

Access to Distribution

Housekeeping/Reminders





Mike Cook



- Grew up in the Twin Cities, went to U of M
- Retired after 33 years at General Mills
 - Internal Auditor
 - Finance
 - Operations
 - Sales
- Consulting in Sales, Distribution and Operations
- Hobbies: Golf, Hockey, Tennis and Travel!



Getting On the Shelf-Recap

- Getting shelf placement is a HUGE accomplishment....but your work is just starting!
- **Must remain relevant!**
 - Are there any seasonal events that you need to target
 - New Item promotions, Kickbacks, In Store Flyers, On line activation, etc
 - Your Category Manager is a great resource for what does/doesn't work. Can also provide weekly sales and post promo analysis
 - Be sure to create a tracker that measures lift, investment and promotion type
 - Understand the shelf-what is your competition doing
- Shelves are reset every 6 to 12 months
 - Ask your CM what are the turns for each quartile





Am I ready for a distributor?



Answer in the chat










Are you currently...

- PRE-RETAIL
- SELF DISTRIBUTING
- USING A DISTRIBUTOR

Am I ready for a distributor?



Your customers will influence your distribution strategy

Bronze <\$50k	Silver <\$249k	Gold \$250 - \$499k	Platinum \$500k - \$1M+
 Self Distribution and  Start exploring options	 Self Distribution (still an option) <i>But, focus should be moving to...</i>  Wholesale, Third Party Logistics, Regional or National	 Wholesalers: Combine to gain scale  Customer Pick Up  Direct Ship	 Hub & Spoke  Enterprise Resource Planning

Your Product



Are you shipping **paperclips** or **25lb frozen turkeys**?

Why does it matter?

- What is the best mode of transportation- USPS, Truck, Rail, etc
- Temp/No Temp
- Long/short lead time
- Procurement

What other complexities might you need to consider for your product?



Apply the Learning: Your Product



Refer to your Worksheet

Bronze <\$50k	Silver <\$249k	Gold \$250 - \$499k	Platinum \$500k - \$1M+
What does your product require for successful distribution? (Temp, transportation, lead time)	If you are using a distributor, how well are they handling your product's complexities?	Do you have a grooved process for how you distribute your product?	Are you thinking about the overall wellness of your company and how everything relates to each other (Manufacturing, Sales, Distribution)?
What other complexities does your product have?	Are there inefficiencies in your process/product/packaging that are complicating your distribution?	Have you started thinking about adding supply chain headcount, scale, efficiencies, lead time and lowering cost?	How are you thinking about product size and formulation for other channels? Club packs, food service, etc.



Your Consumer and Customer

Where does your target consumer shop?

Where are your competitors' products?



Farmer's Markets



**Online/Direct
to Consumer**



Retail



**Specialty
Retail**



**Convenience
Stores**



**Food Service/
Back of House**





Your Consumer and Customer



Do you have the infrastructure in place to meet channel demands?

- Can you ramp up production quickly?
- Do you have off-site, finished goods storage?
- Do you have a distributor?
- If self-distributing, do you have trucks/vehicles?
- Are you using a broker or are you selling yourself?
- Have you set up an Electronic Data Interchange (EDI) partner?
- Good understanding of costs/time associated with your channel/customer (Amazon, Costco, Target)
- May want to start thinking about hiring functional experts



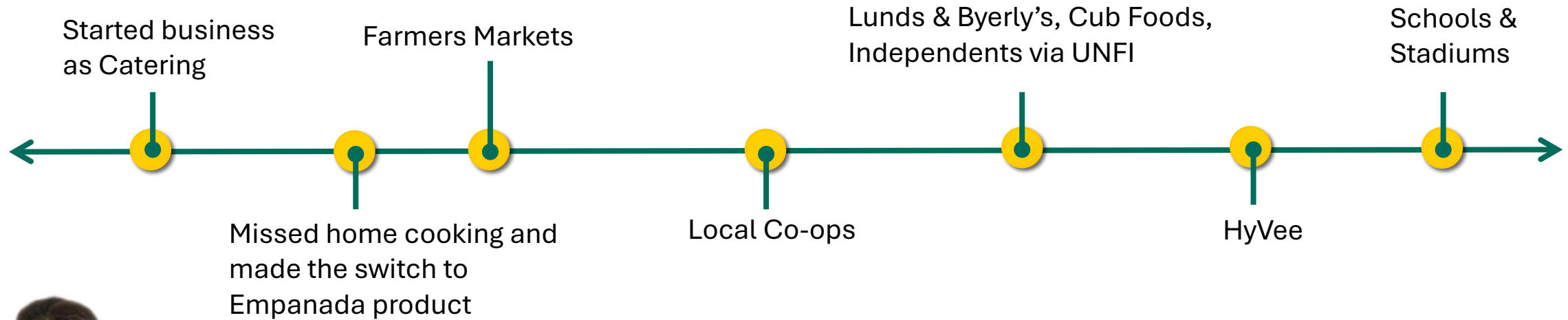
Apply the Learning: Your Consumer & Customer

