

White Paper

Understanding Continuous Category Management



Continuous Category Management Strategic Partners
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Introductory Message from Dr. Brian Harris

Friends and Colleagues:

This paper is the outcome of months of collaboration among the thought leaders at our three companies. Its purpose is to introduce the concept of Continuous Category Management (CCM) to retailers and manufacturers in the Fast Moving Consumer Goods industry, and to present our joint vision for how CCM can be a key vehicle for increasing sales and profits.

Continuous Category Management represents the logical next step in the evolution of the method and discipline of Category Management. The premise has been developed and articulated by three strategic partners with complementary expertise: The Partnering Group (best practice processes); Armature (retail applications, analytic tools and database management); and Interactive Edge (system automation and interactive presentations).

As co-developers of this White Paper, we share the common insight that the promise of Category Management can be realized to an even greater degree. We believe that Continuous Category Management is the foundation for addressing some of the key barriers that have inhibited Category Management from achieving its full potential. CCM provides the basis for automating the category business planning process and for the tracking, measurement and evaluation of results. This will free up resources, time and brainpower, which can be applied toward more rigorous implementation, monitoring and modification of Category Business Plans. Most of all, CCM enables Category Management to truly become an integral component of the day-to-day management practices of retailers and manufacturers.

Our three companies have worked together in a spirit of partnership to bring this White Paper to fruition. It is our desire that it serves as a stimulus for productive discourse between trading partners, leading to steady incremental improvement in Category Management outcomes. We encourage all sectors of our industry to join us in adopting the concept of Continuous Category Management as a basis for more profitable growth in the future.

Brian Harris, Ph.D.

Founder and Co-Chairman, The Partnering Group

Continuous Category Management - Abstract

Preparing for the New Era of Collaboration, Automation and Integration

Continuous Category Management (CCM) is a set of everyday business practices that enables Category Management methods to be an integral component of the day-to-day business processes of retailers and manufacturers. CCM achieves this by employing real-time information and instant alerts to enable trading partners to make informed category and product merchandising decisions more rapidly and confidently. This paper articulates the CCM promise, describing the vision, the potential benefits and some available tools and techniques that make this business approach not only possible, but practical and beneficial.

Continuous Category Management makes the retail merchandising decisions more effective by "closing the loop" between category planning, implementation and monitoring and by dramatically speeding the 8-step Category Management process. By making the business more efficient and competitive, it multiplies the return on Category Management effort. It enables decision-makers to manage more items and programs and to handle more complexity and sophistication.

While category business planning has been developed to a fairly high art over the years, the marketplace has not yet developed comparable levels of skill and capability in the implementation and performance monitoring of category business plans; two essential pillars of Category Management. The CCM vision holds that these shortcomings can be effectively addressed through the use of tools and techniques that are now available. These allow improvement of the quality of data that goes into the Category Management process, streamlining of the process using automation, and integration of tactics and insights into day-to-day management and decision-making.

Continuous Category Management promises to put actionable insights in the hands of decision-makers at all levels of the retail organization. It can make manufacturers' sales presentations better and more flexible. It can encourage a culture in which faster, higher-quality and more consistent plan implementation is the norm rather than the exception. It also enables faster response to changing conditions not anticipated in the initial plan. It can provide timely and accurate measurements which improve the return on Category Management efforts, and create an atmosphere of responsibility that ensures vigorous follow-through and continuous improvement.

Introduction — Why *Continuous*?

Category Management represented a giant leap forward in merchandising decision-making when it was introduced to the consumer goods marketplace a decade ago. As a business process, it has been validated by its successful and widespread use since that time by retailers and manufacturers worldwide.

For most organizations, however, Category Management has been a time-intensive, project-oriented activity that demands specialized data expertise and analytical skills. As a result, the work has been costly to develop, and the outcome of each planning cycle tends to become outdated quickly.

In addition, while category business planning has been elevated to a fairly high art over the past ten years, the marketplace has not developed comparable levels of skill and capability in *implementation* and *performance monitoring* of category business plans, two essential pillars of Category Management.

Continuous Category Management (CCM) is a set of everyday retail business practices that employ real-time information and instant alerts so that trading partners can rapidly and confidently make more informed merchandising decisions.

Highly competitive fast-moving consumer goods businesses require a more responsive and interactive approach that makes Category Management insights accessible to decision makers "on the fly" and provides the ability to implement new strategies and tactics as soon as possible. This would enable a level of performance monitoring that permits tactical adjustments to be made during program implementation, rather than post-mortem analysis months after a program has ended.

