on capturing "Aha" Insights and Short-term actions instead of process discipline and solution sophistication



Accelerator

- Build long-term roadmap and secure investments through senior leadership engagement
- Build consensus across markets, functions to drive wider acceptance of RGM ways of working within the organization
- Focus on user adoption of tools and embed as a part of business processes to drive consistent value

Transformer

- Focus on driving cross-functional consensus on RGM actions and drive structured integration of RGM outputs into functional business plans and IBPs
- Create experimentation mindset to push boundaries of the core business model
- Thought Leadership engagement across leadership teams to restructure business processes around RGM capabilities





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.



Explorer

- Set-up a skeleton CoE that can drive the RGM agenda with leadership
- Dedicated "Business Translators" is a key role at this stage to convert RGM Insights into action working with cross-functional teams
- Align leadership for dedicated support from other functions such as IT/Analytics for Data Management & Insights development

Accelerator

- Expand CoE resources to accelerate use-case adoption and drive deeper market engagement
- Start investing in local resources for the market to drive disciplined RGM cadence within the market
- Develop dedicated resource within the RGM function for Data Stewardship and analytics

Transformer

- Build cross-functional capabilities within CoE to integrate RGM with sales, finance and marketing functions
- Evaluate functional integration within the RGM Practice where some of the enabling functions such as IT/Digital can report into the RGM Leader





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!

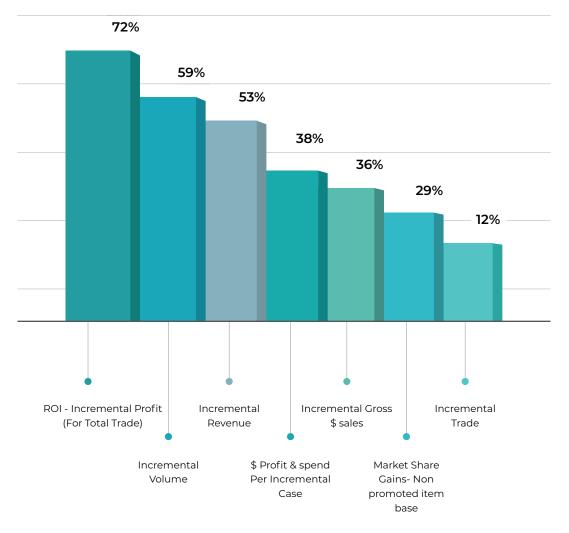




Defining the Markers of Success

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.

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.

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

Co 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
- 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

Evangelizing

RGM

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

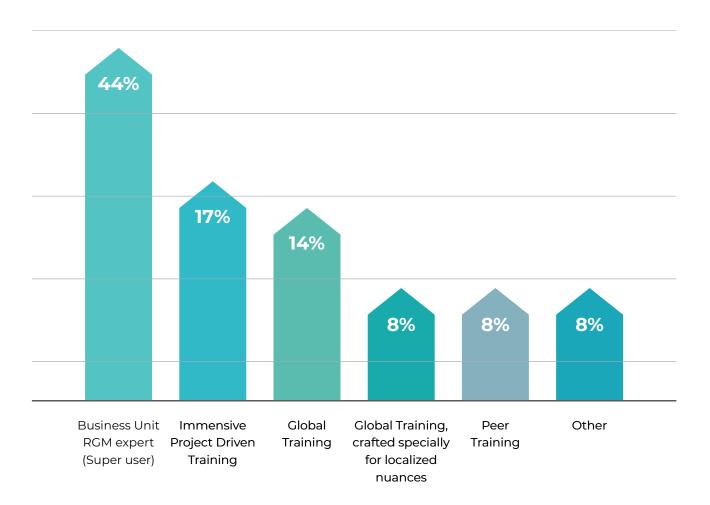
The practice of RGM is relatively new and implemented in diverse ways across organizations. That means organizations need to invest in developing RGM talent internally and retain them to drive sustainable impact. As the POI Survey points out, a lot of organizations leverage the "RGM Super User" and this 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. 55

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.

Explorer

- Developed an RGM "Where to Play" strategy enabling a leading beverage company to capture a commercial portfolio whitespace worth USD 75 Mn
- Leveraged advanced promotion diagnostics to support promo Investment reallocation and generate 60% higher ROI for a personal care brand
- Built a pricing simulator solution that enabled decisions delivering 15% improvement in profitability for a Global CPG giant



Accelerator

- Leveraged advanced category purchase structure diagnostics to prioritize portfolio expansion strategy yielding +3% incremental revenue
- Generated a predictive assortment by POS for a large Coca-Cola Bottler to minimize OOS revenue loss and maximize range expansion and deliver +5% incremental revenue growth
- Built an A.I based Promo What If Simulator for a Fortune 500 CPG firm that increased promotional investment efficiency by 20%

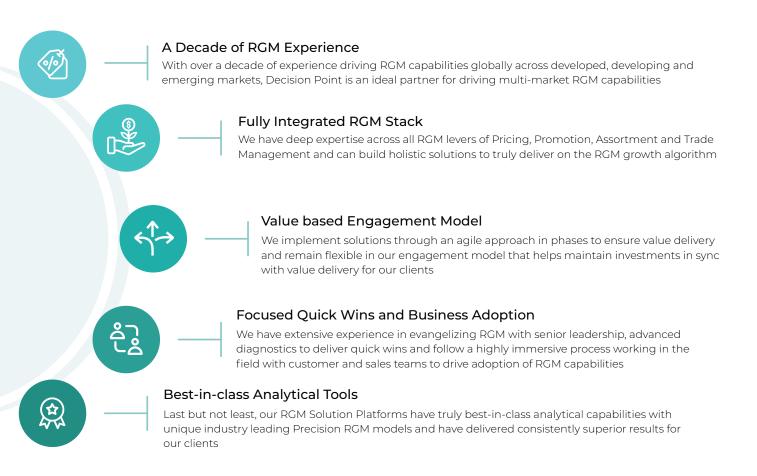
Transformer

- Hyper-Personalized dynamic POS promotion plan for the world's largest CPG company to increase strike rate and profitability of promotions – delivering +12% incremental revenue uplift
- Integrated Commercial Planner for a large Food CPG firm linking pricing, promotion, forecasting and marketing mix modelling capabilities to drive IBP and commercial planning process
- Dynamic retail POS segmentation to drive hyper-personalized customer initiatives for a Coca-Cola bottler to improve productivity of in-store activations and initiatives by over 30%





The Decision Point Advantage



Our clients speak for the impact we deliver...

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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



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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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