



**Chicago
September 2011**

Welcome!

- Housekeeping
- Email and wireless access
- Meeting logistics



Confidentiality and Antitrust

- We are not here to ask anyone to disclose sensitive competitive information
- We are not here to encourage anyone to recommend changes to their company policies or practices – those decisions are up to each of you independently
- If you feel something is proprietary or confidential, do not offer that up to the group
- Do not breach any confidentiality agreements you may have with your customers during these discussions
- All information shared during this session should be considered “public domain”



Agenda for today

- | | |
|----------------|---------------------------------------|
| 8:30 to 9:00 | Subject focus and case study overview |
| 9:00 to 10:30 | Breakouts |
| 10:30 to 11:30 | Discussion of recommendations & ideas |



Participating Companies

AdvancePierre

Bagcraft/Papercon

ConAgra Foods

Continental Mills

Custom Culinary

Flowers Foods

FoodHandler

Foster Farms

General Mills

Heinz

Hormel

John Morrell

Mars

Kraft Foods

Lamb Weston

Mars / Wrigley

Nestle

Pactiv

Pepsi Foodservice

Procter & Gamble

Rich Products

Sara Lee

Simplot

Solo Cup

Tyson Foods



What is on our agenda?



A. Establishing metrics for baseline understanding of “Where are we now?”

B. Delivering tools to sell with to the sales group and reducing their role as “task masters”

C. Evolving to become truly operator-focused and maximizing pass-through value

-
- Group Purchasing Organizations

Current state of the issue

- Field sales personnel report that 30-35% of their work hours is devoted to administration of pricing, trade, operator allowances and resolution of claims/deductions
- More than 90% of field sales managers believe that more than 90% of their involvement with the process is purely administrative
- The overwhelming majority of the industry measures and rewards the sales team on volume
- Financial components of most SIP's are often too complex and carry a poor perceptual correlation to activity [weak cause & effect linkage]
- Trade management systems are often designed to provide controls and formalize potential options, which is counter-intuitive to the sales mindset for “making it happen” creatively



Current state of the issue



- **I spend way too much time on administration** is devoted to administration of pricing, trade, operator allowances and resolution of claims/deductions
- **For me, managing trade programs and pricing is a bunch of tasks with nothing to help me sell** 90% of their involvement with the process is purely administrative
- **My job is to move boxes – when I sell a bunch of cases or pounds, I clearly understand how that contributes to achieving my goals**
- Financial components of most SIP's are often too complex and carry a poor perceptual correlation to activity [weak cause & effect linkage]
- **My goals do include some profit “stuff”, but, it’s not clear what just happened when I sell something and someone else “owns” the P&L anyways**
- Trade management systems are often designed to provide controls and formalize potential options, which is counter-intuitive to the sales mindset for “making it happen” creatively
- **Our systems do not allow me to do what I need to do to win the business ... I need flexibility and freedom**

Tasks commonly delegated to sales carry a high administrative burden with low value for selling -

- Create requests for Trade, Pricing and Allowances
- Route for approval and monitor the workflow to insure timely response time to the customer
- Revise [add, remove, change]
- Renew [update dates, items, prices, customers, notes]
- Communicate & Notify
- Hunt down backup to support claim and deduction resolution
- Engage to resolve disputed claimed amounts while maintaining “sales-friendly” relationship with that same customer



Tools that are extended to the organization are too often followed by a “but” that minimizes their value -



- Our system[s] provide a summary and details of the economics that my proposal represents.

BUT ... we have to spend what we have spend to win the business. Good margin ... bad margin ... I still push to offer the greatest possible discount in order to win.

- We have reports that can give me visibility into our operator volumes so that I can track their purchases vs. their commitment.

BUT ... some of that volume aligns with other territories [not mine] and I only get partial credit against my targets.

- We have a wide range of analytical tools that allow me to evaluate my market and understand the underlying dynamics to the volume trends.

BUT ... I do not have time to write or read reports. Someone needs to do that analysis for me and send me what I need to know.

What can we do to improve the situation?



1. Game Changing: Re-visit the goal structure and measurements and align them to drive accountability for the desired results.
2. Offensive: Define and deliver tools that provide value to the sales team, helping them make better decisions and become more effective.
3. Defensive: Reduce the administrative burden by identifying tasks that can be more efficient, outsourced to other resources or eliminated altogether.
4. C'est la vie: Focus on small wins and incremental improvements but do not waste energy chasing after major process improvements.

Today's process

- Case study format
- Small breakout groups with assignments from the case
- Break out rooms to ideate, brainstorm and problem-solve [~ 1 hour]
- Re-group as a general session
- 15-20 minute presentation from each group of their best ideas with general discussion and debate



Your role

- Rely upon your experience and knowledge in the industry
- Try to free yourself of the constraints you may have “back at the ranch” [e.g., disposable vs. F&B, broker v. direct, etc.]
- The case study will ask for [a] short term pragmatic ideas that can be executed immediately and without capital or heavy resource commitments as well as [b] longer term “big ideas”
- While we are working as a group, feel free to throw in challenges you have right now for selfish reasons



Group Discussions

Next Steps @ Smoke Jumpers

- Feedback survey
- Circulate notes and presentations
- Commercialize highest value ideas and pilot with volunteer organizations



Smoke Jumpers 3

- Operator-focused strategies – maximizing pass-through value and building insulation
- San Francisco, California
- January 17-18 and 18-19