

“BUILDING BRANDS THROUGH DISTRIBUTORS”



Management Development Seminar

Participant Workbook

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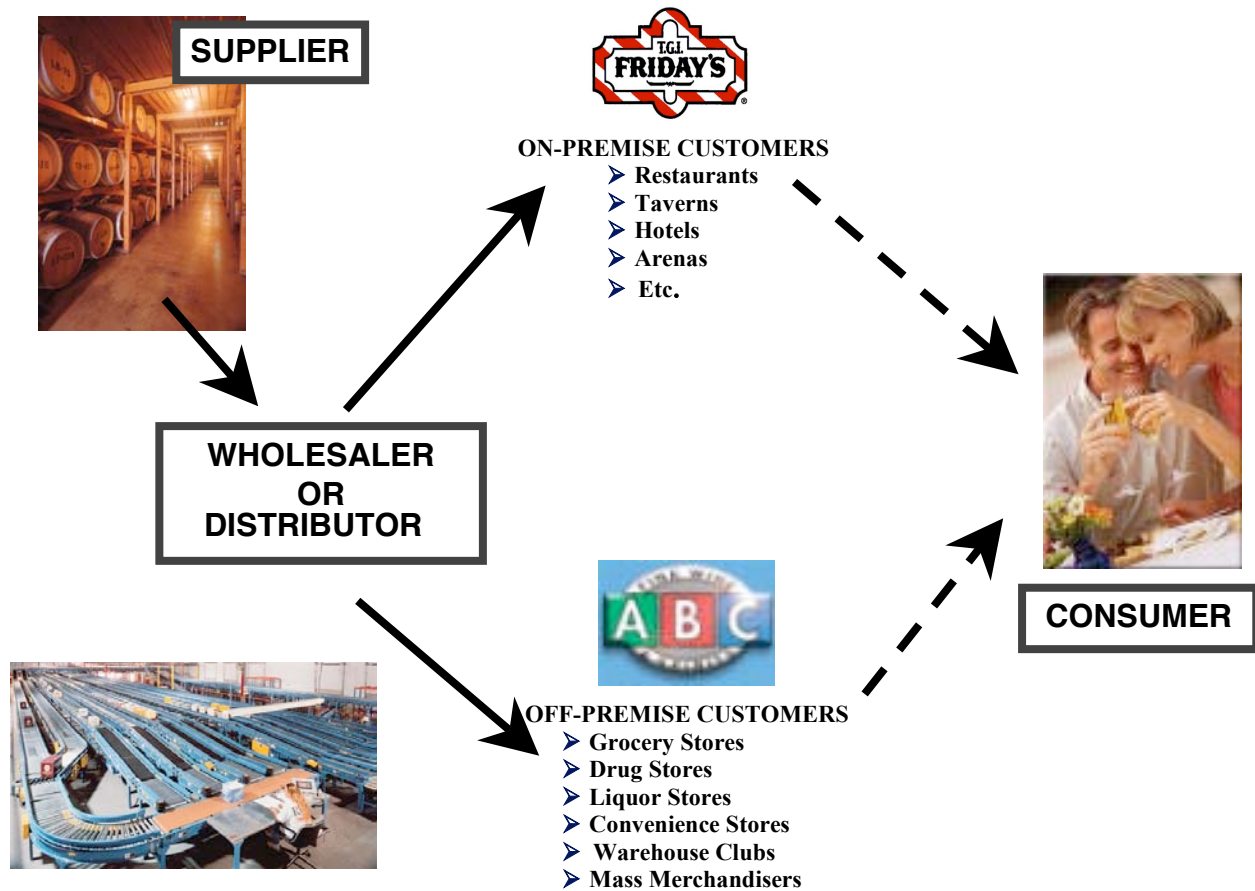
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THE THREE TIER DISTRIBUTION CHANNEL