As we will discuss below, automated and interactive software tools now permit trading partners to streamline and standardize the Category Management processes. This enables retailers and manufacturers *continuous* access to analytic results, strategies, and tactics as they focus on category planning, merchandising, brand marketing, efficient assortment, promotion planning, pricing planning, sales planning, and sales presentation development.

Integrate Category Management into day-to-day business activities with continuous development, monitoring, improvement and implementation of plans.

- Dynamic customized plans and presentations
- Speedy and efficient plan cycle time
- Insight through automated analytical tools
- Timely and actionable plans
- Continuous feedback plan and implementation

Fig. 1. The Vision: Continuous Category Management

The Benefits of CCM

By practicing Continuous Category Management, retailers and manufacturers can significantly increase sales and profits through achieving the following benefits:

- Improving the flexibility of retailer and manufacturer data, and integrating Category Management findings into other day-to-day processes

- Automating data analysis and being able to continuously monitor category and brand performance
- Reacting faster and more accurately to changes impacting the performance of category business plans
- Developing interactive merchandising and new product introduction presentations
- Improving sales force productivity by being able to create, customize and communicate fact-based presentations, analyses and information via the Internet
- Significantly improving the implementation of category business plans

These benefits can be realized by Continuous Category Management. CCM helps eliminate a variety of factors that have prevented retailers and manufacturers from achieving greater excellence with their Category Management efforts. These include inadequate flexibility of the data structures; a "project" mentality surrounding Category Management efforts; a planning process that is front-loaded with considerable effort; and difficulty in extracting useful insights from the mass of data collected.

Identifying the Hurdles

A variety of factors conspire to block retailers and brand marketers from achieving greater excellence with their Category Management efforts. Experience points to several obstacles in the present process:

- **Inadequate Flexibility.** Category definitions, category roles and scorecards are often incompatible across multiple retailers or brands. Manufacturers have difficulty tailoring their analyses to match up against these inevitable variations across their retail partners.
- **Event Mentality.** An episodic or "big-project" mentality has left the exercise of Category Management as a series of discrete events, rather than a way of life. CM sales presentations tend to be fixed and static. There is little continuity from CM event to CM event, even within the same category.
- **Time consuming Planning.** The CM process is front-loaded requiring extensive effort. Typically as many as 16-20 weeks are invested in preparing a full-featured category plan. Often 75% or more of the time and effort is devoted to crunching numbers. By the time a plan is approved, implementation and performance measurement are not given the necessary attention.
- **Elusive Insights.** Data collection activities can overwhelm the pursuit of real understanding. So much effort is devoted to the mechanical tasks of populating templates and the subsequent analysis of those templates, that the pursuit of insight often takes the back seat.

The Present State of Category Management

Brief Background

Category Management grew as a logical response to two fundamental issues facing supermarket grocers in the 1980s:

- Losing market share to encroaching competitors, such as mass merchants, discounters and "category killers" offering food products
- Growing customer sophistication and changing preferences

When it was first introduced in the early 1990's, Category Management was a fairly straightforward idea. Manage the category as a business unit supporting the goals of the overall retail organization. Ask a logical sequence of business questions to find the key business opportunities in the category. Use the answers to guide business decisions and actions.

Category Management began to attain widespread acceptance concurrently with the broad-based Efficient Consumer Response movement, which in 1993 advocated Category Management as a core discipline in its efforts to align trading partners and streamline the supply chain¹.

The category planning process, the core business process of the Category Management approach, was initially perceived as requiring specialized expertise to perform. The specialized knowledge required made the process costly and time-consuming for supermarket retailers, which typically must manage plans and implementations for some 200 categories, 52 weeks a year. Faced with this challenge, many retailers turned to their manufacturer trading partners for help.

Manufacturers competed for the privilege of providing these services as a means of demonstrating their levels of knowledge and commitment to retailer relationships. This led to a surge in Category Management during the mid-to-late 90's, as the industry widely adopted Category Business Planning as a standard, collaborative practice.



Fig. 2. The familiar diagram of the eight-step Category Management process places Plan Implementation at the end of the queue

Promise and Reality

Organizations that have successfully adopted the disciplines of Category Management have shown significant benefits. In a report published in 2000 by Supermarket News, Category Management was rated to be of highest priority by 77 U.S. retail executives representing more than \$250 billion in combined sales².

A study published by Accenture, "ECR 2000 Day-to-day Category Management," found that businesses that adopt Category Management as a business discipline experience up to a 10 percent uplift in sales, a 3 percent increase in profit margin and up to a 15 percent reduction in inventory³.