Refer to your Worksheet

Bronze <\$50k	Silver <\$249k	Gold \$250 - \$499k	Platinum \$500k - \$1M+
<p>Are you confident in who your target consumer is?</p> <p>Where does your target consumer shop?</p>	<p>Are you able to meet your channels' (or desired channels') demands?</p> <p>Planning ahead, what infrastructure (capacity, systems, personnel, equipment) do you need in place to meet your channel requirements?</p>	<p>Do you have the infrastructure in place to start expanding your customer base or explore new channels?</p>	<p>You are no longer the new kid on the block- other manufacturers are coming after you now. How are you keeping a pulse on the market?</p>

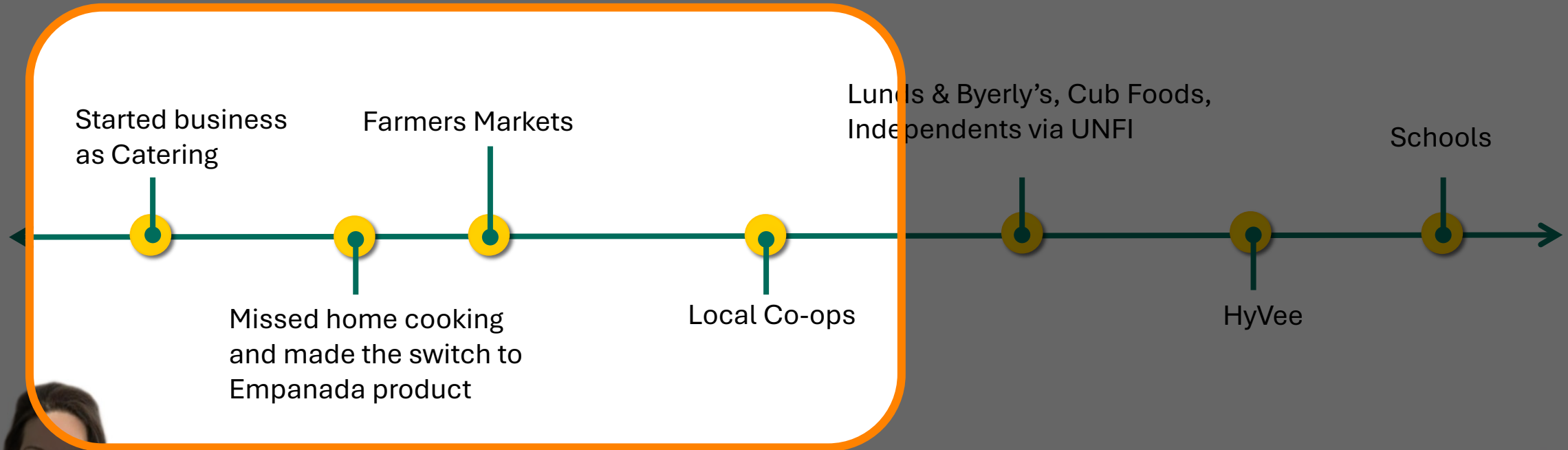


Case Study: Quebracho Empanadas





Case Study: Quebracho Empanadas



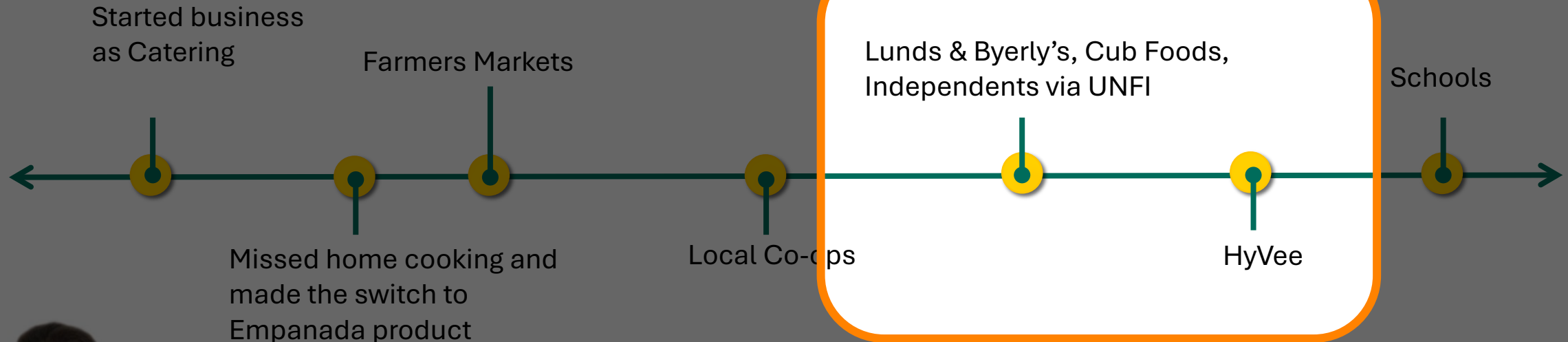
Self-Distribution

... as business grew, Belen navigated the change to using a distributor independently





Case Study: Quebracho Empanadas



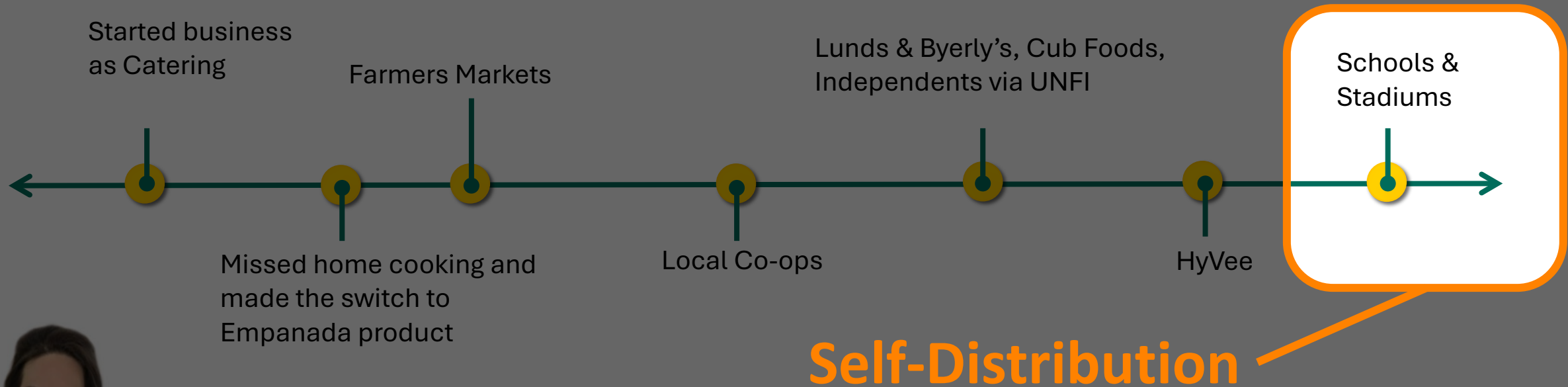
Distributor

- Needed fractional help, hired consultants
- ROI Red Flags!
- Switched Distributors





Case Study: Quebracho Empanadas



Self-Distribution

- Testing new channels (MN United, Schools)
- Back to self-distributing





Working with a Distributor



Questions to ask potential distributors:

- What is their upcharge? (Expect between 10% and 50%)
- What is their fines and fees schedule?
- What stores do they service?
- How often do they visit their stores?
- Do they have dedicated Minority-owned / multicultural contact?
