

# Post-Coronavirus Planning for Foodservice Manufacturers

## Collaborative Selling Model for Manufacturers in the Post-COVID Foodservice Environment

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**Should your go-to-market model change in the new post-COVID Foodservice environment?** In this white paper we examine how manufacturers should approach, sell, support and partner with their top regional and national chain customers in our emerging post-crisis marketplace.

Crisis is the true catalyst of change because it forces us to rethink our business and consider doing things we would not have otherwise considered. As leaders we must guard against complacency and continuously evaluate our business models in light of the everchanging market. Never has that been truer than it is today.

As we look forward, we should ask ourselves these questions: What do my most important customers want from me now? Is the support we are bringing to them align with what they now need? If not, how should it change?

Additionally, we should examine how we are bringing that value, including the process, cadence and format through which we interact and deliver value to our top accounts.

These are unprecedented times and we should expect some significant revolutions in how operators conduct business. We are all looking forward to “coming out the other side”, but we should use this time wisely to ensure we are poised and ready for the new normal ahead of us.

## The Evolution of Selling

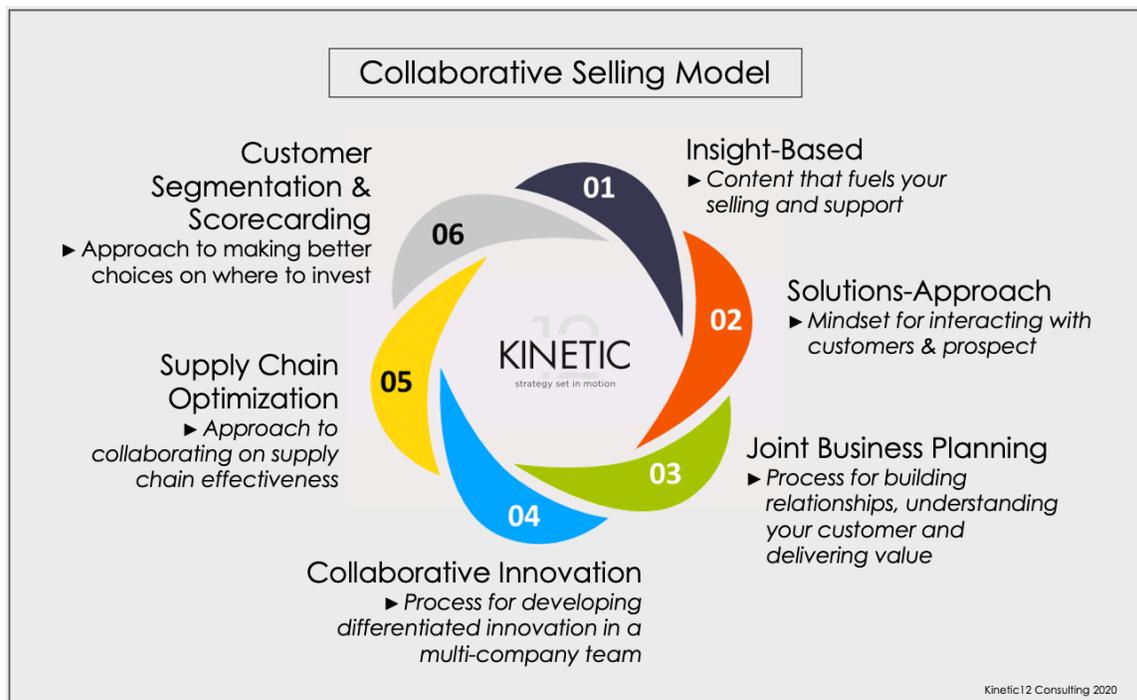
What operators need from their suppliers has continuously evolved from the basic “sell me a product that meets certain specifications” to the more advanced “help me grow my business”. Over the past several decades selling approaches have also evolved to better deliver upon these expectations. The traditional content-based feature & benefit sell is no longer sufficient for most customers and now selling organizations are transitioning from a consultative sell to a more collaborative selling approach.

