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## **Foodservice Marketing Insights**

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#### **"Failure IS an Option!"**

One theory on why we have so many "me-too" products in foodservice

It's been a while since our last Foodservice Marketing Insights. I took time off to have a granddaughter(!) and grab a little vacation time, and also re-invigorated my thinking on a lot of current foodservice topics.

### **Subhead ing**

So it strikes me that maybe the time is right for foodservice manufacturers and distributors to establish some standards of performance that we can all hang our hats on...

**Please also note that we've "discovered" over 40 additional independent Broker Agencies to add to our Foodservice Agency Landscape Map tool. You may be surprised to know that there are still 140 full-service foodservice agencies out there....and the updated map reflects all of the latest consolidations. For the rest of July, we're offering the tool for only \$199. Check it out!**

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

[Dave](#)

*Dave*

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## **Navigating the Brave New World**

The dust is finally beginning to settle on the consolidation of foodservice broker agencies, and the landscape looks very different than it did 5 years ago. Foodservice manufacturers, distributors, and the agencies themselves are just beginning to come to grips with new relationships, new definitions of old concepts, and new ways of doing business.

At the upcoming IFMA Marketing and Sales Leaders Forum, I'll have the pleasure of conducting a series of workshops called "Responding to the New World of Foodservice Broker Agencies."

We'll provide a framework for understanding the new world and will offer suggestions to help manufacturers benefit from the emerging structures and capabilities of foodservice broker agencies.

The sessions will focus on:

1. What happened and why
2. How manufacturers should select brokers based on the new realities
3. How manufacturers should manage brokers in the new world

In preparation, I'm talking with a lot of manufacturers, distributors, and brokers to get their perspectives.

If you'd like to offer your point of view (in complete confidence, of course) [click here](#) and we'll set up 20-30 minutes to talk.

And you can [click here](#) for more information about the IFMA Marketing and Sales Leaders Forum.

I hope to see you there.

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## **Better Service through Standardization**

A few weeks ago, we had another excellent meeting of the Foodservice Supply Chain Alliance (by the way, we're always looking for qualified new members – for more information [click here](#)).

We spent some time discussing the Service Performance Targets put out by major customers, and how manufacturers attempt to adhere to them. It seems that all of the big distributors publish their expectations regarding their suppliers' fill rates, on-time delivery performance, shelf life remaining, pallet quality, and other typical measures of good service.

And many also specify that they expect regular exceptions to manufacturers' published policies on lead time, minimum orders, and pricing practices. Then some spell out specific expectations regarding advance shipment/shortage notification, data synchronization, labeling, or additional requirements for special service.

We discussed the fact that some distributors use regular scorecards to report back to manufacturers on their performance, and expect responses to significant areas of concern. Some use the implied or explicit threat of "fines" for failure to meet the customer's measures, while others ask suppliers to sign off on their Performance Targets then are never heard from again.

***What emerged from the conversation is the futility of trying to achieve a mixed set of performance targets without screwing up service to everyone else!***

It seems to me that manufacturers typically establish their own internal targets for fill rates, on time delivery, etc. and also set up order policies which help them achieve their goals. They budget, plan production, hire carriers and manage inventories based on these policies and targets. And any effort to carve out "ongoing exceptions" for large chunks of volume can't help but throw a wrench in the works. Ironically, these are the same distributor who are actively collaborating with their suppliers to drive costs out of the supply chain!

Years ago, I wrote that the relationships among customers buying from a given manufacturer is somewhat like cars traveling on the freeway. While everyone is on their own, without some level of cooperation and agreement on general rules, somebody always gets hurt.

So it strikes me that maybe the time is right for foodservice manufacturers and distributors to establish some standards of performance that we can all hang our hats on. At the very least, there should be standard definitions for measuring:

- case fill rate
  - order fill rate
  - on-time delivery
  - lead time
  - shelf life remaining
- ...and a handful of other performance measures

And at best, there could be standard minimum targets for each, consistent across all distributors and manufacturers, that we as an industry agree are appropriate.

I'm betting most manufacturers would do a better job for everyone if they worked to the same standard for all customers. And distributors would probably get more consistent service from all of their suppliers if they stop trying to set their Service Performance Targets "1% higher than our competitors."

What do you think? Is it a pipe dream or can you picture IFDA and IFMA getting behind this idea? Let me know by [clicking here](#); and if we get some energy behind it I'll be glad to lead the charge!

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***"I've never had an experiment fail - I've only learned what doesn't work." - Thomas Edison***

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## **Failure IS an Option!**

Some years back, the phrase "Failure is Not an Option" became very popular.

It may have started with the movie "Apollo 13." (1995) As the NASA folks struggled to create unprecedented and untestable processes for returning the crippled spacecraft to earth, three lives hung in the balance, totally dependent on the ground crew's success.

As often happens, this phrase found its way into the business world and is intended (I suppose) as a rallying cry or motivator.

But I suspect that some of the same people who say "failure is not an option" are the same ones who say "why don't we have any true innovation around here?"

Because the sad truth is that for all the time and money spent on R&D by food manufacturers, there is precious little true innovation. Instead, what we get from Marketing and Product Development is a steady stream of “me too” products and incremental tweaks that really don’t excite distributor and operator customers, or the salespeople and brokers responsible for executing new product “sales blitzes.”

If failure is not an option, we shouldn’t expect anything different. If failure is not an option, we consign ourselves to a never-ending series of modest successes and moderate disappointments, with very little probability of hitting the proverbial home run.

But if failure IS an option, we free people to swing for the fences, knowing that strikeouts will happen as well. If failure IS an option, we unleash creative thinking that leads to true innovation.

In the past 15 years, I’ve personally launched a lot of new offerings that I felt were “can’t miss” services for foodservice manufacturers, only to be greeted by a big collective yawn. I try to understand where my thinking was flawed and move on.

And I once heard a jazz musician encourage his band to be more creative in rehearsal by saying, “hey, we’re just moving air around!” What a great way to relieve the fear of “failure.”

Look, I know that my little company and the jazz band have a lot less at stake than your food business. But as long as you’re investing in research and product development, and in sending your sales force out to present to distributors and operators, what’s the harm in swinging for the fences every few at bats? At the very least, you’ll separate your company’s image from all of your competitors who are playing it safe; at the very most, you’ll discover true sources of sustainable competitive advantage.

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## You Can't Tell the Players Without a Program!

Back in December, we introduced the Foodservice Agency Landscape Map, a new interactive tool which shows the coverage areas of national, regional, and independent/local brokers. We revised it after the first quarter to reflect all of the changes that took place in January, February and March. Those who have purchased the tool tell us it's a one-of-a-kind resource which they've found very helpful as they work through changes in their broker networks.

And since we issued the second version, we were provided with resources which identified 40+ additional agencies. The latest version now shows 3 National Agencies, 15 Regional Agencies, and 122 Local Agencies for a total of 140. And we're offering it for a reduced price during the month of June.

For more information and a brief demonstration video showing how the map works, you can [click here](#). And as always, give us a call or email if you have questions or suggestions – thanks!

Thanks for reading!

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