The Great Debate
Driving Collaboration Amid Complexity in the Buy Move Sell Cycle

Store 2017 – Jim McKay, The Avleca Group

We’ll be doing a poll during this presentation – please download and open the app!
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Background

Tenure

- 12 yrs
- 14 yrs
- 6 yrs

Most Proud Of...

Last 50’

1 store

Tens of

Millions $ +

Hundreds of

Millions $ 400 + stores

Scope

Retail, CPG

Industrial Transport

Avleca leverages decades of strategy, programs and engagement leadership to the market
We help clients develop strategy, deliver programs and drive engagement to create world class culture and results, connecting the dots from the shop floor to the boardroom.

Strategy. Delivered.
Client Engagement Roadmap

We help clients develop strategy, deliver programs and drive engagement to create world class culture and results, connecting the dots from the shop floor to the boardroom.

<table>
<thead>
<tr>
<th>What do we Provide?</th>
<th>Four Pillars Strategy Toolbox</th>
<th>Joint Business Planning Toolbox</th>
<th>Personal Development Toolbox</th>
</tr>
</thead>
<tbody>
<tr>
<td>Typical Clients</td>
<td>$1-$50M in revenue</td>
<td>Strategy Clients</td>
<td>Industry Associations</td>
</tr>
<tr>
<td></td>
<td>High Growth</td>
<td>Fortune 500</td>
<td></td>
</tr>
</tbody>
</table>
Today’s Session...”The Great Debate”

The Typical Joint Business Plan:

- 4 Challenges
- 3 Focus Areas

Best Practices for Joint Business Plan Success:

- Common Objectives
- Consistent Communication
- Clarity
- Commitment
JBP Challenges

Challenge 1: Translation
• Decisions made at executive level may not be understood or achievable at functional levels

Challenge 2: Exclusivity
• Vendor and buyer have multiple commitments to multiple parties outside of the JBP

Challenge 3: Bias
• Customers, vendors and retailers have preferences on how they sell, purchase and interact

Challenge 4: Measurement & Metrics
• Vendor and buyer measure deliverables differently
Challenge 1: Translation

Decisions and alignment at executive level...

...may not translate well or have a coordinated approach.
Challenge 1: ‘Translation’ Exercise

• Please open your Store 2017 app

• Go to this presentation in agenda
  • “The Great Debate...”

• Open ‘Count the Fs’ Poll
Challenge 1: Exercise

**CHALLENGE**: count the ‘F’s in the following paragraph:

The necessity of training farm hands for first class farms in the fatherly handling of farm live stock is foremost in the eyes of farm owners. Since the forefathers of the farm owners trained the farm hands for first class farms in the fatherly handling of farm livestock, the farm owners feel they should carry on with the family tradition of training farm hands of first class farmers in the fatherly handling of farm live stock because they believe it is the basis of good fundamental farm management.

Reference: [http://blog.gembaacademy.com/2010/04/05/can-you-count-are-you-sure/](http://blog.gembaacademy.com/2010/04/05/can-you-count-are-you-sure/)
Challenge 2: Exclusivity

Vendor and Buyer have multiple commitments to others:

Joint Business Planning

Vendor / Supplier

Buyer / Retailer

Supply

Demand
Challenge 2: ‘Exclusivity’ Examples

- Reviewed 10 weeks of retail promos
  - Ontario (GTA) based
  - Holidays (Easter, Victoria day) shaded
  - Tissue Paper, Soft Drinks and Cheese
  - Price / unit shown to standardize

- Observations:
  - Same brand(s) promoted at same time
  - Multiple commitments to multiple market participants
**Challenge 2: ‘Exclusivity’ Example – Tissue Paper**

<table>
<thead>
<tr>
<th>Brand</th>
<th>Retailer</th>
<th>WK 1</th>
<th>WK 2</th>
<th>WK 3</th>
<th>WK 4</th>
<th>WK 5</th>
<th>WK 6</th>
<th>WK 7</th>
<th>WK 8</th>
<th>WK 9</th>
<th>WK 10</th>
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<tbody>
<tr>
<td>A</td>
<td></td>
<td>$ 0.50</td>
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<td></td>
<td></td>
<td>$ 0.37</td>
<td>$ 0.62</td>
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<td>$ 0.67</td>
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<td>$ 0.33</td>
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<tr>
<td><strong>Best</strong></td>
<td></td>
<td>$ 0.33</td>
<td>$ 0.33</td>
<td>$ 0.27</td>
<td>$ 0.47</td>
<td>$ 0.33</td>
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<td>$ 0.50</td>
<td>$ 0.33</td>
<td>$ 0.46</td>
<td>$ 0.30</td>
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</tbody>
</table>

Brand A is advertised in multiple banners most weeks at a consistently “low” price.
Challenge 2: ‘Exclusivity’ – Other Examples

