



2005 IFDA SALES & MARKETING CONFERENCE

STRATEGIES FOR A
Successful Future



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Different By Choice:

Positioning Your Company to Drive Sales

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Different by Choice: *Positioning Your Company to Drive Sales*

Speakers:

Dick Blackwell

**Vice President, Sales, Marketing and Purchasing
Harker's Distribution, Inc.**

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Speakers:

Catherine Kayser
Executive Vice President
SYSCO Food Services of Seattle, Inc.

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Speakers:

Al Silva

**Chief Operating Officer
Labatt Food Service, Inc.**

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The Changing Face of Sales

Harker's/Lombardi

DIFFERENT BY CHOICE



- **Situation Analysis...1998**
 - Broad geographic coverage...rural concentration...product sales from truck
 - Perceived strong customer relationships
 - Company legacy of quality products centric to protein...all frozen; 1000 sku's
 - Customer stated need for consultative services from distributor and manufacturing 'partners'



- **Situation Analysis (cont'd)**
 - **Limited Warehouse Capacity**
 - **Cost of entry into traditional foodservice sales model and customized processing**



■ Options

1. Remain rural focused, accept being 2nd or 3rd choice to existing customers...stay on track
2. Go broadline, expand facility and join the fray...be everything to everybody
3. Specialize in protein products and custom cut...be everything in protein to existing customers and metro opportunities



- **The Choice...**
 - Invest in custom cut production and traditional foodservice sales model
 - Driven by the belief that the company needed to differentiate it's sales capabilities from our competition, thus driving volume and relationships as a result of expertise and product selection



- ***While we are still in the midst of change we have.....***

- 1. Purchased two external cutting facilities (Denver and Minneapolis) and re-outfitted our Iowa distribution facility to include a large custom cut and processing facility for fresh and frozen red meat proteins**
- 2. Changed our sales model from a route sales and service to traditional DSR format**
- 3. Reduce our route truck sales territories from over 225 to 105 traditional sales territories**
- 4. Expanded our sku offering to 2300 + 1000 custom cut**



■ Challenges

1. Training a sales force to be protein experts

- Not all sales candidates have the capacity to develop the required expertise
- Sales candidates must understand at a high level, yields, market dynamics of protein complex, and customer requirements with regard to back of the house operation and efficiencies
- Our specialty distribution model cannot afford to employ order-takers



■ Challenges

2. Transferring protein expertise into a value relationship with the customer

- Smaller offering than a broadliner often positions the sales person as 'secondary' in the view of the customer
- Imperative the customer understands the positive impact a salesman's expertise can bring to 40-60% of their food purchases.



■ Challenges

3. Realign customer target base from rural to metro/rural

- Largest fresh protein optys are not out in the boondocks; sales force must re-allocate their time; planning and sales call preparation is absolute

- Image... As a historically rural distributor of frozen products, the company and the sales force must allocate significant time to each sales contact... sales must constantly define capabilities in protein processing while inter-weaving value (customer profit) proposition

- Customer mixed message...despite industry studies that state customers want help; when assistance is proposed via go to market strategies that brings value to the customer, measured in added profits, many customers still resist. This situation occurs more often with metro customers than rural.



- **Going forward...solutions**

- 1. Continuous and extensive protein product training...company and DSR driven**

- 2. Training in use of our go-to-market value proposition in combination with a salesman's protein expertise...'customer profit' and has replaced 'customer savings' in our vernacular**

- 3. Image development...touch the customer at every opportunity with exceptional service.**

AND...Everyone walks the talk of protein, protein, protein=profits, profits, profits...both at customer level and at Harker's/Lombardi



