

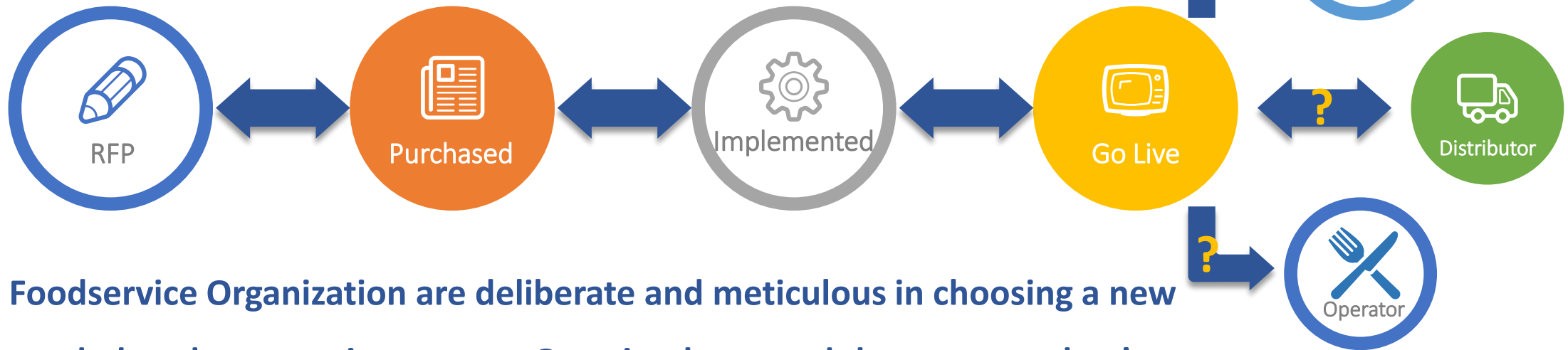
Our Perspective

Smart | Trade 2.0
Optimizing Foodservice
Trade after the Great Reset





Is your Trade Process optimized ?

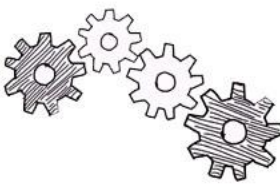


Most Foodservice Organization are deliberate and meticulous in choosing a new or upgraded trade promotion system. Once implemented they assume they're done and unknowingly leave money on the table

So have you conducted with the same rigor your trade practices?

- Are your rates reflective of the corporate product strategy?
- Are all your distributor programs defensible and driving agreed upon goals?
- Are your operator programs generating the sales promised?
- Have your updated data requirements?
- When was the last time you review your trade in-depth?

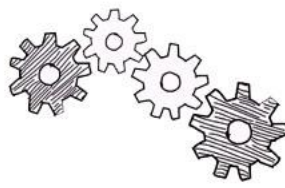
Addendum post the Great Reset



- Trade Promotion in foodservice must be revised after the Great Reset
 - Manufacturers should be moving their distributor incentives to the sell vs the buy side
 - They must understand that one size doesn't fit all and tailor their distributor programs to reward partners and reduce spend on those who won't provide the visibility and accountability necessary
 - Operator and Contract Management programs similarly need to provide the accountability and visibility necessary- work with these partners to demand distributor accountability in near real time (there are tools already available for this)
 - Revisit the need for GPOs can the manufacturer and distributor partner reduce the need to let the GPO take ~40% of the trade and provide no value to the other partners?



Manufacturers must develop their “abilities” post the Great Reset



focus on these 5 areas to drive performance and fuel growth

Accountability



Pay for performance
Measure trade investments
Validate operator sales by reps

Visibility



Understand what’s happening at the operator and other end customers
Know the impact of trade dollars and contracted compliance

Predictability



Provide Field sales with next best opportunity
Sense and inform supply chain for demand drive forecasting
Use data to inform operators of new and emerging trends

Connectability



Utilize the “cloud” to connect with supply chain, customers and consumers to drive demand and being relevant
Available to customers 24/7

Flexibility | Agility



Uberize or create on-demand functionality
Sales as a Service (SalesaaS)
Execute on changes in consumer demand

Foodservice *Smart* | Trade



Trade Spend vs Trade Investment-

Foodservice manufacturers have traditionally viewed trade spend as a cost of doing business.