HOW A DISTRIBUTOR ADDS VALUE



Tier 1: BREWERY, WINERY OR DISTILLERY	Tier 2: DISTRIBUTOR	Tier 3: ON AND OFF-PREMISE CUSTOMERS
<ul style="list-style-type: none"> ➤ Manufactures ➤ Ships to distributor ➤ Defines brand segment ➤ Supports distributors efforts to sell and market brands <ul style="list-style-type: none"> ✓ Promotions ✓ Displays ✓ Feature ✓ P.O.S. ✓ Space, position, and arrangement ✓ Distribution ➤ Develops and implements distributor programs <ul style="list-style-type: none"> ✓ To motivate ✓ To develop capability ➤ Suggests wholesale pricing 	<ul style="list-style-type: none"> ➤ Purchases and warehouses brands ➤ Ships to retailers (on and off-premise) ➤ Rotates product for freshness ➤ Sells to retailers ➤ Gains brand building account support <ul style="list-style-type: none"> ✓ Promotions ✓ Displays ✓ Feature ads ✓ P.O.S. ✓ Space, position arrangement ➤ Suggests retail pricing 	<ul style="list-style-type: none"> ➤ Sells to ultimate consumer in on and off-premise accounts and venues

KEY DISTRIBUTOR SUCCESS FACTORS

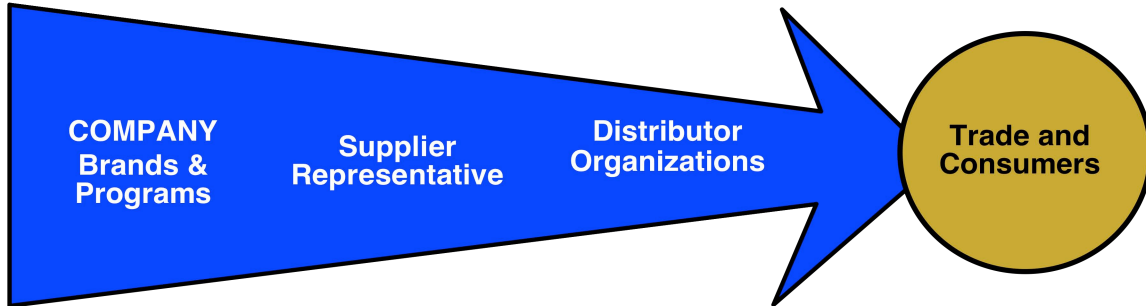


- Defined business development strategy
- Knowledge of supplier/categories and products
- Productivity – in store, on-premise and headquarters
- Understanding of trade operations
- Understanding of supplier strategy and objectives
- Reacts to changes in marketplace and supplier priorities
- Productive customer relations
- Proactive bargaining link with trade
- Develops original sales development proposals for suppliers
- Executes suppliers marketing programs
- Understands and invests in technology
- Establishes and maintains effective management systems
 - ✓ Planning
 - ✓ Training and development
 - ✓ Communication
- Evaluation
- Critical mass (volume) to support competitive trade coverage and frequency



SUPPLIER REPRESENTATIVE'S MISSION

Sales and marketing programs are developed to build brands for the company and your wholesaler organizations. Management depends on field managers developing brand programs that fit the uniqueness of the wholesalers and customers within each market to maximize results and achieve the business plan.



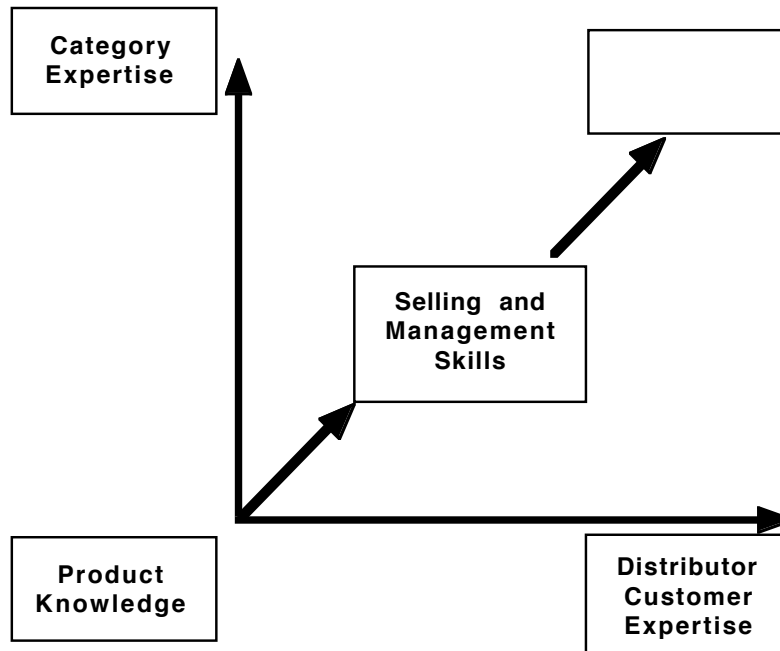
Supplier Representative's Fundamental Mission (group discussion and presentations)

- _____

- _____

SUPPLIER REPRESENTATIVE'S CHANGING ROLE

The goal for a Company is to have sales process procedures, or management systems, that **help establish a distinctive, clearly recognizable professional identity** for their field sales management personnel as self-motivated managers passionate about our work.