While collaborative selling can be a powerful approach to developing strategic long-term relationships, it takes a heavy investment of resources to execute successfully and is not necessarily appropriate for all relationships. Using the Relationship Pyramid from the Operator Collaboration Model, we would see collaborative selling reserved for only key trading partners that fall in the top two levels of the pyramid.



## Looking Forward: The New Collaborative Selling Model

The new “Collaborative Selling Model”(below) frames up 6 dimensions of what we see as best-in-class account support in our new post-COVID world. These principles apply to both regional and national chain restaurant customers as well as other key operator partners. The model has 6 parts: Insight-Based, Solutions-Approach, Joint Business Planning, Collaborative Innovation, Supply Chain Optimization and Customer Segmentation & Scorecarding.



### 1. INSIGHT-BASED: Content that fuels your selling and support

Bringing value through insight has never been more important. Operators will be reducing layers of management and cutting incremental spending in order to reduce costs. At the same time they are questioning everything about their operation, menu and messaging. Bringing quality industry insights that inform their decisions will allow your customers to pivot more quickly and with greater confidence. That is value.

Being viewed as the category knowledge leader can be a powerful differentiator for a supplier. To be the category leader you must be an expert on how consumers and operators view and use your category, how the category is evolving from an innovation perspective, how R&D and manufacturing are being deployed to improve costs, taste, nutrition, etc., and how operators can utilize your products and services differently to make their operations more successful.

Best-in-class suppliers infuse insights into all aspects of their go-to-market approach, from innovation selling, to culinary support. General knowledge around the economy and foodservice industry can be presented in monthly newsletters, quarterly business reviews and innovation brainstorm sessions. Emerging chains are even more reliant on key suppliers' partners to provide them insights critical for their success.

Knowledge and insights will be even more important as we transition into our new post-COVID normal.

## **2. SOLUTIONS-APPROACH:** Mindset with which you approach your customers

Identifying opportunities that may not be readily apparent to your customers and offering solutions for those opportunities is key to the Collaborative Selling Model. The idea of solving an operator problem, versus pushing the features and benefits of a product or service, is an important shift in selling approach.

The COVID crisis has created a renewed operator focus on efficiency and simplicity. This is manifesting itself in a simplification of menus, a reduction in skus coming into the restaurant, a tightening of kitchen operations and a trimming of staff both in units and at the head office. This means two things for suppliers. First, operators need help to re-design their menus and ensure the products they buy are flexible enough to be used across multiple menu items, and secondly, operators don't have the resources to do it all themselves. This means that consulting to solve problems is now essential and suppliers that do it well will enjoy greater access and success. Conversely, "pushing" versus "solving" will likely result in a shut door.

Successful selling in our new normal must include the adoption of an "operator support mentality". Sales leaders must instill this mindset throughout their sale teams. There is nothing more powerful than demonstrating solutions to transform the thought process of the operator.

## **3. JOINT BUSINESS PLANNING:** Process for building relationships, understanding your customer, and delivering superior value

Joint Business Process (JBP) is a useful process for building a win-win relationship and effectively supporting larger accounts, although elements of this can be adopted for midsize customers also. JBP is a customized collaborative planning and engagement process that includes writing a plan with your customer to identify and align on initiatives for growth, innovation, cost-savings, merchandising and more. Once the plan is built it serves as a roadmap for working together and is a more effective approach than bouncing from initiative to initiative based on your sales person's ability to sell them in.

Going forward, post-COVID, we can expect that operators will move to align more closely with fewer suppliers. With the reduction in investment and resources due to COVID-19, tapping more deeply into manufacturers for support only makes good business sense. These new supplier partners will be chosen based on two things; their demonstrated capabilities and their willingness to provide support.

Proactively approaching your top customers with a JBP process will demonstrate your willingness to invest with them. It is an essential component of the new Collaborative Selling Model.