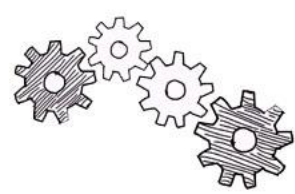
Issues include:

- Lack of visibility to operator unit level performance
- Distributors viewing “Earned Income” bottom line dollars vs. a tool to mutually grow business
- Group Purchasing Organizations (GPOs) demanding trade dollars without adding value
- No ability to measure the ROI for foodservice trade
- CatMan creates negative value for some manufacturers
- Funds spent on tradeshow without in-depth consideration of specific goals
- Multiple sources of data but no single version of the truth

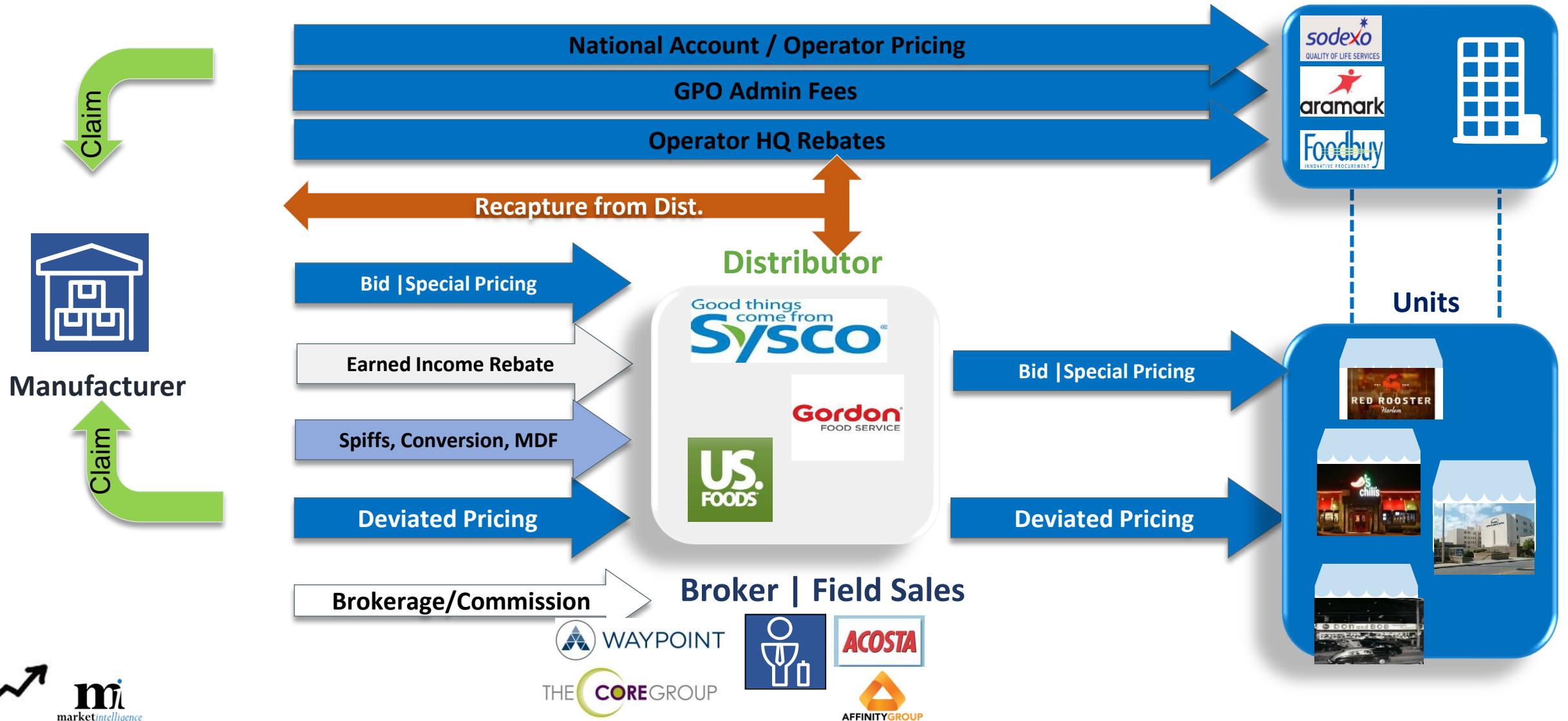


What it means to the Foodservice Industry:

