

NBWA

AMERICA'S BEER & BEVERAGE DISTRIBUTORS

NEW WEBINAR
JULY 20 | 2PM ET

Navigating Summer 2023 in the Beer Industry: Bottom Line Best Practices for your Business



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STRATEGIC ROADMAP

Strategy #1:
Increase Gross Profit

Strategy #2
Reduce Cost & Waste

Restructure Based on
Future Needs of the
Company





STRATEGY #1

INCREASE GROSS PROFIT



INCREASE GROSS PROFIT

ENHANCE YOUR BRAND MANAGEMENT

- Don't agree to supplier discounts if the volume won't exceed the discount breakeven volume required.
 - Teach brand managers to push back and make sure you have the brand managers' backs.
- Improve the mix
 - Increase the percentage of PFP dollars and the number of objectives tied to high GP \$ SKUs
 - Ensure the right products are in the right accounts
 - Increase the price on smaller volume brands.
- Use data & technology to win in the market
 - NBWA's Beer First tool

Real Example – Same Product

30 pk - \$3.79 GP \$ / CE

18 pk - \$6.19 GP \$ / CE



INCREASE GROSS PROFIT

STRATEGIC RESOURCE ALLOCATION

- Allocate resources to growth areas
 - Total beverage
 - Space management
 - Best sales personnel focused against best sales opportunities

Tier 1 Rep

Best Rep in Best Sales Opportunity

- Account density
- Ability to influence the account / access to decision maker
- Legitimate volume to warrant a skilled sales professional

Tier 2 Rep

Service Rep in All Other Accounts

- Ensures account is up-to-standard
- POS is up-to-date
- Check product code dates
- Completes required surveys
- Reports competitive activity to Mgmt.



INCREASE GROSS PROFIT

BECOME A TOTAL BEVERAGE COMPANY

NAs have been homerun profit contributors for wholesalers in all markets & size

- Ensure you are investing enough in the NA division and products
 - Finding new brands
 - Keeping shelves stocked
- Ensure reps have enough time to sell and stock the NA shelves and cooler
- Connect with fellow wholesalers in key markets to see which new NAs are hot & tested before going national





STRATEGY #2

REDUCING COSTS

REDUCING COSTS

MAXIMIZE ROUTING EFFICIENCY

- Manage service frequency
 - Update service policies
 - Stops drive costs up
- Route delivery 1st, not sales
- Reroute more frequently
 - 2x / year, not 1x / decade
- Redefine delivery methodology
 - Drop & go
 - Chasers / merchandisers
 - Two-person routes (all large stops)
 - Spread out bulk drop stops
- Balance volume & stops across the days of the week



REDUCING COSTS

REDUCE LABOR COST

- Service frequency
 - Reduce # of sales, delivery & merch routes

- Redefine sales model
 - Only specialize sales force where you get a benefit
 - Introduce more lower-costs sales reps in accounts that can't be influenced and/or don't have the volume to warrant a high-cost sales professional
 - Reduce geographic overlap by blending channels with more combo sales reps
 - Expand use of online ordering
 - Does not replace the need for sales presence in the account
 - Allows you to adjust sales call frequency



REDUCING COSTS

MANAGEMENT & SUPPORT

- Management structure
 - Reduce layers between Sr. management and the street
 - Spans of Control (Target 7:1 in sales w/ proper support)
 - Geographic supervisors and managers
- Tie mgmt. comp to controllable profit drivers
 - Department expenses
 - FPL
 - Overtime
 - Gross profit contribution
- Reduce KAMs & Brand Managers by providing admin support
 - Common for KAMs & Brand Managers to spend 30% of their time doing admin work
 - Spending too much time in the market at an individual store level

**Management Theme For
2024 & Beyond**
**Fewer but Better Managers
with More Support**



OTHER STRATEGIES FOR PROFIT ENHANCEMENT

- Eliminate waste
 - Get fanatical about managing FPL
 - Significantly reduce off-day deliveries
 - Improve accuracy in the warehouse to eliminate rework
 - POS & sign service policy

- Charge legitimate expenses for Special Events

- Apply true cost of sign shop against CPC
 - Not just materials

- Implement service charge (where legal)



The image features a white background with decorative geometric elements. In the top-left corner, there are overlapping shapes in dark blue, medium blue, and light grey. In the bottom-right corner, there is a light grey triangle. The text 'RESTRUCTURING FOR THE FUTURE' is centered in a dark blue, sans-serif font.

RESTRUCTURING FOR THE FUTURE

RESTRUCTURING COMMENTARY

- You can't change the people without changing the work
 - Don't just cut personnel without reducing the amount of work
 - Don't keep adding time to the system without adjusting workloads

Step 1 – Redefine the work

Step 2 – Build new routes & determine street-level staffing requirements

Step 3 – Determine management structure & support required based on new staffing

Step 4 – Finalize new org structure

- Build from the bottom up – fill from the top down



EXAMPLE PROJECT TIMELINE

Project Component	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	
Strategy Development & Data Scrub	x	x	x	x	x																
Routing						x	x	x	x	x	x	x	x								
Structure Design & Personnel Decisions										x	x	x	x								
Internal Notification														x	x						
Customer Notification																x	x	x	x		
Implementation																					x

- Major restructures always take more time than people think
- Don't skip steps or go out of order – will end up having to go back and redoing
- Get started sooner rather than later – especially if you are dependent on a 3rd party
 - Such as a routing provider



ABOUT VERNO CONSULTING

- **WHY** - Beverage wholesalers are still structured & operating the same way they have been for years even though the market is changing rapidly, including their retailers, consumers, suppliers & employees.
- **WHAT** - Verno Consulting provides industry specific best practices and a proven project management methodology to help wholesalers accomplish their specific goals.
- **HOW** - Verno designs customized solutions to better align their client's strategy, structure & processes to ensure they are staying ahead of the rapidly changing industry.



Verno's

BEVERAGE BRIEF

➤ Relevant Back Issues

- Wholesalers as Total Beverage Companies
- Routing Strategies
- Long Range Planning
- Selling to Online Accounts
- Channel Specific Sales
- Spans of Control
- Centralized Sales Support
- Small Format Delivery Options
- Management Compensation
- Sales Rep PFP Objectives
- Special Events

9 New Issues / Year, 150+ Back Issues
\$700 / Year

Email WesVerno@vernoconsulting.com

- **Company Name & Address**
- **Name & Email of 3 Managers**