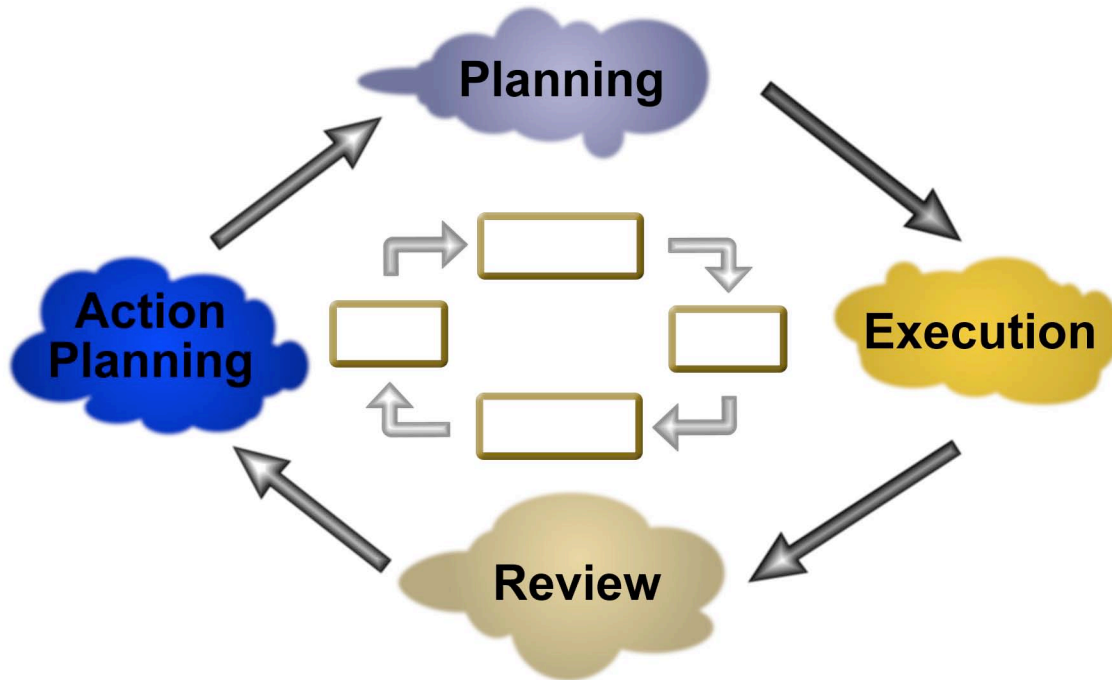


Effective Distributor Management Critical Success Factors

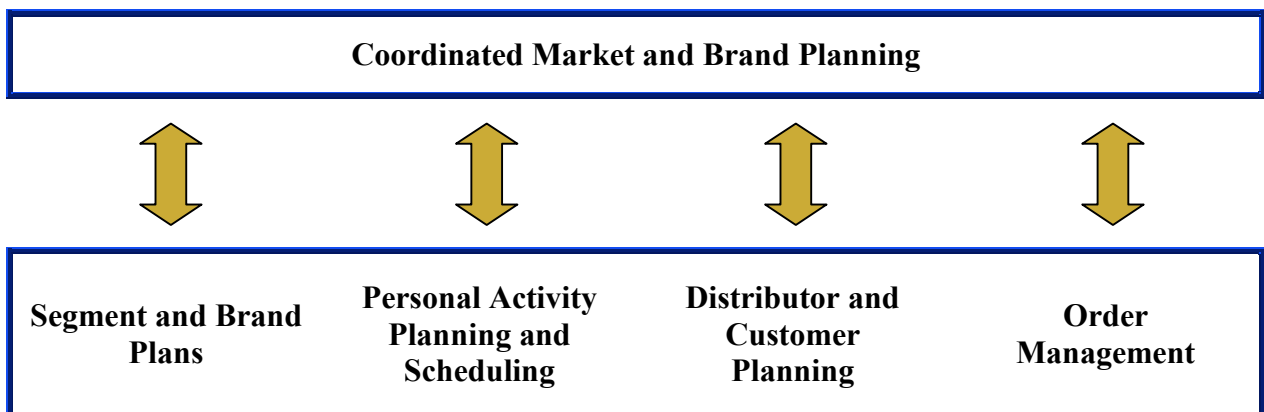
- 1. Clarity of Expectations – Alignment of Goals**
- 2. Competent, Continuing Support – “Adds Economic Value”**
- 3. Focused Direction – Relevant Tactical Programs**
- 4. Consistent Accountability – Clear Process for Feedback, Rewards and Corrective Action**