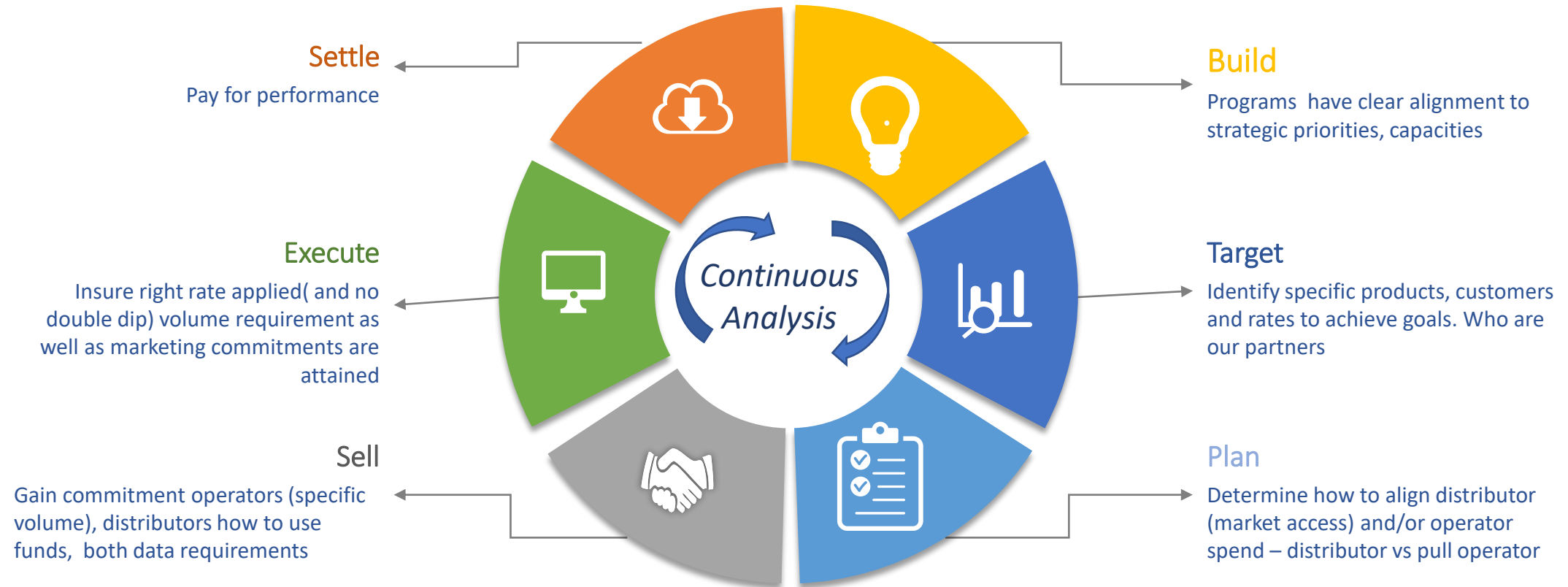
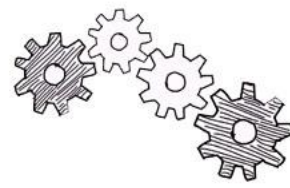
- Trade spend the 2nd highest cost after COGS for manufacturers
- Loss of margin for both distributors and manufacturers with GPOs
- Inability to direct trade to the most effective area
- Inability to grow traffic by impacting the consumers decision with operators
- Lack of visibility if all units are purchasing “spec’d” products from contracted account
- Lack of unit level data create opportunity for “double dips” of up to 15% of trade funds
- Multiple data sources delay payments to both operators and distributors
- Trade funds basically become a price reduction



Foodservice's Multi-Tiered Landscape for Trade



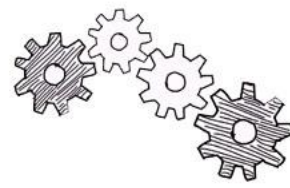
Foodservice Trade Process



Each step has both the risk of creating complexity & cost → as well as an opportunity to gain value and margin.