In the Supermarket News study, respondents reported that sales increases due to Category Management averaged 19% for supermarket retailers and 11% for manufacturers⁴. Yet the experience of the authors indicates that 50% or more of the actions specified in agreed-upon, approved category business plans don't actually get implemented.

It has also been observed, based on anecdotal reports and market experience, that the process regularly breaks down in the area of compliance monitoring, which in turn allows less-than-optimal implementation to go unnoticed and therefore uncorrected⁵.

Clearly, Category Management has earned its pivotal role in the fast moving consumer goods industry, and yet significant gaps still remain between its ultimate promise and the significant but less than full potential results practitioners now enjoy.

The Weakest Links

Implementation and Performance Monitoring

The elements of fully realized Category Management may be represented by the metaphor of the "3-legged stool." Unless all three legs category business planning, implementation, and performance monitoring are well crafted and are in place, the structure is likely to be shaky.

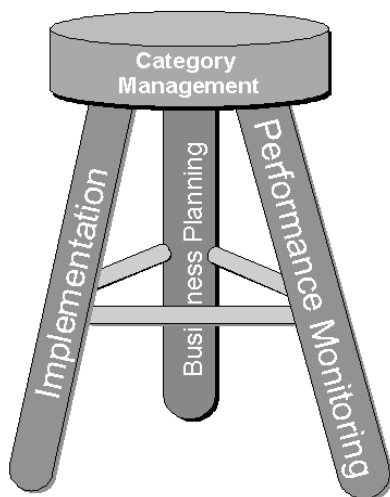


Fig. 3. Fully realized Category Management may be represented as a "3-legged stool."

The bottleneck limiting success at many retailers is the planning process itself. Too much emphasis is placed on data-gathering, category planning and strategy with not enough focus on implementation. The tendency is for companies to create category plans at considerable effort and expense, only for a majority of them to sit on the shelf until the next review without ever having been implemented to an acceptable degree.

Putting Plans to Work

This implementation gap stands in the way of retailers and manufacturers achieving the increased sales and profits promised by Category Management.

Simple compliance with the planogram defined in the category plan is often the first area to break down. A study recently conducted by The Partnering Group for Food Distributors International examined this factor and measured its value. The research showed that a 21% increase in unit sales, a 12% sales increase, and a 7% increase in gross profits resulted, on average, when the store complies with the Headquarters planogram⁶. The same study also found that another key area of implementation, getting new products on to the shelf as fast as possible, also represented a significant business improvement opportunity. The study concluded that there was at a minimum \$115,000 in extra sales annually and \$30,000 in additional gross profit annually on a per store basis if implementation processes enabled faster speed-to-shelf performance.

The benefits from CCM, however, extend well beyond those of faster speed-to-shelf and planogram compliance. Current rules-based tools are capable of driving market-segmented, or clustered category strategies for assortments, pricing, and promotions. For example, a retailer whose strategy for a certain category is to be the low-price leader can use a rules-based application to help ensure that it stays on strategy even as market conditions change.

In the era of mass marketing and merchandising, retailers have become accustomed to making broad-brush decisions that impact a range of items and store locations. Until very recently, available systems have not enabled neighborhood marketing or tactical pricing adjustments.

In the future, however, retailers and brand marketers will have to customize their go-to-market strategies more than ever before. They will contend with multiple, even unlimited pricing zones, responding to local competition. Product assortments and shelf sets will require multiple variations, with decisions based on store-level performance, local market consumer and competitive profiles and other data.

Managing that level of detail would be impossible for yesterday's Category Managers, but new rules-based tools for pricing and assortment strategies can automate much of the process, allowing the same decision-makers to do more with less effort. This is the promise of CCM.

Monitoring Compliance

All of the implementation planning in the world will not result in satisfactory outcomes unless the individuals responsible for the work are held accountable. Where implementation goals are clearly stated, it may be motivating to workers at all levels of the retail organization to know that their contributions will be evaluated. Post-analysis is good, but ongoing monitoring is better.

A core principle of Continuous Category Management holds that continually monitoring and checking results against pre-defined goals can provide decision-makers with valuable opportunities to make mid-course adjustments that optimize category performance incrementally throughout the cycle.

Those pre-defined goals must not only include tracking of implementation performance, but also whether the financial goals of each category business plan are being met, at the category, chain, region or store level. Some measures are best tracked periodically. Others, due to the degree of detail reflected in the volume of data, can only be managed by exception. A key CCM capability, therefore, must be an automatic alerting capability. Alert tools enable retailer category and store

Action items can be highlighted automatically in periodic reports using an on-screen format that clearly flags exceptions for manager attention.