SALES PROCESS PROCEDURE CONCEPT

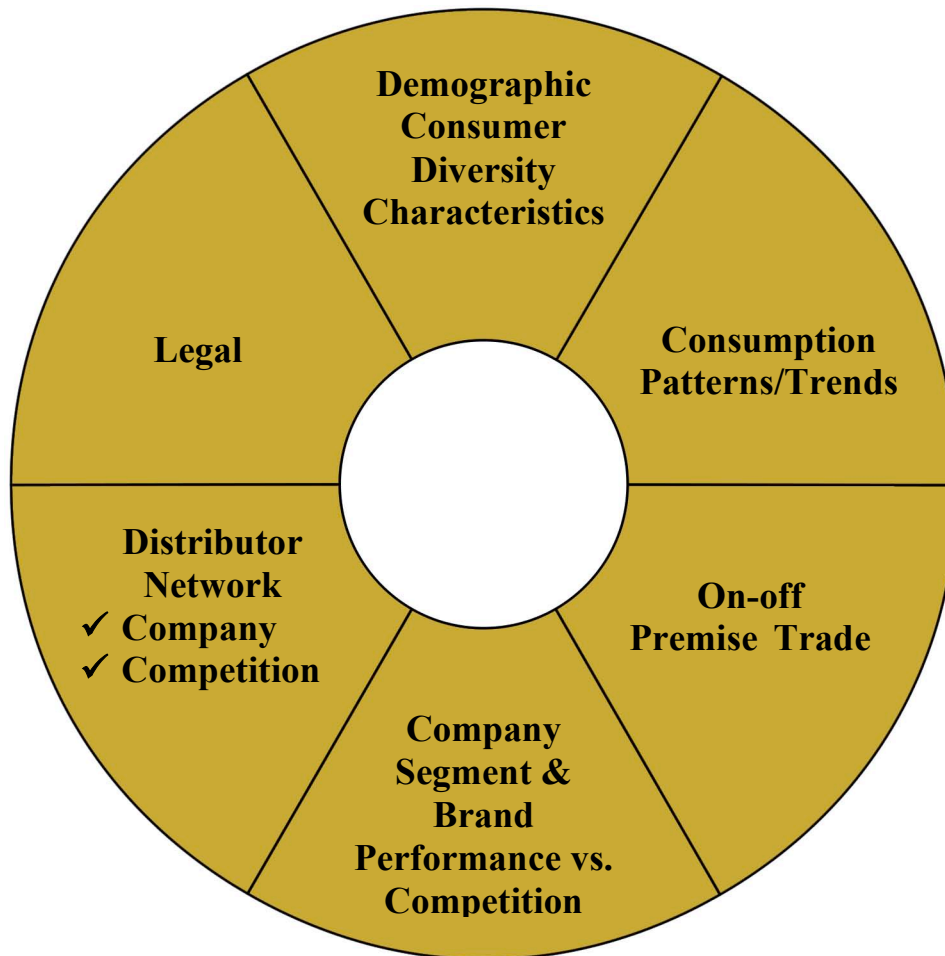
Management System Conceptual Elements



Primary Process is supported by:



Market and Distributor Knowledge Standards



Let us define the specific market knowledge requirements (group discussion and presentation)

PORTFOLIO MANAGEMENT

What is meant by “portfolio management” — principles, philosophy, etc.?

What is the role of “portfolio management” in a wholesaler’s business today?

Portfolio Management — Distributors are increasingly recognizing the need to have a defined strategy for managing their portfolios.

QUANTITATIVE AND QUALITATIVE FACTORS WHAT DO WHOLESALERS EVALUATE?