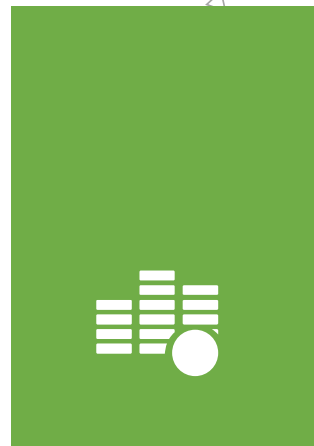
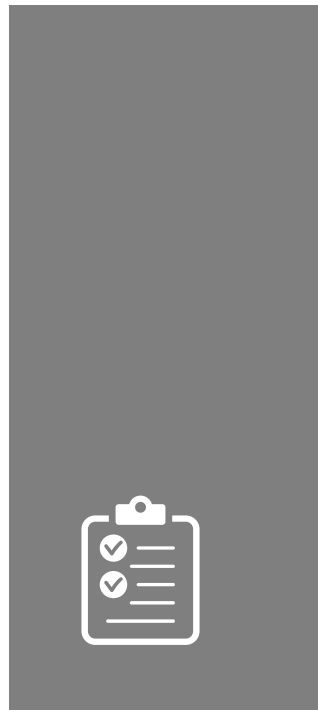
There are numerous areas to find savings



from the design of a program

to the rates paid

to the accuracy of the settlement process



Alignment

Insure trade rates are aligned to corporate strategy and capabilities

Tiered

Not all customers are the same, tier level of spend to level of customer involvement

Commitment

Only pay for performance agreed to in the contract, insure data is provided in the right format and in a timely manner

Challenge

Avoid double-dips by utilizing membership rosters, use recapture for contracted sales ***Focusing*** on what is driving value

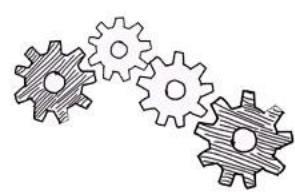


Town Hospital	Manufacturer Products	Code	780037	Sysco Warners			
	Pierce Chicken Tenders			Invoice: 123789			Illustrative
	Pack 2/5 #						
Customer	List Price	\$ 34.00		January 21 2019		Optimize	Rational
Sodexo	Contract Management deviated Billback	\$ 1.00	\$ 33.00	Billed back by Distributor	Same	\$ 33.00	Allowed
	Contract Management rebate to HQ	\$ 2.00	\$ 31.00	Billed back by Contract Management Company	Same	\$ 31.00	Allowed
	Contact Management Category Growth	\$ 0.50	\$ 30.50	Year end payout are National Account included?			No Customer hasn't met commitment
Sysco	Corporate Distributor Program	\$ 0.50	\$ 30.00	All sales or reduced for National accounts? Can we apply Recapture?			No Contract Account
	Corporate Category Growth Program	\$ 0.75	\$ 29.25	All sales or reduced for National accounts? Can we apply Recapture			No Contract Account
	OpCo Earned Income	\$ 2.50	\$ 26.75	No recapture in agreement	\$1.00	\$ 30.00	Recapture for Contracted Accounts
	Local Branch Marketing Program	\$ 0.50	\$ 26.25	Only on street growth or all sales?			No Contract Account
	Corporate/Local Loyalty Program	\$ 0.75	\$ 25.50	All sales or reduced for National accounts?			No Contract Account
	Local Branch Growth Program	\$ 0.25	\$ 25.25	Only on street sales or does the distributor include National Account sales?			No Contract Account
Premier	Town Hospital is also member of a GPO	\$ 1.75	\$ 23.50	Do you allow double dips? Sent in different time frame/format			No not Member of GPO
	GPO AdminFee	\$ 0.25	\$ 23.25				No not Member of GPO
	GPO Growth	\$ 0.75	\$ 22.50				No not Member of GPO
Sysco	Local Branch Healthcare "bid" program or another	\$ 2.00	\$ 20.50	How can you check when this bill back is a different time frame and format			No not Member of GPO
	Foodshow Allowance	\$ 2.00	\$ 18.50	Do you allow for National Accounts to participate in local Foodshow allowances?			No not available for Contracted Accounts
Unit	National Marketing Rebate	\$ 2.50	\$ 16.00	Usually tied to Marketing budget not trade promotion			No not available for Contracted Accounts
Sysco	Sales Rep Spiff	\$ 1.00	\$ 15.00	Paid out of MDF Funds			No not available for Contracted Accounts

Lack of visibility to uncoordinated programs impacts the bottom line...