Age	Classifi...	Type	Status	Store Level ...	SL Type	Store(s)	Product	Descriptio
14	□□□	S+	Suggested	32	StoreGroup	CUB WISCONSIN	10000684	1 LB ALWAYS ALWAYS u
12	□□□	S+	Since Deleted	32	StoreGroup	CUB WISCONSIN	10000589	1 LB Java Java Kona C
12	□□□	S+	Suggested	444	Store	Basha's Bargain Store	10000650	4PACK CHARMIN Paste
12	□□□	S+	Since Deleted	0600	Store	DEMO STORE	10000197	36 OZ Tide High Efficien
11	□□□	S+	Suggested	142	Store	Big Daddy's Store	10000197	36 OZ Tide High Efficien
11	□□□	S+	Suggested	555	Store	Cub Duluth	10000212	191 OZ Tide Mtn Spring
11	□□□	S+	Suggested	142	Store	Big Daddy's Store	10000650	4PACK CHARMIN Paste
11	□□□	S+	Suggested	8889	Store	Cleveland Second Store	10000265	3 COUNT EvmF Nurser
11	□□□	S+	Suggested	8889	Store	Cleveland Second Store	10000265	3 COUNT EvmF Nurser 1
11	□□□	S+	Suggested	555	Store	Cub Duluth	10000175	13.7 OZ GenM Team Ct
11	□□□	S+	Since Deleted	555	Store	Cub Duluth	10000178	20.25 OZ GenM Cheerit
11	□□□	S+	Suggested	555	Store	Cub Duluth	10000181	14.25 OZ GenM Cheerit

Fig. 4. Traffic Light Notification

managers, and manufacturer marketing and retail account managers to be quickly aware of results that are not in compliance with category business plan goals.

In a perfect world, individual knowledge workers will have access to the precise levels of data and analyses that are consistent with their roles and responsibilities. Are your store managers held responsible for ensuring that authorized displays are going up? Access to this information on a day-to-day basis empowers them to succeed. Does non-compliance information roll up to the category managers or manufacturer account managers? Early alerts permit them to take corrective action.

The 200+ categories, 30,000 or more items, multiple geographies and hundreds of stores that must be managed by the typical retail chain conspire to make such monitoring seem unmanageable. Certainly this level of scrutiny was not available to the Category Management pioneers a decade ago. New tools, such as automated alerts, are available, however, to enable these capabilities and make CCM a reality for both retailers and manufacturers.

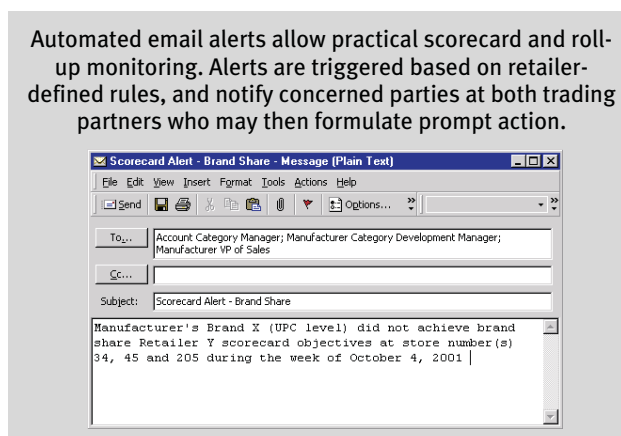


Fig. 5. Alerts Drive 'Store Agility'

How Tools and Technology Can Help

Retailers and manufacturers that make the commitment to Continuous Category Management can expect to gain improved business visibility and dramatically improve the performance and return of their category management work.

Making a successful transition from project-based Category Management to continuous, every-day Category Management requires three core strategies, which these new tools readily support. These are summarized as *Improve*, *Streamline* and *Integrate*.

Strategy #1: *Improve*. The first and perhaps most fundamental strategy is to improve the quality of the information that feeds into the 8-step Category Management process, allowing appropriate sharing of data between trading partners and assuring that all involved parties confront a consistent view of store, market, and consumer reality.

Strategy #2: *Streamline*. The automation which improves data consistency also enables us to *streamline* the 8-step process, using applications which can rapidly access needed information, parse the data into pre-defined templates, deliver fast, sure analyses, and convert those into flexible formats which support decision-making or presentation development.

