

EBOOK

Critical Steps to TPM Success

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Overview



You have no doubt heard this before... **Trade promotion spending is the largest single item on a manufacturer's P&L, after cost of goods sold.**

Trade promotions are a huge expense; however, **lack a strong, central focus.** In some organizations trade "reports" to sales or marketing. In other companies, finance owns trade. Regardless what team owns your trade promotion management efforts, it's time to **revisit your approach** and **take these 7 steps to achieve success.**

Step 1

Standardization

Set a **standard** for your total trade management process; **each key component** in the process should be standardized too.

Examples of Standardization:

STANDARD CONTRACTS:

Structure every promotion the same way, every time.

Always include information such as:

- Customer name
- ID Number
- Products

STANDARD LETTERS:

Issue a standard agreement letter to distributors and operators with specific points locked down so that the mandated and approved portions cannot be changed or deleted.

Step 2

Promotion Management

Take control of your promotion creation and storage. Reduce lapsed and lost promotions and **build approval accountability**.



Examples of Promotion Management:

CENTRALIZED DATA:

Make data access easy – then you can simply approve promotions, pay claims and clear deductions.

CREATION & APPROVAL HIERARCHY:

Establish a promotion creation and approval process. Approvals can be assigned at various levels.

Step 3

Data Acquisition

Maintain data hygiene **throughout** the acquisition and logging process **to improve financial** performance.

Examples of Data Acquisition:

ELECTRONIC CLAIMS:

Import electronic claim data. Adjust the data to meet the needs of your customers.

PAPER CLAIMS:

Log all incoming paper claims so you can start a countdown to make sure you don't cut a check to a distributor if you don't meet the deduction policy timeframe.

Step 4

Verification

Review claims throughout your trade management process. At each step, be sure **that payment requests are valid** and non-duplicative.



Examples of Verification:

CONTRACT-TO-CLAIM COMPARISON:

Compare each claim against the terms of the contract and its associated products to ensure valid payment.

DUPLICATE DATA CHECK:

Evaluate claim data against previous claim submissions. This supports reconciliation and prevents double dipping.

Step 5

Reconciliation

Resolve invalid invoices or invoice details. **Change customer behaviors** by catching errors.

Example of Reconciliation:

ADJUST DISCREPANCIES:

Validate that your payment reflects claim discrepancies. Don't pay for claims without this adjustment.

Any claim with a discrepancy should be placed on pending status until the promotion owner has updated the promotion or given direction to reject the invalid products/invoices. Address the issue with the distributor or operator so the promotion is up-to-date on their end.

Step 6

Settlement

Know your distributors' deductions policy. **Protect your profit.**

Examples of Settlement:

SETTLE BY CHECK:

Prevent deductions and guarantee valid settlement.

SETTLE BY DEDUCTION:

If a check won't reach the distributor before the deduction policy timeframe, issue a deduction.

Step 7

Reporting & Analysis

Understand how your trade strategy is **performing** across **channels** and **customers**. **Adjust** where necessary.



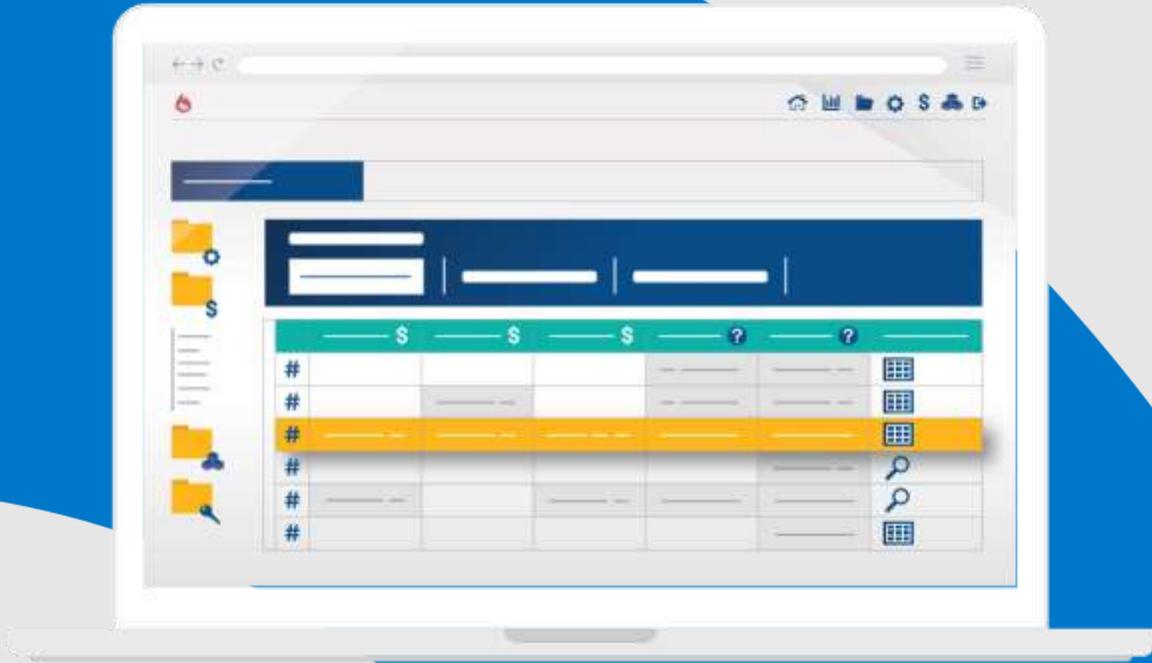
Examples of Reporting & Analysis:

KPI DASHBOARD:

Monitor KPIs like pending claims, rejected claims, spending by component, and volume fulfillment.

STANDARD REPORTS:

Quickly pull information on distributor performance, estimated vs. actuals by promotion, and analyze market support spend against promotion budgets.



We look forward to continuing the conversation.
Reach out to your sales representative or
hello@blacksmithapplications.com to get started.

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