- Are they local, regional or national?



Working with a Distributor

Once you partner with a distributor...



Check on your stores

- Is your product in stock?
- Talk to the store manager



Be thoughtful about your go-to-market strategy (don't take every opportunity that the distributors present)

- Holiday baking recipe, Frozen food month, etc. (they will charge you for this)
- What will get you the most turns? Digital vs Hardcopy

Apply the Learning: Working with Distributors



Refer to your Worksheet

Bronze <\$50k	Silver <\$249k	Gold \$250 - \$499k	Platinum \$500k - \$1M+
<p>Are you able to clearly communicate your distribution needs to potential distributors?</p> <p>Do you know which distributors are the right fit for your product and channels?</p>	<p>Have you interviewed your list of potential distributors and narrowed the list down to 2-3?</p> <p>Have you talked to your peers/advisors and asked if they have a recommended distributor?</p>	<p>Are you ready for a Supply Chain headcount that can manage the day-to-day operations to free up your time to complete CEO duties?</p> <p>Have you explored synergies (mfg, partnering to share resources, fractional employees, etc) as you look to expand?</p>	<p>Do you have a robust Supply Chain team that is focused on meeting current and future demand with a keen eye on cost reduction?</p>

Advice



- Many distributors and customers will support BIPOC and female start ups with additional resources (free ads, fee waivers, dedicated back-office support)



- Network, network, network!