Strategy #3: Integrate. CCM requires that trading partners *integrate* this newly accessible information and insight into the every-day decision making activities of knowledge workers throughout the retail and manufacturer organization. This puts local decision-making power and real-time feedback into the hands of store-level managers, manufacturer sales professionals, brand and promotion managers, even the field merchandising force.

For Moving to Continuous Category Management

Improve the quality of information that goes into the 8-step process.

Streamline the 8-step process using automation.

Integrate Category Management into day-to-day management decisions.

Fig. 6. Three Core Strategies

Key CCM Strategies

At the core, CCM is all about the information flows that surround the 8-step process: Obtain the right data. Analyze it quickly and present it clearly. Develop and implement sound assortment, pricing, promotion, shelf presentation, and procurement tactics. Recognize and adjust to changes. Drive smart day-to-day decisions.

Currently available tools enable practitioners to improve the quality of information that goes into the Category Management process by automating data-capture and data warehousing, streamlining that process using automation and integrating CM into day-to-day management decisions.

Strategies	Tools and Techniques
<p>Improve The quality of Information that goes into the 8-step process</p>	<ul style="list-style-type: none"> • Integrated retailer / manufacturer data sharing • Superior data flexibility • Manufacturer insight sharing • Database management • Web-based data sharing
<p>Streamline The 8-step process using automation</p>	<ul style="list-style-type: none"> • Automated analytical tools • Automated fact-based sales presentations • Automated analytics • Web-based analytics
<p>Integrate Category Management into day-to-day management decisions</p>	<ul style="list-style-type: none"> • Interactive new product introductions • Interactive merchandising presentations • Web-based alerts • Automate implementation of strategies & tactics • Continuous review of performance

Fig. 7. Continuous Category Management Strategies

We'll examine some tools and techniques that support the three key CCM strategies in turn:

Improve. Information quality is a product of several attributes. It begins with retailers and manufacturers sharing data within appropriate limits to ensure that both trading partners work from a single version of the truth.

This is possible only where the data itself is stored in a central library or data warehouse and in a format that is consistent and accessible to both trading partners. Multiple sources of data (POS, syndicated, etc.) should be refined into common, familiar formats, to facilitate ease of access and analysis.

The data management structures should be flexible enough to allow category strategies to be analyzed and implemented category-by-category and market-by-market to meet the retailer's objectives. Models should reflect both business opportunities and competition, providing multiple, user-defined data structures to be defined by product, market, geography, competition, and data provider.

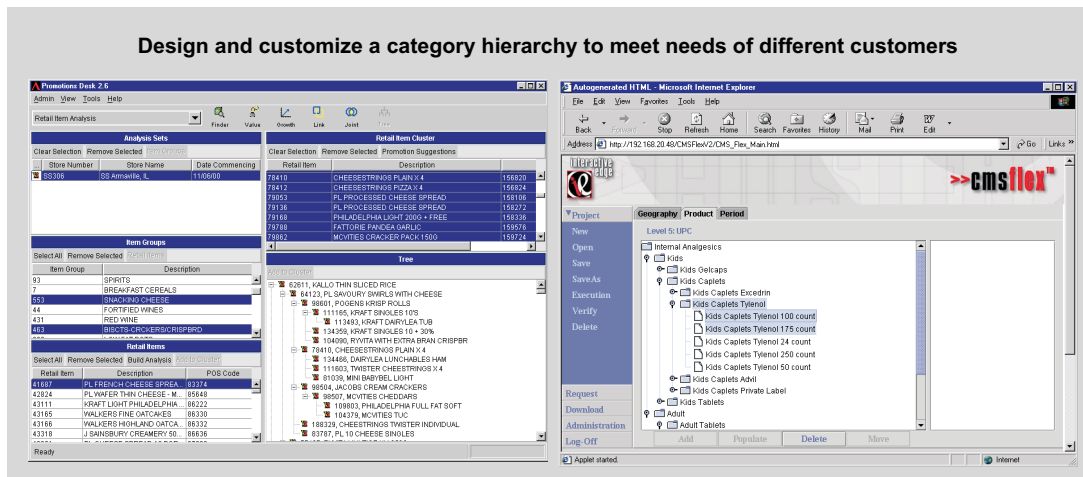


Fig. 8.1 Improve Data Flexibility

Static data doesn't work for retailers or manufacturers because each must manage multiple banners and formats and competitive situations in different markets.

Current business-to-business tools, especially Web-based applications, permit users in multiple locations to securely share data, share forecasts and update information within their areas of authority. These applications help take the user directly to business insights, permitting efficient response to consumer needs and trends.

