



'09 IFDA
Distribution
Solutions
Conference

Best Practices for Today's Times



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My Background

- Foodservice Sales and Marketing
- Help Manufacturer Sales & Marketing people understand Supply Chain realities
- Author of Understanding FS Redistribution and "Foodservice Marketing Insights" newsletter
- Need Distributor Perspectives!

What This Session is About

- Define top Pain Points for distributors
- Agree on why they exist
- Provide fuel for Manufacturer/Distributor Roundtable to work on solutions

What We Did

- Surveyed IFDA members to determine what you want to talk about
- Focused on Top Three Pain Points
- Interviewed Distributors and Manufacturers
 - Understand why these Pain Points exist
 - Identify what each side can do better
 - Describe barriers to improvement

Special Offer

- I'll write up a complete Report from this session and the Roundtable to follow
- See me with your business card after this session and I'll send them to you

First, Some Context

- "Pain Points" are all about COSTS
- People need to see the benefit of change, especially if it costs money
- Manufacturer Sales and Marketing people may not know how to help

All of These Received "Votes"

Operational

- Weak Backorder Practices
- High Order Minimums
- Incomplete Redistribution Program
- Long Order Lead Times
- Inaccurate Invoices
- Out of Stocks w/out Advance Notification
- No Pick Up at Producer Location

Technical/Financial

- Failure to Maximize Use of EDI Capability
- Poor Data Synchronization Performance
- Lack of Order Tracking Capability
- Lack of Bar Codes on Cases
- Weak Pickup Allowance Programs
- Lack of "Perfect Order Allowances"

Today's Focus

1. Weak Pickup Programs
2. Short-ships without advance notification
3. No bar codes/bar codes unreadable

My Perspectives

- Why it exists
- Cost to distributors
- What manufacturers could do better
- Barriers to improvement
- What distributors could do to help

#1: Weak Pickup Programs

- Why it exists
 - Distributor perspective: *“manufacturers don’t know true costs” and/or “they use freight as a profit center”*
 - Manufacturer perspective: *“not sure we want more pickups”*
- Cost to distributor
 - *Lost opportunity to reduce costs*
- *What else?*

#1: Weak Pickup Programs

- What manufacturers could do better
 - *Settle on a strategy for pickups vs. deliveries*
 - *Review and update pickup prices, allowances, and policies, and communicate*
- Barriers to improvement
 - *Reluctance to give up control*
 - *Fear of losing volume leverage with carriers*
- How distributors can help
 - *Adhere to strict policies*
 - *Accept that manufacturers may have lower freight rates than you do*

#2: Short Ships w/o Notification

- Why it exists
 - *Distributor perspective: “manufacturers don’t think it’s important”*
 - *Manufacturer perspective: “we don’t have the resources”*
- Cost to distributor
 - *Reduced outbound fill rate/customer satisfaction*
 - *Lost sales*
 - *Time and cost scrambling to find product and/or make substitutions*
- *What else?*

#2: Short Ships w/o Notification

- What manufacturers could do better
 - *“Just call us when the truck leaves your dock!”*
- Barriers to improvement
 - *Large manufacturers with high volume of shipments need technology to communicate shorts*
- How distributors can help
 - *Make it a priority – hold manufacturers accountable*

#3: Bar Code Problems

- Why it exists
 - Distributor perspective: *“manufacturers don't care about our costs”*
 - Manufacturer perspective: *“we don't use bar codes in our system, so don't want to invest in it” – or – “it's our corrugated supplier's problem”*
- Cost to distributor
 - *Time to manually enter information*
- What else?

#3: Bar Code Problems

- What manufacturers could do better
 - *Invest in decent printing equipment and corrugated*
- Barriers to improvement
 - *Cost to manufacturer without clear benefit*
- How distributors can help
 - *Make it a priority – hold manufacturers accountable*

Overall Advice

- Get your Supply Chain/Ops people talking to their Supply Chain/Ops people
- Manufacturers: Make a good-faith effort to address concerns, and “show the numbers”
- Distributors: Make sure Purchasing/ Merchandising knows which suppliers are doing a good job operationally

Questions and Comments?

Thank You

- Roundtable Session: Room 311
- Provide Business Card for Written Report
- Contact me any time with comments:
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