Quantitative Factors Wholesalers Consider When Evaluating Supplier Portfolio Status

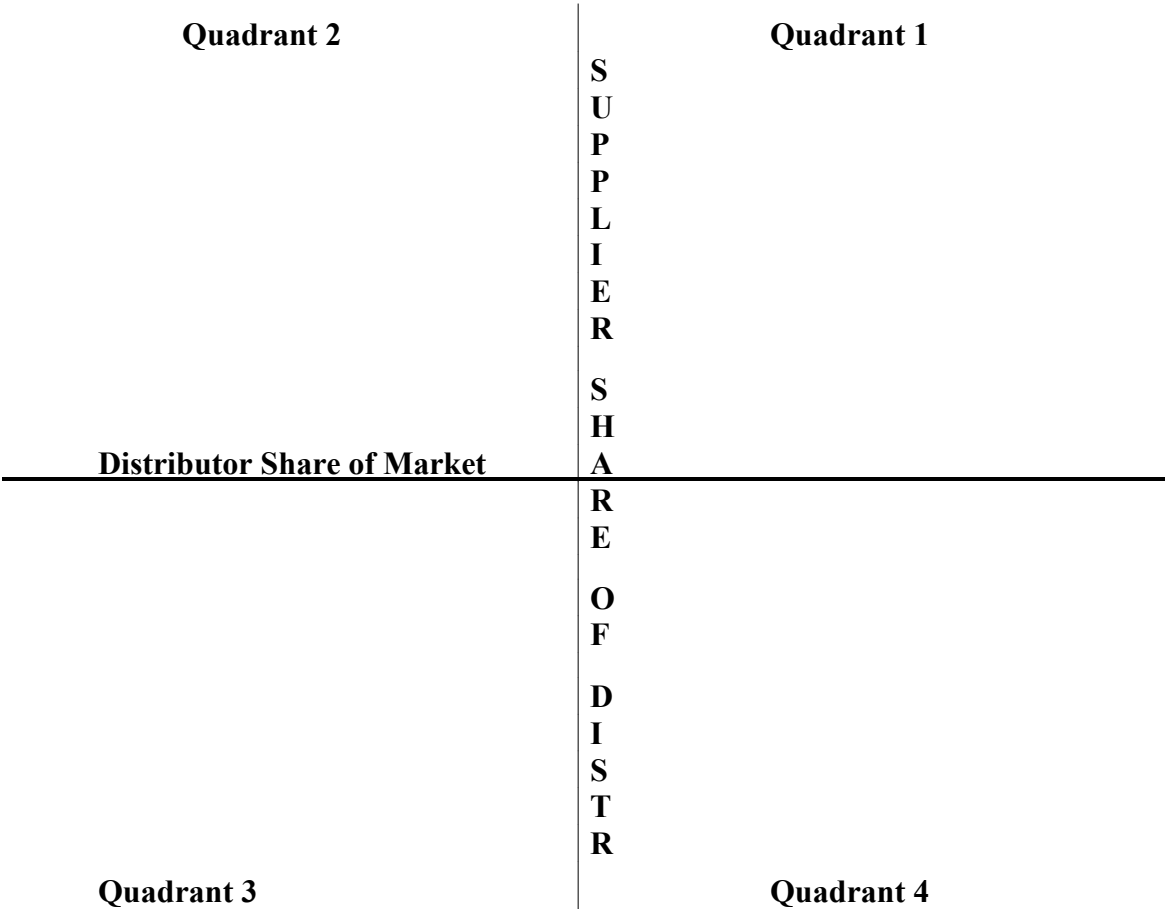


Qualitative Factors Wholesaler Consider When Evaluating Supplier Portfolio Status



COMPETITIVE DISTRIBUTOR MANAGEMENT STRATEGIES AND TACTICS

Strategies and Tactics with Distributors Must Vary Based on Share



Quadrant 1 — High Distributor Market Share/High Supplier Share of Distributor

Quadrant 2 — Low Distributor Share/High Supplier Share

Quadrant 3 — Low Distributor Share/Low Supplier Share

Quadrant 4 — High Distributor Share/Low Supplier Share

FOCUS DISTRIBUTORS ON MANAGING THE FACTORS THAT “DRIVE VOLUME”

Specific programs are worked out during the Business Planning sales process step. **S.M.A.R.T. objectives** are established. Program objectives and subsequent measurement should not be primarily directed toward achieving sales volume goals. Efforts should concentrate and measure sales execution directed toward the selling and merchandising variables that drive profitable sales volume for both the distributor and the supplier.