Streamline. Putting those insights in the hands of decision-makers in a quick and efficient way makes all the difference. It is desirable that category assessment and analytics be automated on both the manufacturer and retailer sides. This can be facilitated by *pre-designing an array of standardized analytics* for such activities as efficient assortment, promotion planning and evaluation, pricing optimization, and other routine tasks.

Standardizing the analytics puts trading partners, headquarters, and store level personnel on the same page, with a set of commonly understood methods and metrics. This reduces the number crunching effort and allows decision-makers to focus properly on the analyses and strategic implications.

Combined with *automated templates*, these tools allow quick, accurate reviews of category, brand, and individual product

level performance, saving many hours of tedious analytical work, and allowing more time for implementing strategies and reacting to everyday market pressures.

For the brand marketer, *automatically created fact-based Category Management presentations* allow the display of data in dynamic and graphical formats that help trading partners get to the insights sooner, consider "what-if" scenarios, and even make mid-course corrections to a program.

The same data-retrieval technology also supports the rapid population of category business plan templates designed around agreed-upon best practices. All of these enhancements contribute to a streamlining the category planning cycle. a major goal of CCM.

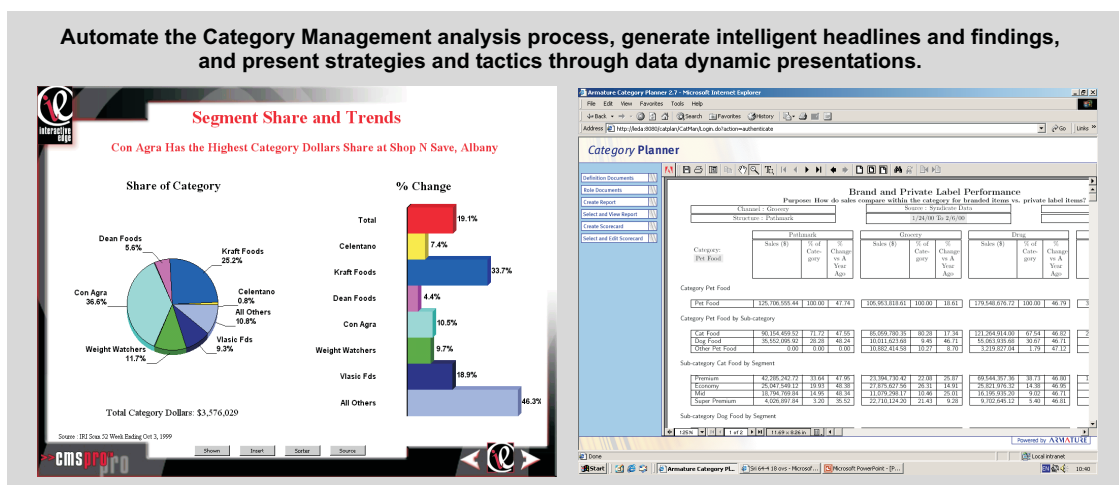


Fig. 8.2 Streamline the analysis and presentation development process

Integrate. Streamlining information access using rules-based tools and communications permits retailers and brand marketers to put Category Management data to work in new ways, driving strategies into the day-to-day management decisions, and extending its access to decision-makers at more levels in the organization.

Two key issues arise with respect to integration: The first is to drive decisions out to operational systems, thereby linking strategy to implementation. This is accomplished by using applications that continually reinforce and operationalize the strategies. The second is to organize business practice to routinely track results and take corrective action if needed. An essential activity here is the linking of strategies using rules-based tools to implement category-specific and store-specific actions. Examples of tools that help deliver this capability include date-based price changes, links to POS systems, and electronic shelf tag systems.

Secure *Web-linked alerts and dashboards* enable every-day access for everyone involved, at levels appropriate for their responsibilities, without overwhelming managers with unwieldy reports. In an online, interactive environment, pre-programmed alerts can highlight under-performing products or stores for remedial attention, at thresholds defined by the user. They can anticipate out-of-stock situations in time for the store or category manager to order additional goods and avoid lost sales or flag an overstock in time to cut reorder size or promote the item.

Automated alerts such as these are superb tools for managing by exception, permitting continuous review of performance relative to pre-established category scorecards.

Integrating data and automating the insights are two keys to make CM scorecards really work. When the Category Management process was first articulated a decade ago there was widespread recognition that automating scorecards was highly desirable, but putting this belief into practice has proved elusive, thus far.