- Ask your stores if they can provide weekly sales data and create a weekly tracker by customer to show sales, lifts, repeat purchases & card data... this will help decide whether an investment was worthwhile.



- Leverage social and PR opportunities
 - Twin Cities Live
 - Star Tribune
 - Minnesota Cup



Future Considerations

❑ Distribution

- What is the most cost-effective way to distribute your product: ie wholesaler, direct ship or CPU
- Note-its not a “one size fits all” strategy-you may direct ship some customers and use a wholesaler for others
- If you choose the wholesaler route-are they scalable-can easily expand as needed

❑ Distribution/Order Management

- Who will manage-3PL or self
- Have you set up an EDI partner
- Who will manage order processing
- Who will process deductions (fines/fees/trade)

Words of Wisdom



FOUNDER ADVICE

- ❑ Start with the end in mind - Begin your business growth strategy with a clear vision of success. Ask yourself, what does success mean for your business? Work backwards from your ultimate goal to plan your business's scaling and capitalization strategy.
- ❑ Identify the channel strategy that connects you directly with your end consumer. With this insight, determine which business model and growth trajectory are most likely to succeed. Finally, reflect on if your level of passion is congruent with the requirements of your path to your success.

Words of Wisdom



FOUNDER ADVICE

- ☐ The geographic location of your customer will play a significant role in which distributor you select
- ☐ Compare upcharges of distributors and know your landed cost to your customer. Distributor markups will eat into your trade dollars as you try and hit a targeted net unit cost

Appendix



- ☐ Martin Bros Distributing Co
 - ☐ Midwest
 - ☐ Frozen, refrigerated, & ambient
 - ☐ Convenience
 - ☐ Wide range of food service flexibility as a small company
 - ☐ [link to martin bros](#)
- ☐ Ron Mar Foods
 - ☐ Minnesota
 - ☐ Refrigerated & ambient
 - ☐ Specialty
 - ☐ “High end/quality” specialty foods
 - ☐ [link to ron mar foods](#)
- ☐ Kuna Foods
 - ☐ Midwest
 - ☐ Refrigerated
 - ☐ Convenience
 - ☐ Impressive variety of food products for a small Midwest distributor
 - ☐ [link to kuna foods](#)
- ☐ Great Ciao
 - ☐ National
 - ☐ Refrigerated & ambient
 - ☐ Specialty
 - ☐ Unique, authentic specialty items
 - ☐ [link to great ciao](#)
- ☐ Fortune Fish
 - ☐ Midwest
 - ☐ Refrigerated
 - ☐ Specialty
 - ☐ Specialize in fresh seafood, sub-division of specialty gourmet food items as well
 - ☐ [link to fortune fish & gourmet](#)
- ☐ POD Foods
 - ☐ Nationwide
 - ☐ Frozen, refrigerated, & ambient
 - ☐ Specialty & retail
 - ☐ Small, nationwide company, pride themselves on making it easy for their customers.
 - ☐ [link to pod foods](#)
- ☐ Norman Distribution
 - ☐ Midwest
 - ☐ Ambient
 - ☐ Specialty & retail
 - ☐ Healthy snacks and beverages, mostly dry products
 - ☐ [link to norman distribution](#)
- ☐ C&S
 - ☐ Nationwide
 - ☐ Frozen, refrigerated, & ambient
 - ☐ Retail and specialty
 - ☐ Own a couple of their own retail and co op stores
 - ☐ [link to c&s wholesale grocerers](#)

Appendix



☐ AWG

- ☐ Large chunk of Midwest
- ☐ Frozen, refrigerated, & ambient
- ☐ Retail & specialty
- ☐ [link to AWG](#)

☐ Kehe

- ☐ Nationwide
- ☐ Frozen, refrigerated, & ambient
- ☐ Specialty
- ☐ Strong, emerging organic, and natural companies
- ☐ [link to kehe](#)

☐ UNFI

- ☐ Nationwide
- ☐ Frozen, refrigerated, & ambient
- ☐ Retail
- ☐ Multicultural division supports entrepreneurs similar to those with 4AP
- ☐ [link to unfi](#)

