

# Strategic Initiatives

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**Discover.**

**Analyze.**

**Strategize.**

**Implement.**

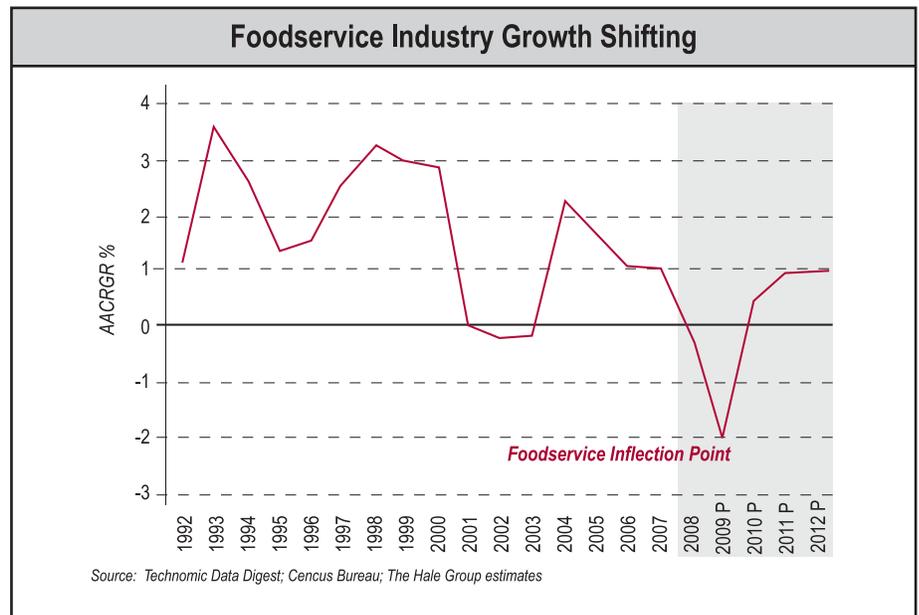
**Measure.**

## Foodservice Industry Is at an Inflection Point

William P. Mason & William C. Hale

The Hale Group is witnessing the hostile economic impact on the foodservice industry, in conjunction with an industry that is already entering its mature phase.

Last month Sysco reported a quarterly decrease in sales of 1% (nominal) and 7% food inflation rate resulting in an estimated real volume loss of 8%. Sysco is not alone. We have confirmation from a broad range of other industry participants that they, too, are realizing the same or similar results.



**All indicators suggest that foodservice has reached an inflection point, essentially a marker for a turning point.** Other industries have experienced similar points in their development; we should look to their experiences to gain a perspective on what is yet to come. As industries experience reduced rates of growth, the resulting scenarios include:

- Continued and, in many cases accelerated consolidation
- Increased focus on share and strategies to maintain margins
- Shift from “too much” to “just enough” inventory (asset rationalization)
- Amplified attention on service levels as a competitive tool
- Growth of importance placed on the customer portfolio

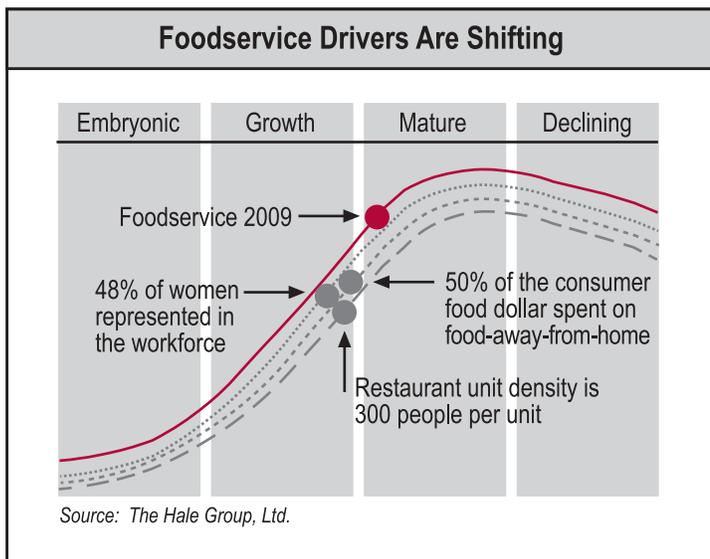
So where is foodservice going and how do industry participants respond?

We suggest that there are opportunities to be addressed and share to be gained but they require change – shifts in strategy, structure and execution. As you charge forward in 2009, we challenge you to plan for the future.

2. Build and rapidly implement a more analytical, structured, directed and measured approach to customers / segments
  - *New and different skill sets will be required*
3. Solidify the sales, marketing, and customer service efforts to be focused, compelling and aligned around a demonstrable and relevant value proposition
  - *Integrate sales, marketing and customer service around the customers / segments*

***“In the past it was about participation; in the future it will be about selection.”***

4. Streamline and enhance the productivity of the go-to-market organization
  - *Restructure for the future*
5. Address organizational dysfunction / unproductive friction wherever it exists
  - *Eliminate silos and create transparency*



A new era in foodservice is emerging. The success model of the future is dependent on focused and targeted strategies, reorganizing, redirecting and realigning. We urge you and your organizations to understand where the industry has been, recognize its likely path in the future, evaluate your current position and fit, and then act based on the development of future scenarios.

For more information on industry trends, growth strategies and more, please call us at 800-229-4253 (Boston), 415-285-3616 (San Francisco) or by email at hale@halegroup.com.

**Strategic priorities to be considered:**

1. Shift from understanding to knowing your strategic customers and segments
  - *Beyond surveys, understand the customer's economic business model, their consumer value proposition and strategic priorities*