In practice, continuous review may enable a shift from periodic scorecard reports to continuous monitoring and reporting by exception. This drives tactical execution from the category plan, ensures consistency and enables mid-course corrections. For example, if a performance target is set at level X, and a store, group of stores, or entire chain is only performing at level X minus Y; adjustment may be needed before it comes time for the next category review. The economic benefit of such timely response can be substantial.

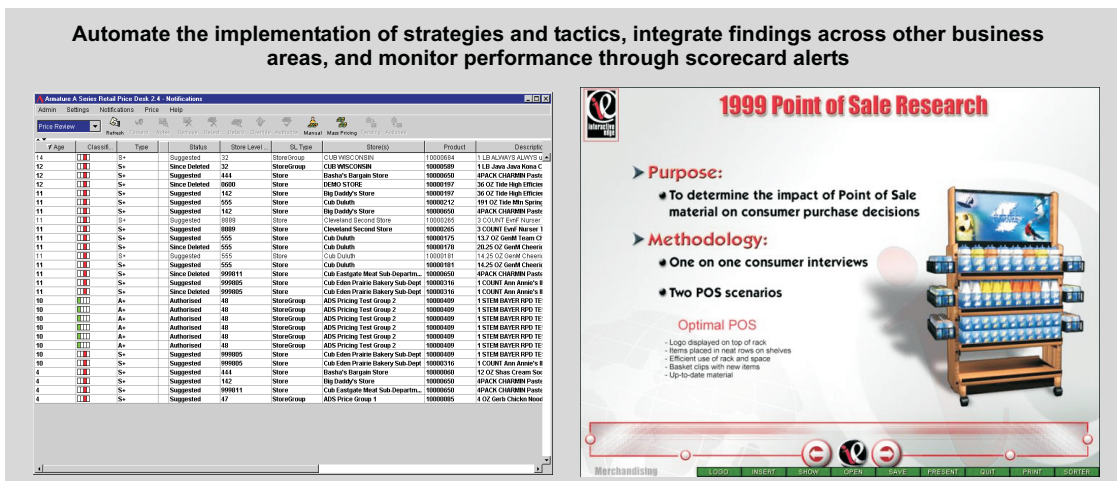


Fig. 8.3 Integrate Category Management into day-to-day activities

Smarter selling. Continuous Category Management tools and techniques have a particular usefulness for manufacturers involved in retail account relations and brand management. CCM data management and automated data retrieval tools support the development of customized fact-based presentations of category plans, promotion plans, and new product introduction plans.

Available software applications can make this presentation development into a fairly routine process, easily mastered by account managers and product and promotion managers. Depending upon the manufacturer's priorities, template based applications may be accessed on-line or installed on individual PCs.

Pre-formatted standard data templates and graphics permit even non-experts to quickly build relevant and professional presentations by following routine steps. While a degree of customization is desirable in any category planning process, a menu-driven approach based on three to five possible category strategies will satisfy the vast majority of variations required at retail.

Such process standardization is desirable, but content standardization should be minimized because different customers

have different definitions, goals and needs. As a rule, Continuous Category Management encourages and enables process standardization with content flexibility.

Interactive merchandising presentations such as these help communicate Category Management analysis and tactics and can serve as a valuable entry point to the 8-step process. Sophisticated graphics and 3D digital animations may be added as enhancements to demonstrate proper shelf placements, pre-visualize new product packaging, and communicate display specifications.

Conclusion - Fulfilling the CCM Promise

The enabling tools and techniques for Continuous Category Management will require some investment on the part of trading partners. How will you decide if CCM is worth the effort and investment? We identify a variety of qualitative and quantitative benefits that suggest the payback will be quick and substantial.

Chief among the qualitative benefits is *efficiency*. The tools and techniques outlined in this paper will permit category plans to be assembled in a much shorter space of time, literally hours instead of weeks. Managing by exception through the use of automated alerts and periodic reports permits decision-makers to focus their energies on matters where they can make the greatest difference in category performance.

The enabling tools and technologies provide unprecedented *flexibility* in the way retailers and brand marketers access and work with Category Management data. This is a necessity that is seldom met using present Category Management methodologies or modeling tools.

Flexibility is enhanced where category managers possess tools that allow them to accurately model the complexity of their markets. This includes the ability to represent owned stores versus competitive stores and to model individual categories using flexible market structures and flexible product structures. New modeling tools permit retailers to track information that makes sense and make decisions using neighborhood-based category strategies.

It is understandable that retailers will make different strategic decisions; that every brand marketer will make individual choices based on market insight and self-interest. However, CCM focuses and speeds attention to mutually beneficial opportunities.

