

DATA STRATEGY IN CPG: HOW THE CFO CAN DRIVE GROWTH



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INTRODUCTION

The far-sightedness of the individual entrepreneur is no longer enough today: companies need an information structure capable of making people understand how the market is evolving.

The Data Strategy in the Consumer Packaged Goods (CPG) sector is therefore a necessity that concerns companies of all sizes and should be understood as a tool that, properly placed in the hands of CFOs, can accelerate growth and make it constant and solid.

E-commerce and disintermediation: a data strategy is needed in the CPG sector

A company aware of the importance of data develops data driven solutions that are channeled into a data strategy, whose presence is therefore an obligatory step. In the CPG sector it has become so since there is a significant transformation of distribution models and sales channels.

With the growth of e-commerce and the potential (or often already real) shortening of the distribution chain, communication is increasingly direct and multi-channel. The manufacturer is no longer only linked to the large-scale distribution customer, but moves towards other channels and targets; its marketing actions have a more direct impact on different types of interlocutors, whose reactions must be monitored and analyzed.

Nowadays, a data strategy in the CPG sector allows continuous information flow which, in the hands of the CFO, creates an essential and solid tool through which strategic decisions are made.

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Operational and strategic advantages of a data driven approach

When data strategy is introduced in the CPG sector, the impact from an operational point of view is considerable because one works more concretely towards objectives, approaching challenges in a more pragmatic way. However, it is from a strategic point of view that a real paradigm shift takes place with the leading CFO.

From a "watertight" situation in which each salesperson manages his own distribution and sales channel by defining targets, turnover and margins, and each account follows its customers under the fleeting coordination of the marketing director, we move to an organizational structure where the CFO has, in addition to a long-term business vision, all the analytical tools to make decisions quickly and bring them quickly and efficiently into reality, defining a set of strategic indicators to measure daily performance.

Such a present and proactive CFO allows to harmonize sales management with marketing, production, research and development and to minimize the time between the definition and application of a strategy: from the 5-year business plan to the 3-month forecast, passing through the three-year and annual budget.

The ideal Data Strategy for CPG companies

In order to have no performance constraints, to be scalable and to be able to collect at any time unstructured data networks from social media or other external sources such as customers and suppliers, the ideal data strategy in the CPG sector must be in the Cloud.

Thanks to the "room for maneuver", an intelligent, flexible and far-sighted data strategy can be implemented. Indeed, it is crucial not to focus only on the current needs, but also to respond to those needs that will emerge in the future. Flexibility is also essential for a company that does not want to limit its growth by seizing every opportunity, even unforeseen, that the market can offer.

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Data driven CFO at the helm of the company

Any C-level that can count on a good data strategy acquires power, but only in the hands of the CFO it becomes an immediate lever of growth because only the CFO, in addition to the transversal vision on all processes, has the strategic vision. By connecting cross-departmental information, horizontally, but also those within the corporate pyramid, vertically, only he benefits from a 360-degree view of the various components of the company.

We can thus imagine the CFO every morning holding a sort of “joystick” and with it maneuvering the strategic levers to create any type of simulation and model possible, creating targets for the entire organisation.

The challenge is to provide him an articulated environment rich of information, with the synthesis that C-levels need, and a data driven financial planning tool to simulate liquidity and evaluate every possible scenario through the main drivers, and seize new growth opportunities.

Collaboration and determination for a winning data strategy

A CFO with a data strategy but isolated within a company that is slow to embrace a data-driven approach loses effectiveness. In fact, the adoption of distributed and governmental models and the start of a decisive and definitive digitization are crucial aspects. Only through the collaboration between operational and tactical plans, a growth strategy can happen.

It is equally important that the CFO himself demonstrates determination in pursuing long-term objectives by keeping the process of optimizing and increasing the database and data strategy active to consolidate growth and guarantee continuous improvements.

If you want to explore
this topic further

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