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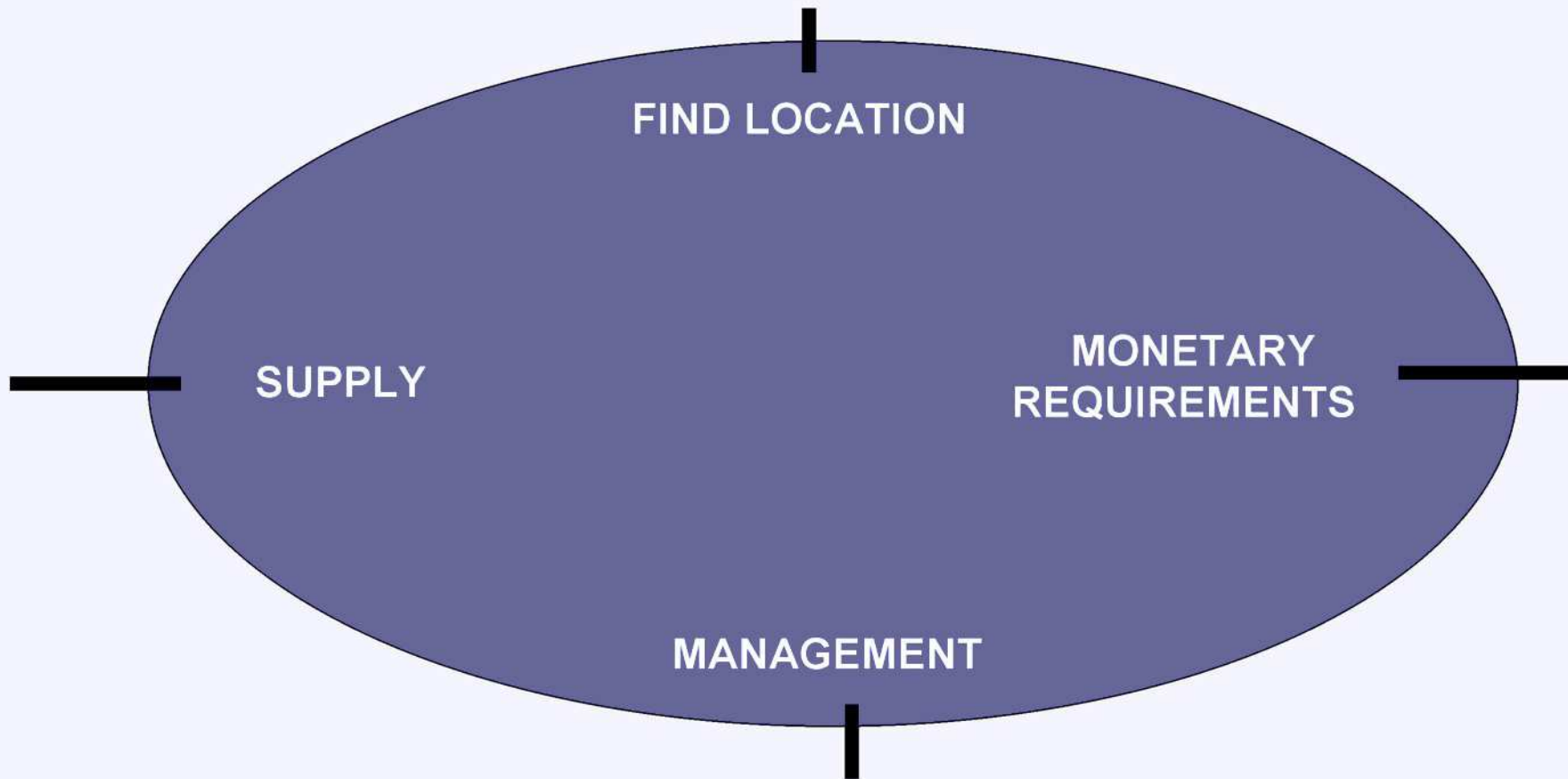
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THE INDEPENDENT OPERATOR