Assembling the right set of data to support these decisions is dependent in large part upon reliable data *accuracy*. The data management and data modeling tools make capture and access of data more reliable and automatic. When reports can be extracted using such tools, the source data can be trusted as correct, and the likelihood of human error, whether methodological or a simple data posting mistake, is minimized.

While the use of Category Management scorecards is widely practiced, their inherent complexity has tended to limit practical follow through. Automating the scorecard process provides a pathway to far greater *accountability*. The experience of thousands of Category Management projects indicates that by the time people get the binder filled up using manual methods they quite understandably say, "At last this project is done. I want to move on to something else."⁷

The introduction of practical accountability creates an atmosphere in which implementation monitoring matters. Since CCM tools and techniques also enable closer management of plan implementation, practical accountability will naturally lead to the capture of the benefits of improved follow through and adjustment, translating into volume and profitability gains at retail.

Interwoven with accountability is the opportunity for increased *exception management*. This can finally make it practical for a retailer to simultaneously compete based on category pricing in some markets and based on assortment in other markets, for example.

Finally, the automation of Category Management processes, which traditionally have required many hours of highly skilled professional effort, will deliver significant increases in *productivity* and as a result meaningful cost reductions, as measured in time as well as money.

We believe these potential benefits justify a concerted effort among retailers, manufacturers, service providers,

CCM Activity	Anticipated Benefits
Overall CCM	<ul style="list-style-type: none"> Improves speed to implementation, reduces plan cycle time and permits mid-program corrections Improved flexibility improves retailer-manufacturer alignment and enables continual plan improvement
Enhanced Data Management	<ul style="list-style-type: none"> Centralized data storage ensures a 'single version of the truth' Improve accuracy by better leveraging data and technology
Standardized Analytics	<ul style="list-style-type: none"> Improve speed to implementation Rapid analysis and planning cycles Permit scorecard compliance
Automated Alerts	<ul style="list-style-type: none"> Instant and timely communication of goals and objectives Scorecard and roll-up monitoring Permit implementation monitoring and measurement
'Traffic Light' Notification	<ul style="list-style-type: none"> Continuous review of performance Retailer-driven business alerts Permits management by exception
Automated Fact-Based CM Presentations	<ul style="list-style-type: none"> Simplifies data analysis Web-based charts linked to data Communicates CM tactics
Interactive Merchandising Presentations	<ul style="list-style-type: none"> Demonstrate proper shelf placement Communicate merchandising display specifications Interactively order materials

technology providers, and consultants to put Continuous Category Management into place. Many of the requisite tools and techniques are reliable, economical, and available today. At The Partnering Group, Armature and Interactive Edge we share a commitment to the principles of Continuous Category Management and welcome your inquiries.

The opportunity for innovative applications developers and thought leaders to extend and perfect CCM methodology is significant. Retailers and manufacturers who put these new tools to work will see tangible benefits. The often-elusive promise of Category Management is finally within our grasp, if we are bold enough to reach for it.

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The Continuous Category Management Strategic Partners



Armature is the worlds leading supplier of Continuous Category Management solutions to food retailers as well as other fast moving consumer goods retailers, wholesalers and manufacturers. In addition to providing powerful, industry standard Category Management applications, Armature's fully integrated retail solutions span Retail Management and Order Fulfilment, providing a complete multi channel solution for all retailers. Armature clients include Ahold USA, Eagle Food Centers, Marsh, Overwaitea Food Group, Pep Boys, Save Mart, SuperValu and Wal*Mart in North America and in Europe, Schuitema, Somerfield, Sperwer, Van Eerd, Thorntons, Waitrose and Focus Do It All.

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THE PARTNERING GROUP

The Partnering Group is a strategic consulting company serving retailers and manufacturers of fast moving consumer goods. Founded in 1990, TPG is known world wide for its development of Category Management Best Practices. It provides a comprehensive portfolio of consulting and training services to help clients develop and leverage strategies for competitive advantage. TPG serves retail and manufacturer clients in Europe, North America, South America, South Africa, Australia and The Pacific Rim.

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Interactive Edge develops customer-tailored interactive software applications for the CPG and related industries. Delivered in a dynamic and highly graphical format that leverages and reinforces brand equities, IEs award-winning Category Management and Brand Planning Products are designed to help companies analyze and market their products. Headquartered in New York City, Interactive Edge has serviced over 34 clients including industry leaders such as Colgate-Palmolive, Johnson & Johnson, Kraft, Nabisco, Quaker, Procter & Gamble and Tropicana.

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