

# Coca-Cola İçecek (CCI) - Turkey

Insight into Profitability with Innovative Enterprise Measurement System



[www.cci.com.tr](http://www.cci.com.tr)

Coca-Cola İçecek (CCI) produces, sells and distributes sparkling and still beverages, primarily brands of Coca-Cola.

## Industry

Consumer Products

## Problem

CCI needed a profitability system with channel, brand, customer and SKU reporting that was accurate, scalable and had fast turnaround. All managerial levels needed the right information to make good decisions quickly.

## Solution

Create an enterprise-wide profitability measurement system using Acorn Performance Analyzer™ integrated with SAP Business Warehouse.™

## Results

True, multi-dimensional, net profitability insight enables:

- Trade channel profitability analysis
- Promotion analysis by channel and SKU
- Direct marketing expense efficiency by channel/brand
- More accurate pricing decisions

Coca-Cola İçecek (CCI) has a vision to be one of the leading bottlers of alcohol-free beverages in Southern Eurasia and the Middle East. They currently distribute in Turkey, Kazakhstan, Azerbaijan, Jordan and Kyrgyzstan. CCI also has over a 33% interest in Turkmenistan Coca-Cola Bottlers Ltd., the Coca-Cola bottler in Turkmenistan. In addition, CCI is a party to joint venture agreements that have the exclusive distribution rights for brands of The Coca-Cola Company in Iraq and Syria. CCI offers a wide range of beverages, including sparkling beverages as well as an expanding portfolio of still beverages (juices, waters, sports drinks, iced tea and hot tea). The core brands in all markets are Coca-Cola, Coca-Cola Light, Fanta and Sprite.

## Defining the Problem

CCI needed a profitability system with channel, brand, customer and SKU reporting that was accurate, scalable and had fast turnaround. All managerial levels needed the right information to make good decisions quickly.

### For Example:

- **Marketing** wanted to see net profitability by channel, brand, and SKU so they could focus marketing efforts and budget direct marketing expenses accordingly.
- **Sales** wanted to analyze net profitability by channel and SKU to segment customers based on growth potential, size of business, and profitability.
- **Supply Chain** wanted accurate costing information for each SKU regarding warehouse and delivery expenses.
- **Executive Management** wanted to track net profitability at various dimensions to set company strategy.

“CCI has gained a very important capability that will allow us to do multi-dimensional profitability analysis down to net operating profit level by any dimension such as sales center, area sales manager, sales developer, channel, SKU, customer, brand and package.”

—Cenk Uzunoglu  
Finance Director, CCI Turkey

## Goals for an Innovative Solution

- Make net profitability for customers, channels, SKUs and brands more transparent, standard, and easy to access.
- Facilitate growth through market segmentation and enable CCI to institutionalize revenue growth management.
- Identify profitable and unprofitable customers, channels, SKUs, brands etc. and understand the drivers of profitability.
- Help create sales and promotion strategies by channel and product based on net profitability.
- Track actual customer net profitability and compare it with estimated contract profitability.
- Provide support to channel-based marketing decisions (i.e. direct marketing expense).
- Make it easier to drill down profitability information through reporting layers (channel à customer à SKU or brand à SKU à customer).

## Business Value Realized

As a result of the profitability system implemented with Acorn and Batuman Consulting, CCI has accurate information they did not have before.

### Outlet Profitability

For the first time, CCI can see the net profitability for each outlet (i.e. customer sales location) under each Area Sales Manager. Each ASM can now see the top and bottom 20 outlets in their area and act on that information. They can understand

the impact of promotions and discounts on the profitability of each outlet by SKU and direct the sales developers under their responsibility to push for profitable SKU sales via the right mix and amount of promotions and discounts.

### Product Profitability

Previously, CCI regional finance teams had to perform independent, manual analysis to generate SKU profitability. That analysis took days, was not very accurate and it was difficult to compare SKU profitability across regions and sales centers. In addition, they could not analyze SKU profitability by trade channels. The Acorn solution allows all departments of CCI to use one model that provides very accurate information overnight, using minimal resources. CCI can also analyze SKU profitability by trade channels.

Analysis of net SKU profitability by trade channels for each region and sales center provides tremendous benefit and some surprises. For example, the same SKU for the same channel can be profitable in one region or sales center but unprofitable in another due to local ways of doing business. CCI can now capture these differences within regions and sales centers and take action to improve profitability. Pricing decisions are managed through promotions and discounts by trade channel and SKU. Prior to implementing Acorn, the sales team did this manually, at a high level and with no trade channel detail available. CCI can now produce very accurate and detailed information, enabling more accurate pricing decisions.

CCI has analyzed the net profitability of SKUs and package sizes by channel and brand. For instance, the profitability of Pet 2 liter vs. Pet 2.5 liter has historically been a point of discussion within the CCI management team. CCI can now compare the profitability of these package sizes within any dimension such as trade channel (i.e. traditional, on-premise and modern channels) and brand (i.e. Coca-Cola, Fanta, Sprite, etc.) within each region and sales center.

“Having implemented the infrastructure with Acorn’s powerful modeling tool, we will be able to quickly seize profitable growth opportunities and trends, speed up the decision making process and figure out our investment priorities in a much more robust way.”

—Cenk Uzunoglu  
Finance Director, CCI Turkey

### Customer Profitability

CCI has a system called Customer Investment Analysis (CIA) to measure the value of a customer at the time of signing the contract. The system is widely used internally and is created based on contract terms. CCI now has the capability to compare CIA and Acorn results side by side so that they can track whether the customer is generating the value CCI anticipated before signing the contract.

The finance team has completed the profitability analysis of National Key Accounts and National Cold Drink customers, and the results have been shared with the sales team. CCI also plans to analyze the profitability of customers by Area Sales Manager and grow additional relationships by understanding profitable customer profiles. Customer profiles show NET profitability and can be created based on segment, sub-trade channel, income level, SKU mix, etc.

**Operating results used to create these profiles include:**

- Gross revenue per unit case
- Number of unit cases sold
- Mix and amount of promotions and discounts applied
- Level of sales and marketing organization support
- Direct marketing expenses
- Delivery and warehouse expenses

“I beg your pardon if I'm not being modest enough here; however, I would like everybody to be aware that we're gaining a very important competency with our new performance measurement system. I want everyone to be prepared with respect to business plans and organization. This competency will be one of the greatest supporting tools for the elements that will bring us success starting from 2009.”

— Cenk Uzunoglu  
Finance Director, CCI Turkey

**About Acorn Systems, Inc.**

Acorn solutions combines technology and methodology to improve profitability and increase shareholder value for Global 2000 companies in Financial Services, Retail, Consumer Products, Manufacturing, Distribution, Logistics, and Services. [www.acornsys.com](http://www.acornsys.com)

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Batuman is the exclusive distributor of Acorn in Turkey and the Middle East. Batuman provides business and implementation consulting services along with software products and solutions specifically on corporate performance management, customer and product profitability, and activity-based costing. Dedicated to improving clients' performance quickly and dramatically, Batuman continues to make lasting difference in their clients' corporate performance. [www.batuman.com](http://www.batuman.com)