### Carbonated Beverages

<table>
<thead>
<tr>
<th>Brand</th>
<th>Retailer</th>
<th>WK 1</th>
<th>WK 2</th>
<th>WK 3</th>
<th>WK 4</th>
<th>WK 5</th>
<th>WK 6</th>
<th>WK 7</th>
<th>WK 8</th>
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<th>WK 10</th>
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<tbody>
<tr>
<td>A</td>
<td></td>
<td>$0.42</td>
<td>$0.38</td>
<td>$0.33</td>
<td>$0.33</td>
<td>$0.33</td>
<td>$0.33</td>
<td>$0.33</td>
<td>$0.33</td>
<td>$0.33</td>
<td>$0.33</td>
</tr>
<tr>
<td>B</td>
<td></td>
<td>$0.38</td>
<td>$0.31</td>
<td>$0.31</td>
<td>$0.31</td>
<td>$0.33</td>
<td>$0.33</td>
<td>$0.33</td>
<td>$0.33</td>
<td>$0.33</td>
<td>$0.33</td>
</tr>
<tr>
<td>A or B</td>
<td></td>
<td>$0.27</td>
<td>$0.32</td>
<td>$0.26</td>
<td>$0.26</td>
<td>$0.26</td>
<td>$0.26</td>
<td>$0.26</td>
<td>$0.26</td>
<td>$0.26</td>
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</table>

**Best**

<table>
<thead>
<tr>
<th></th>
<th>WK 1</th>
<th>WK 2</th>
<th>WK 3</th>
<th>WK 4</th>
<th>WK 5</th>
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<tbody>
<tr>
<td></td>
<td>$0.27</td>
<td>$0.26</td>
<td>$0.26</td>
<td>$0.26</td>
<td>$0.26</td>
<td>$0.26</td>
<td>$0.26</td>
<td>$0.26</td>
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<td>$0.26</td>
</tr>
</tbody>
</table>

Cost shown is cost / can

### Brick Cheese

<table>
<thead>
<tr>
<th>Brand</th>
<th>Retailer</th>
<th>WK 1</th>
<th>WK 2</th>
<th>WK 3</th>
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<th>WK 5</th>
<th>WK 6</th>
<th>WK 7</th>
<th>WK 8</th>
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<tbody>
<tr>
<td>A</td>
<td></td>
<td>$11.07</td>
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<td>$11.09</td>
<td>$11.09</td>
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<tr>
<td>B</td>
<td></td>
<td>$8.87</td>
<td>$8.82</td>
<td>$8.87</td>
<td>$8.87</td>
<td>$8.87</td>
<td>$8.87</td>
<td>$8.87</td>
<td>$8.87</td>
<td>$8.87</td>
<td>$8.87</td>
</tr>
<tr>
<td>C</td>
<td></td>
<td>$8.88</td>
<td>$8.38</td>
<td>$8.38</td>
<td>$8.38</td>
<td>$8.38</td>
<td>$8.38</td>
<td>$8.38</td>
<td>$8.38</td>
<td>$8.38</td>
<td>$8.38</td>
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<tr>
<td>D</td>
<td></td>
<td>$9.87</td>
<td>$8.84</td>
<td>$8.84</td>
<td>$8.84</td>
<td>$8.84</td>
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</table>

**Best**

<table>
<thead>
<tr>
<th></th>
<th>WK 1</th>
<th>WK 2</th>
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<th>WK 4</th>
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<tbody>
<tr>
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<td>$8.38</td>
<td>$8.38</td>
<td>$8.38</td>
<td>$8.38</td>
</tr>
</tbody>
</table>

Cost shown is cost / kg

Like the tissue paper example, top brands are in multiple banners most weeks at a consistently “low” price
Challenge 3: Bias

Vendor Bias
- Tier 1
- Tier 2
- Tier 3
- Tier 4

Internal Bias

Consumer Bias

Retailer Bias
- Platinum
- Gold
- Silver
- Bronze

External Bias

Product Bias
Challenge 3: ‘Bias’ Example – Consumer Bias
Vendor and buyer measure deliverables differently...

...and may not be aligned on actual performance to JBP.
### Challenge 4 Example: Indicative JBP Dashboard*

#### Market View – Category Level

<table>
<thead>
<tr>
<th>Retailer</th>
<th>Share</th>
<th>12 WK</th>
<th>YOY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retailer A</td>
<td>16%</td>
<td>32</td>
<td>56</td>
</tr>
<tr>
<td>Retailer B</td>
<td>12%</td>
<td>(14)</td>
<td>(82)</td>
</tr>
<tr>
<td>Retailer C</td>
<td>11%</td>
<td>(8)</td>
<td>106</td>
</tr>
<tr>
<td>Retailer D</td>
<td>8%</td>
<td>(17)</td>
<td>(45)</td>
</tr>
<tr>
<td>Retailer E</td>
<td>5%</td>
<td>(34)</td>
<td>(147)</td>
</tr>
<tr>
<td>Others (114)</td>
<td>48%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Key Indicators – Category Level