Green is the anticipated net
Red is TrueNet





Six success factors that enable successful implementation of Operator & Distributor Spend Optimization

Journey

Smart | *Trade* will be a journey, there will be quick wins and the need to take a long view of the process



C-Level leadership priority to ensure commitment to outcomes



Active negotiation with both distributors and operators must utilize carrot and stick leverage



Participation of key account teams to get insight into plans vs actuals



Budget for a two year implementation journey – as some changes will relate to annual / contractual budget negotiations



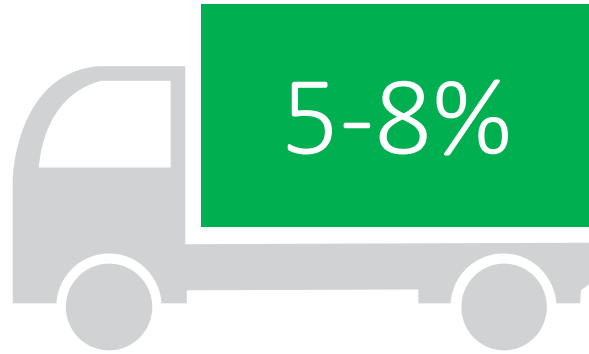
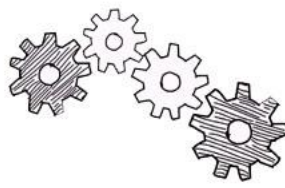
Trade and reporting capabilities must be able to handle data at the location level

Data

As an additional benefit designed properly claims data will be the foundation for improved analytics



Proven Results....



Savings

Aligned rates to corporate goals and objectives reduced overall trade spend



Tiered Distributor Programs

Developed distributor programs aligned to specific levels of commitment



Double Dips

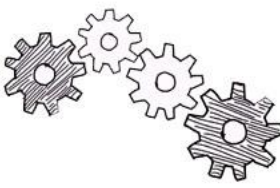
Utilizing trade software along with membership roster saved 5% on operator spend



Growth

Directed Field sales to next best sales opportunity at targeted operators and distributors

1% in trade spend saving is equal to 30 basis point increase in both Top and Bottom Line results – CFO Global Food Manufacturer



Engage Market *Intelligence*



Conduct **assessment** of current programs versus corporate strategy

- Is the foundation right?
 - Data Alignment
 - Decision Metrics

Develop a **deliberate approach to both operator and distributor trade**

- Create a roadmap from trade spend to trade investment

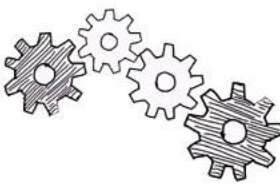
Work with sales and Marketing team to **execute**

- Train field sales on how to implement
- Provide analysis to support decisions

The journey isn't worthwhile if you can't measure the results.

- Did we achieve the **value identified?**

Our Role



Jim Klass– Managing Director



Jim Klass
Managing Director

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Background

Jim has over 3 decades of experience in the foodservice primarily focused on distribution and food manufacturing , including 19 years as CEO of a highly successful brokerage firm. Following the industry experience he has concentrated on helping Clients develop Route to Market capabilities both from a strategic consulting (**Hitachi, Booz&, Accenture**)and technology perspective (**Sentrana, iTrade, Blacksmith, and Vistex**). He has a unique, insider’s view of the challenges, opportunities and business cycles, having worked closely with hundreds of large manufacturers, distributors, transportation providers and foodservice operators.

Expertise

Functional Knowledge:

- GTM Strategy
- Strategic Cost Reduction
- Sales Force Restructuring
- Corporate Restructuring and Org Design
- Operating Model
- Analytics

Industry/Domain Experience:

- Consumer Goods
- Foodservice
- Trade Promotion/Optimization
- Predictive Analytics
- Field Sales
- DSD