



Understand Your Supply Chain Costs
Tune Up Your Prices and Programs
Build Your Bottom Line

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Foodservice Marketing Insights

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I learn something new every day. When you've been in the foodservice business for several decades, it's easy to get jaded and start to think you've seen it all. My take on the food industry has always been, "it isn't really dynamic and exciting, but it's steady!"

But that's kind of a cynical attitude. The fact is, there are companies in our business who are trying new models and different ways of performing old-fashioned services. And when I come across people who are enjoying success with something new, it's always a refreshing reminder that we can all learn something new, every day.

This month, I'm profiling two companies that are doing well because of, not in spite of, refusing to do things the traditional way. I hope you'll enjoy it, and take a few minutes to check them out.

Thanks for reading, and as always, let me know what you think at [Tell Dave](#).

Dave

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Redistribution Redone

If you read this newsletter, you know a lot about redistribution. But if you're like me, you probably didn't know a lot about Consolidated Distribution Company (CDC), an organization that's quietly building a nice business by streamlining logistics for foodservice chains.

At its heart, CDC functions like any other redistributor - receiving straight truckloads of product from manufacturers, and distributing it in mixed truckloads to distributor customers. But that's where the similarities end; nearly everything else about CDC is different.

For starters, while traditional redistributors operate from their own warehouses, using company fleets, CDC uses rented warehouse space and 3rd party carriers for inbound freight. This allows maximum flexibility to respond to their customers' changing needs, and to take advantage of new business opportunities.

Second, traditional redis market and sell their services to suppliers (manufacturers) and customers (distributors), pretty much taking a "hands off" approach to operators. But CDC has focused their sales and marketing efforts squarely on the operator chains, selling the benefits of redistribution for slower-moving products. The chains then assure that their appropriate distributor and manufacturer suppliers move their products via CDC.

Third, most redis specialize in making shipments to distributors, either within a defined geography or on a national basis. But CDC's distributor customers almost always pick up at the CDC warehouse, either via backhaul or by arranging freight with a 3rd party carrier. By avoiding the complexity of managing outbound freight, CDC holds down the cost of their services and is able to focus on what they do best - removing waste from the supply chain.

And as their operator chain customers have expanded to overseas markets, CDC has developed export capabilities to maintain a seamless program regardless of geography.

Finally, while CDC follows the traditional redistribution model of purchasing and taking ownership of the products, they also offer consignment programs for selected manufacturers who prefer this arrangement. With consignment, the manufacturer is still responsible for taking orders, invoicing, and collecting from distributors.

My guess is we'll all be seeing and hearing a lot more from CDC in the months and years ahead. For today, you can learn more at their website:

<http://www.cdcsupply.com/>

Opportunity Knocks

Every manufacturer creates a certain amount of products which cannot be sold through their traditional channels. Whether they're out-of-spec, overruns, returns, damaged, or nearing expiration, these products present a unique set of challenges.

While some of these products are donated to the many organizations who feed hungry people, the fact is that most still have some economic value, and the profit motive compels companies to turn these "problem products" into revenue as best they can.

But it's hard to do it right. The challenges include:

-communicating exactly what is available, without "exposing yourself" to the overall market

-notifying all qualified buyers, to improve your chances of making a good deal quickly

-not notifying the unscrupulous buyers who might divert your product back into the mainstream markets, or create other liabilities for your brand

-balancing the desire to get the best price with the desire to make a quick disposition

-not spending an inordinate amount of time and energy pursuing sales that will return pennies on the dollar

Traditionally, the management of problem products has been the responsibility of either a semi-retired sales guy, or a low-priority job for someone in Supply Chain or Special Market Sales.

Enter The TradeBridge. Recognizing that these challenges aren't going away, the founders of The TradeBridge (all foodservice industry veterans) have created a nearly turnkey solution for both sellers and buyers of secondary market products.

The TradeBridge is an online marketplace strictly for "Special Opportunity Products." Manufacturers who use their service gain the advantage of communicating ONLY with trusted trading partners - each manufacturer decides which potential buyers can view and bid on their products. The system allows everyone to see up-to-date information about inventory availability as sales are made.

And participants can choose to offer products at a "buy now" price and negotiate electronically. Or, products can be marketed via a limited-time auction.

The TradeBridge looks to me like an intelligent yet simple use of technology to streamline an otherwise cumbersome process. If your company is a seller or buyer of Special Opportunity Products, you should look into The TradeBridge at <https://www.thetradebridge.com/>.

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