<table>
<thead>
<tr>
<th>Product Line</th>
<th>Sales (M)</th>
<th>Index to Plan</th>
<th>Index to LY</th>
<th>Margin (%)</th>
<th>Index to Plan</th>
<th>Fill Rate TGT: 98.5%</th>
<th>In Stock TGT: 98.5%</th>
<th>OSA TGT: 95%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$63.4</td>
<td>101%</td>
<td>126%</td>
<td>23.69%</td>
<td>91.29%</td>
<td>94.03%</td>
<td>95.54%</td>
<td>95.01%</td>
</tr>
<tr>
<td>Line A</td>
<td>$38.2</td>
<td>102%</td>
<td>118%</td>
<td>24.16%</td>
<td>86.54%</td>
<td>94.40%</td>
<td>94.80%</td>
<td>94.60%</td>
</tr>
<tr>
<td>Line B</td>
<td>$12.6</td>
<td>96%</td>
<td>96%</td>
<td>28.33%</td>
<td>99.20%</td>
<td>99.20%</td>
<td>98.20%</td>
<td>96.60%</td>
</tr>
<tr>
<td>Line C</td>
<td>$8.5</td>
<td>113%</td>
<td>225%</td>
<td>15.48%</td>
<td>96.12%</td>
<td>82.10%</td>
<td>93.20%</td>
<td>92.50%</td>
</tr>
<tr>
<td>Line D</td>
<td>$4.1</td>
<td>85%</td>
<td>92%</td>
<td>22.06%</td>
<td>101.30%</td>
<td>99.50%</td>
<td>99.10%</td>
<td>99.20%</td>
</tr>
</tbody>
</table>

### Key Metrics

- **On Time In Full**: 95.5%
- **In-Stock**: 100%
- **On Shelf Avail.**: 95.0%
- **Sales**: 110%

*Information shown indicative only, not based on any particular retailer or vendor
Conventional Solution: The “Top to Top”

The Discussion Held

Key challenges impacting the relationship:

- Translation of message
- Exclusivity (or lack of)
- Bias (consumer, vendor, retailer)
- Measurement & Metrics

Photo Credit: bobchoat.com
What is Discussed?

Amount of time intended and actually spent on each:

**JBP Component**

**Time Allocated***

<table>
<thead>
<tr>
<th>JBP Component</th>
<th>Intended</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Discussion</td>
<td>None</td>
<td>50%</td>
</tr>
<tr>
<td>Strategic Discussion</td>
<td>None</td>
<td>50%</td>
</tr>
<tr>
<td>Operational Discussion</td>
<td>None</td>
<td>50%</td>
</tr>
</tbody>
</table>

**Result**

- Share, price, space dominate the discussion
- Mapping of the future takes a back seat to the present
- Time spent on last key hit or miss; ‘figure it out and update’

*Results shown indicative based on observation*
So….The JBP is a Chance To:

- **Review key Commercial Aspects of the Relationship:**
  - Sales
  - Profitability
  - Market Share
  
  **Challenge:**
  These are often Win-Lose Arrangements

- **Develop Strategy & Grow Relationship**
  - Trust
  - Joint Priorities
  
  **Challenge:**
  You are one of many partners!

- **Review key Operational Opportunities**
  - Fill Rate / OTIF
  - In Stock
  - On Shelf Availability
  
  **Challenge:**
  Usually based on the Last ‘Failure’
Keep the Faith, There is Hope...

“I find your lack of faith disturbing”

Photo Credit: crossingzebras.com
Focus on the common objectives amongst partners

Despite the bias and pain points reviewed, CPG Manufacturers & Retailers share common strategic objectives:

• **Increase Sales** Through...
  • Newness, innovation, pack size, promotions

• **Reduce Cost** Through...
  • Product touches, packaging configuration, E2E Supply Chain

• **Drive Sustainability** Through...
  • Reverse logistics, damages, environmental footprint

Leverage your common interests for a win-win arrangement!
Best Practices in JBP Creation and Management

Develop a cadence of consistent communication
Create a standardized methodology for how plans are developed and progress is tracked:

• **Commercial** components of relationship
  • Sales, Profitability, Market Share, etc..

• **Operational** performance of partners
  • Fill rate, On-Time-In-Full, In-Stock, On Shelf Availability

• **Strategic** alignment of partners
  • Joint priorities and initiatives to build trust

Avleca provides independent, 3rd party facilitation for your JBP!
How We Help

Exclusive JBP Toolbox delivery partner:

- Development
- Facilitation
- Tracking
- Program implementation
Are We Aligned?

• **CHALLENGE**: count the ‘F’s in the following paragraph:

The necessity of training farm hands for first class farms in the fatherly handling of farm livestock is foremost in the eyes of farm owners. Since the forefathers of the farm owners trained the farm hands for first class farms in the fatherly handling of farm livestock, the farm owners feel they should carry on with the family tradition of training farm hands of first class farmers in the fatherly handling of farm livestock because they believe it is the basis of good fundamental farm management.

• **Answer(s):**

  ZERO - there are no capital ‘F’s
  36 small ‘F’s
  Any number between 1 and 36 could be correct

Reference: http://blog.gembaacademy.com/2010/04/05/can-you-count-are-you-sure/
Strategy Delivered.

Let’s get started:
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info@avleca.com

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DRIVE ENGAGEMENT: Keynote speaking, facilitation and session delivery with industry experts

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Thank You!

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“We are all working together, that’s the secret.”
Sam Walton

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