## **4. COLLABORATIVE INNOVATION:** Process for developing differentiated innovation in a multi-company team

Over the past 15 years, innovation has become a core differentiator for operators. Arguably they have leaned too heavily on menu innovation for their differentiation. New menu item launches at the top-200 QSR and Fast Casual chains have been added at an increasing pace over the past five years, from 1,100 new items in 2014 to more than 1,500 in 2019, according to Datassential. The current situation may change that, at least short term. The focus is shifting to business innovation around off-premise services, ordering and production technology, sanitization and food safety.

This COVID-induced shift in innovation means operators have an even greater need to collaborate with suppliers because the type of innovation they require is focused on more than just product and culinary, which

has been their comfort zone. Over the past several years the adoption of a collaborative innovation approach between suppliers and operators has accelerated as the need to differentiate in a crowded market became crucial. This will not change.

The need to work collaboratively on innovation continues to make sense for all parties involved and while we expect the focus on innovation to potentially shift short-term, manufacturers who have collaborative innovation capabilities will be in great demand.

## **5. SUPPLY CHAIN OPTIMIZATION:** Approach to collaborating on supply chain effectiveness

At the outset of the COVID crisis, supply chain management was the primary focus for many operators. Understanding inventory levels, production schedules and ingredient supply status were top priorities in order to dimensionalize both their supply risks and potential unused inventory obligations. This served as an important reminder of the critical importance of supply chain visibility and the need for effective tracking and greater transparency.

Supply Chain Optimization provides a platform for collaboration between growers, manufacturers, 3PLs, distributors and operators to create an improved integrated supply chain. The challenges are significant, from the adoption of a global data standard, such as GS1, to the development and use of new technologies like blockchain to seamlessly track and store end-to-end data. The benefits of the industry's collective efforts to optimize the supply chain are many, including greater efficiency throughout the system, reduced costs, improved risk management, better availability of information and ultimately, an improved experience for the restaurant patron.

Moving forward there will be a greater need and expectation for improved supply chain visibility and collaboration. It will be important for manufacturers to be able to clearly communicate their supply chain capabilities throughout the selling process and those manufacturers with enhanced supply chain capabilities can expect to have an advantage over their competition.

## **6. CUSTOMER SEGMENTATION & ROI SCORECARDING:** Approach to making better choices on where to invest

As we emerge from the COVID crisis the importance of customer targeting and the allocation of limited sales, marketing, culinary, insights and R&D resources will be more important than ever. Many suppliers prioritize their customers based on size and profitability only. A more useful approach is to segment customers and prospects based on value and opportunity. This involves an assessment of the return you receive from an account (in terms of revenue, volume, profit and/or brand ubiquity) versus the cost to serve and develop the account (in terms of people, investment and production resources).

Deployment of the Collaborative Selling Model should begin by segmenting your customers based on an assessment of your existing relationship. This is done using a series of "relationship characteristics" such as how open they are to your value offering (insights, culinary, innovations, etc.), and the strength of your existing relationship across their functions beyond procurement, along with the core metrics of revenue, profit, growth and the total resources that account requires to manage (i.e. the cost to serve).

Manufacturers need to be diligent in assessing the state of relationships with key customers. Relationships that were collaborative in the past may evolve to more transactional as operators are transformed by the Covid crisis. However, the crisis may also open other opportunities in new segments and/or with new customers. Manufacturers should assess these opportunities by determining the potential relationship and then deploying sales resources based on that assessment.

Not all customers can receive the same investment of your time and resources. Effectively deploying resources is one of the top jobs of sales leadership and a core element of the Collaborative Selling Model.

**Change is upon us and we must respond** – Now is the time to look forward and challenge how you go-to-market. Collaboration is a two-way street and takes commitment and trust from both sides but can also lead to a stronger relationship and long-term business success. The Collaborative Selling Model can help. It is a framework of what we see as best-in-class account support in our new post-COVID world.

IFMA & Kinetic12 have developed best practices in Joint Business Planning, Collaborative Innovation, Supply Chain Optimization and Account Segmentation (Operator Collaboration Model). Please contact IFMA or Kinetic12 for more information on the best practices.

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*The International Food Manufacturers Association (IFMA) works to improve industry practices and relationships while equipping every foodservice manufacturer with the tools to navigate their future with confidence.*