



COLGATE-PALMOLIVE

SAP BUSINESS TRANSFORMATION STUDY

AT A GLANCE

Industry	Consumer Products
Revenue	US\$12.2 billion
Employees	36,000
Location	New York City
Web Site	www.colgate.com
SAP® Solution & Services	SAP® Trade Promotion Management
Implementation Partner	SAP Consulting

Colgate-Palmolive Company is a global provider of consumer products that make lives healthier and more enjoyable in more than 200 countries and territories. The company focuses on strong global brands in its core businesses – oral care, personal care, home care, and pet nutrition. With approximately 70% of sales derived from international operations, Colgate-Palmolive maintains strong global growth by following a tightly defined strategy to drive business efficiency and increase its market leadership position.

Key Challenges

- Integrated commercial plans
- Planning horizons
- ROI transparency
- Effective trade promotions
- Alignment across consumer, professional, and retailer programs
- Evaluate performance and gather key insights

Why SAP Was Selected

- Supports end-to-end planning and execution processes
- Aligns with Colgate's SAP-centric global IT strategy
- Extends Colgate's prior success with SAP® software
- Offers industry-specific trade promotion functions
- Leverages significant ongoing R & D investment by SAP
- Supports financial planning and analytical processes
- Leverages enterprise-wide data to make business decisions

Implementation Best Practices

- Involve global cross-functional business and IT teams
- Appoint global owner to drive process standardization across subsidiaries
- Pilot in significant market to develop key knowledge for global rollout, while mitigating risk
- Use SAP MaxAttention™ support option

Low Total Cost of Ownership

- Colgate's broadest-scope/largest-benefit project
- Global rollout by 2008
- End-to-end integration complexity: both sales and marketing, as well as to enterprise
- Target of 6 to 9 months per implementation depending on size, complexity, sophistication

Financial and Strategic Benefits

- Strengthened brand equity by redirecting funding to drive product innovation and brand investment
- Stronger customer relationships
- Established shared understanding of volume goals
- Enabled detailed goal setting by product and customer
- Improved transparency of actual spends versus account plans versus goals
- Improved understanding of demand to reduce promotion out-of-stocks and eventually, on-hand inventories

Operational Benefits

- Focused on consumer trade spend anticipated following first phase of implementation
- Improved operations and better demand planning
- Streamlined promotion planning, administrative efficiencies
- Delivered positive impact on cash management





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“Colgate Business Planning is the broadest-scope and the largest-benefit project at Colgate. It will enable us to run the business with greater visibility and nimbleness and accelerate competitive advantage.”

Ed Toben, CIO, Colgate-Palmolive Company

“Colgate Business Planning will encompass a much broader scope than just promotions; it will impact our total commercial investment.”

Lou Schneider, Director, Trade Promotion Management Program,
Colgate-Palmolive Company

The Need to Improve Trade Spending Effectiveness

For improving the profitability of a consumer products manufacturer, proper management of trade spending is one of the most effective levers – although it is often undermanaged. Not so for Colgate-Palmolive Company. Colgate has embarked on an ambitious initiative termed “Colgate Business Planning.” The company plans to significantly transform its commercial planning and execution processes and adopt a measurement-based, disciplined approach to maximize return on its commercial investment. Since Colgate runs 99% of its business on SAP® software, the company turned to SAP to facilitate this initiative. The SAP Trade Promotion Management application, part of the SAP Customer Relationship Management application, delivered the functionality Colgate needed.

Largest-Scope Project to Deliver Greatest Benefit

What started as a small project to improve trade promotion effectiveness has grown to be the broadest-scope SAP project at Colgate – one that will impact the company’s total commercial investment. Colgate worked with SAP to devise and launch pilot programs in Mexico and Canada, with plans for a global rollout by the end of 2008. When complete, the program will offer the largest business-benefit potential of any SAP project at Colgate.

Best-Practice Implementation and Development

Colgate named a global owner for the project, and under strong leadership with executive buy-in, the project gained momentum and magnitude. Colgate assembled development teams with specific technical expertise and a global business team to articulate the desired functionality. Because of an aggressive four-month implementation timeline, Colgate engaged the SAP MaxAttention™ support option to address support needs proactively. To round out its skill base, Colgate secured resources from SAP Consulting to supplement development and implementation efforts.

Regional Success and Global Enthusiasm

Today, Colgate managers in Mexico have complete visibility into the life cycle of each promotion, allowing them to plan with more accuracy the next time and achieve greater ROI. Managers also take advantage of the solution’s inherent connectivity, which links all relevant parties inside and outside Colgate, enabling an easy flow of information and more informed decision making.

Colgate’s own analysis of its Mexican sales operations indicated that more than half of its retail customers were buying goods well in advance, which affected Colgate’s supply chain. However, by implementing the SAP solution, Colgate was able to identify and resolve these inefficiencies through better forecasting, leading to a seven-digit annual savings for the unit. Colgate is seeing rousing enthusiasm in Mexico for a global, commercial spend strategy to maximize return and accelerate growth.

Facing the Future with Confidence

After its success in Mexico, Colgate assembled a team of business analysts and IT staff to determine how the application’s standard templates could best be localized for other countries and units. Implementation teams at each subsidiary with the same skill set as the global development team will roll out the functionality.

When the rollout is complete, Colgate’s managers will be able to ensure more successful campaigns and maximize their promotion spending. With a thorough understanding of performance metrics, Colgate will be able to analyze a promotion’s performance within the context of overarching business strategies and global financial goals.

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