SURVIVAL EQUATION





INDEPENDENT STATISTICS

INDEPENDENT STATISTICS

SHARE OF RESTAURANT SALES

	<u>2000</u>	<u>2010</u>
Independents	40.6	39.8
Chains	59.4	60.2

TAKE OUT

<u>2000</u>	<u>2010</u>
\$135 B	\$179 B



SUCCESS STORIES

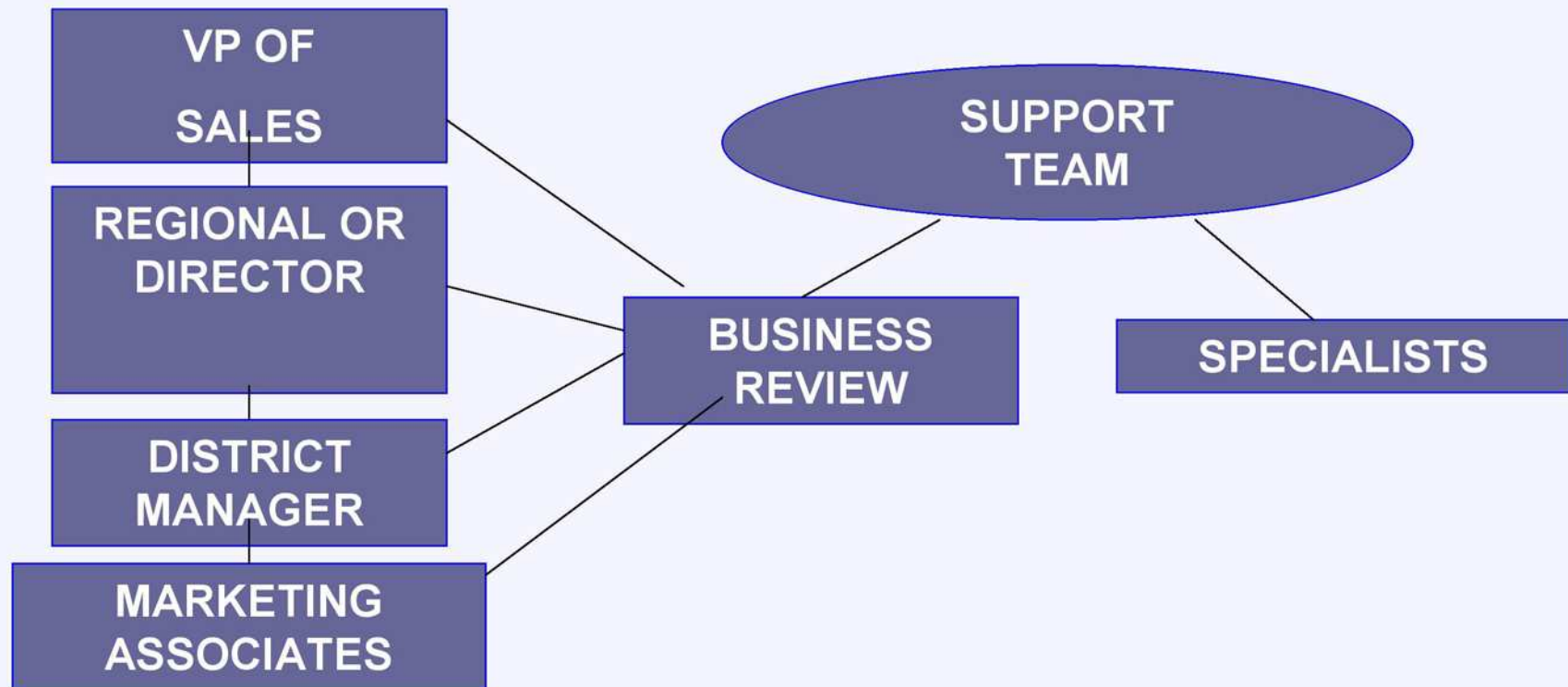
NEW CONCEPTS

MA SERVED BUSINESS

Need Sales support for:

-  Ideas
-  Products
-  Menu Assistance
-  Area experiences

ORGANIZATIONAL STRUCTURE





THE CHANGING SALES ASSOCIATE



**DO YOU
KNOW YOUR
ACCOUNT BASE??**



- ✚ **Customer/ Patron Services**
- ✚ **Human Resource Services**
- ✚ **Operational Services**
- ✚ **Financial Services**



INDEPENDENT OPERATORS

TIME (PEOPLE)

PRODUCTS

IDEAS

=
DISTRIBUTOR
RESOURCES



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