☐ CoreMark

- ☐ Nationwide
- ☐ Frozen, refrigerated, & ambient
- ☐ Food service
- ☐ [link to coremark](#)

☐ US Foods

- ☐ Nationwide
- ☐ Frozen, refrigerated, & ambient
- ☐ Food service & convenience
- ☐ [link to us foods](#)

☐ Sysco

- ☐ Nationwide
- ☐ Frozen, refrigerated, & ambient
- ☐ Food service & convenience
- ☐ [link to sysco](#)

☐ Pohl Foods

- ☐ MN, WI and Iowa
- ☐ Frozen, refrigerated, & ambient
- ☐ Food Service/Specialty Retail
- ☐ [link to Pohl Foods](#)

☐ McLane

- ☐ Nationwide
- ☐ Frozen, refrigerated, & ambient
- ☐ C-Store, Retail and Food Service
- ☐ [link to McLane](#)

☐ Amazon

- ☐ Nationwide
- ☐ Ambient Focused
- ☐ Retail. Specialty and Food Service
- ☐ Great way to gain distribution quickly
- ☐ [link to Amazon](#)

Appendix



☐ Gordon Foodservice

- ☐ Midwest, East, Southeast
- ☐ Frozen, refrigerated, & ambient
- ☐ Convenience and Food Service
- ☐ [link to Gordon Food Service](#)

☐ Performance Foodservice

- ☐ Nationwide
- ☐ Frozen, refrigerated, & ambient
- ☐ Specialty
- ☐ Convenience and Food Service
- ☐ [link to Performance](#)

☐ Spartan Nash

- ☐ Nationwide
- ☐ Frozen, refrigerated, & ambient
- ☐ Retail
- ☐ [link to SpartanNash](#)

☐ DOT Foods

- ☐ National
- ☐ Frozen, refrigerated, & ambient
- ☐ Retail and Specialty
- ☐ [link to Dot Foods](#)



Distribution Options: Customer

	Bronze	Silver	Gold	Platinum
Retail/ Direct to Consumer	<ul style="list-style-type: none"><input type="checkbox"/> Self Distribution<input type="checkbox"/> Ron Mar Foods<input type="checkbox"/> Norman Distribution<input type="checkbox"/> POD Foods<input type="checkbox"/> DOT Foods<input type="checkbox"/> Amazon	<ul style="list-style-type: none"><input type="checkbox"/> AWG<input type="checkbox"/> Lipari<input type="checkbox"/> Amazon<input type="checkbox"/> DOT Foods	<ul style="list-style-type: none"><input type="checkbox"/> Kehe<input type="checkbox"/> UNFI<input type="checkbox"/> C&S<input type="checkbox"/> AWG<input type="checkbox"/> SpartanNash	<ul style="list-style-type: none"><input type="checkbox"/> Kehe<input type="checkbox"/> UNFI<input type="checkbox"/> C&S<input type="checkbox"/> AWG
Specialty Retail	<ul style="list-style-type: none"><input type="checkbox"/> Self Distribution<input type="checkbox"/> Ron Mar Foods<input type="checkbox"/> POD Foods<input type="checkbox"/> DOT Foods<input type="checkbox"/> Norman Distribution<input type="checkbox"/> Fortune Fish<input type="checkbox"/> Amazon	<ul style="list-style-type: none"><input type="checkbox"/> Amazon<input type="checkbox"/> Great Ciao<input type="checkbox"/> POD Foods<input type="checkbox"/> DOT Foods<input type="checkbox"/> Norman Distribution	<ul style="list-style-type: none"><input type="checkbox"/> Amazon<input type="checkbox"/> Kehe<input type="checkbox"/> UNFI<input type="checkbox"/> Great Ciao<input type="checkbox"/> POD Foods	<ul style="list-style-type: none"><input type="checkbox"/> Kehe<input type="checkbox"/> UNFI
Convenience/ Food Service	<ul style="list-style-type: none"><input type="checkbox"/> Self Distribution<input type="checkbox"/> Pohl Foods<input type="checkbox"/> Martin Bros Dist<input type="checkbox"/> Kuna Foods<input type="checkbox"/> Amazon	<ul style="list-style-type: none"><input type="checkbox"/> McLane<input type="checkbox"/> Gordon Food Service<input type="checkbox"/> Performance Food	<ul style="list-style-type: none"><input type="checkbox"/> CoSysco<input type="checkbox"/> US Foods<input type="checkbox"/> remark	<ul style="list-style-type: none"><input type="checkbox"/> Sysco<input type="checkbox"/> US Foods