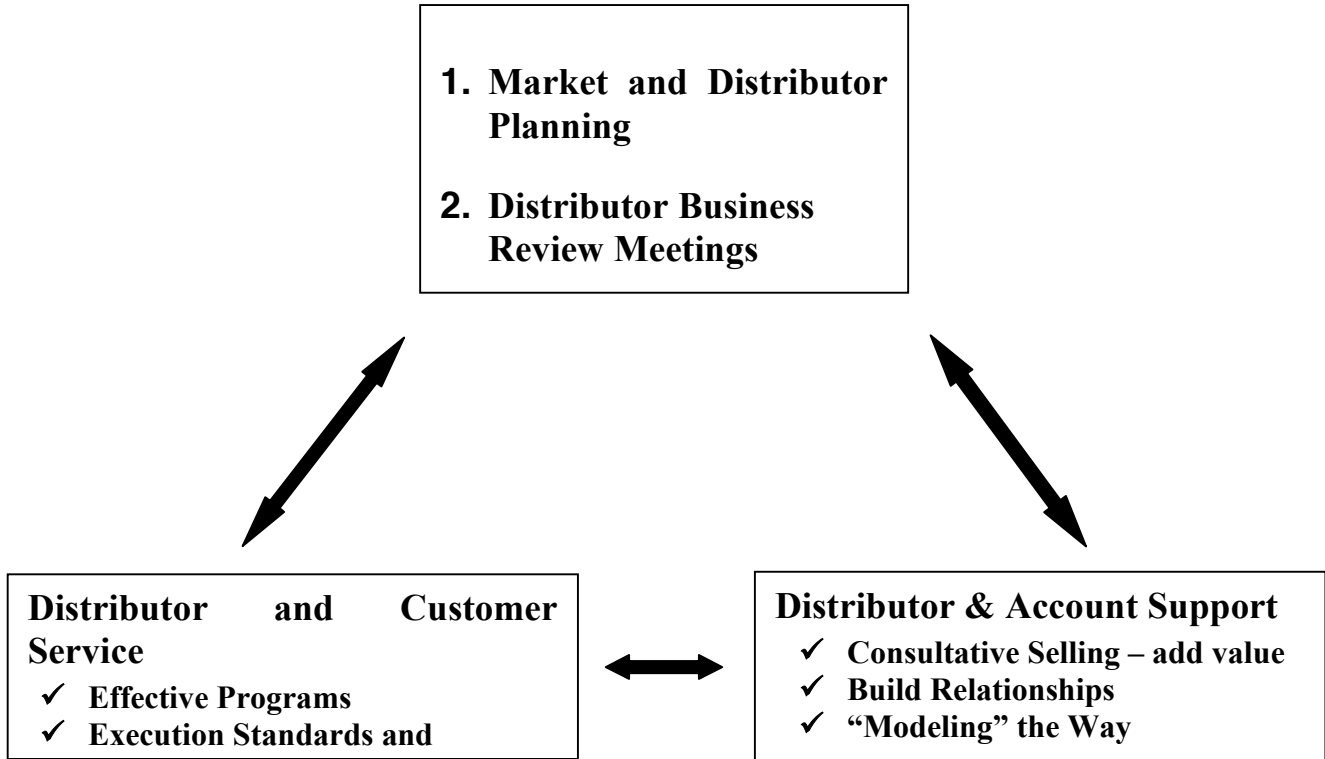
Seven Factors That Drive Sales Volume

1. **Distribution**
2. **Displays**
3. **Feature Ads and Temporary Price Reductions (TPRs)**
4. **Promotion — On-Premise and Event**
5. **Pricing**
6. **Shelf and Cold Box Management**
7. **Product Education**

When these are the variables that drive sales, rather than shipments and depletion numbers alone, **are the point of focus**, a supplier is able to evaluate the degree to which the potential of our segments and brands is being fully exploited in a market, specifically:

- Target account, class of trade, major chain and volume classification distribution, display, feature ads and TPRs.
- Target account on-premise promotion nights.
- Segment and brand shelf and cold box space, position and arrangement.
- Target retail price points for EDLP, everyday shelf and feature ads.

MUTUAL ALIGNMENT CLARITY OF EXPECTATIONS





Distributor Management Cycle

The following “Distributor Management Cycle” defines the system to be followed, activities to be performed and the guidelines to adhere when working with distributors. The extent to which these tasks are executed in a consistently competent manner will determine the credibility a supplier representative develops with distributors C. Effective market management involves knowledge, skill and discipline in each area.