Distribution Options: Temperature

Bronze

Silver

Gold

Platinum

Ambient

- ☐ Self Distribution
- ☐ Ron Mar Foods
- ☐ Norman Distribution
- ☐ POD Foods
- ☐ DOT Foods
- ☐ Amazon

- ☐ Martin Bros Distributing
- ☐ Ron Mar Foods
- ☐ Great Ciao
- ☐ POD Foods
- ☐ DOT Foods
- ☐ Norman Distribution
- ☐ Amazon

- ☐ UNFI
- ☐ C&S
- ☐ Kehe
- ☐ SpartanNash
- ☐ US Foods
- ☐ Sysco

- ☐ UNFI
- ☐ C&S
- ☐ AWG
- ☐ Kehe
- ☐ US Foods
- ☐ Sysco

Refrigerated

- ☐ Ron Mar Foods
- ☐ Norman Distribution
- ☐ POD Foods
- ☐ DOT Foods
- ☐ Martin Distribution
- ☐ Fortune Fish
- ☐ Kuna

- ☐ Martin Bros Distributing
- ☐ Ron Mar Foods
- ☐ Kuna
- ☐ Great Ciao
- ☐ Fortune Fish
- ☐ POD Foods

- ☐ UNFI
- ☐ C&S
- ☐ Kehe
- ☐ SpartanNash
- ☐ US Foods
- ☐ Sysco

- ☐ UNFI
- ☐ C&S
- ☐ AWG
- ☐ Kehe
- ☐ US Foods
- ☐ Sysco

Frozen

- ☐ Ron Mar Foods
- ☐ Norman Distribution
- ☐ POD Foods
- ☐ DOT Foods
- ☐ Martin Distribution
- ☐ Kuna

- ☐ Martin Bros Distributing
- ☐ Ron Mar Foods
- ☐ Kuna
- ☐ Great Ciao
- ☐ Fortune Fish
- ☐ POD Foods

- ☐ UNFI
- ☐ C&S
- ☐ Kehe
- ☐ SpartanNash
- ☐ US Foods
- ☐ Sysco

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- ☐ Sysco

Glossary



3PL: Third Party Logistics. A company that can provide warehousing , transportation and inventory management.

Carlot: The cost of the unit (usually a case) that you are selling to your customer (retailer or wholesaler).

Channels: Categorization of stores. For example, Retail (Kroger), Club (Costco), Natural/Organic (Whole Foods), Food Service (Restaurants), Convenience (Gas Stations).

CPG: Consumer Packaged Goods.

CPU: Customer Pick Up: When a retailer comes to your warehouse with their truck to pick up the product they ordered.

Deductions: The process for which a retailer will seek payment for Trade, Fines, Fees and other chargers. They will short pay an invoice the amount of dollars owed.

Direct Ship: Manufacturer ships the product from their warehouse or plant to the customer's warehouse

EDI: Electronic Data Interchange-exchange of standardized business information (ie PO, Invoice, Shipping Notices). Often a requirement for all manufacturers/

ERP: Enterprise Resource Planning. A software system that runs your entire business: Manufacturing, Finance, HR, Supply Chain Procurement and more

Glossary



Hub and Spoke; As a manufacturer grows it will open warehouses closer to their large customers to reduce lead time

Lead Time: Amount of time required by the manufacturer to fulfill and ship an order to a customer. Customers will always push for a shorter leadtime

Net Unit Cost: Unit Cost less any trade provided by the manufacturer. For example, \$60 case less \$10 in trade has a net cost of \$50. Divided by a case pack of 12 you have a net unit cost of \$4.17

Shelf Price: Price of an item on the shelf that the end consumer sees. Note-shelf price is determined by the retailer-not the manufacturer-but can you suggest a target price

Trade: Dollars provided by the manufacturer to reduce the cost of an item-usually leveraged during a sale to reduce the shelf price

Unit Cost: Carlot divided by number of packs in the case. For example, \$60.00 case carlot and each case has 12 sell units, the unit cost is \$5.00

Wholesaler/Distributor: A third party that receives product from the manufacturer and in turn will ship to customers that they service. For example-UNFI supplies product to Cub Foods so when Cub orders cases it will be fulfilled by UNFI. UNFI will in turn order replenishment stock from the manufacturer. Note: Wholesalers will add an upcharge to the carlot when selling to its customers-it can be anywhere from 5%-45%

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