

Strategic White Paper
C o n f i d e n t i a l



“The difficulty is not in coming up with new ideas, but to undo the old ones.”

– Chinese Proverb

A New Era Emerging in Foodservice: Outside-In

Potential Outcomes and Implications

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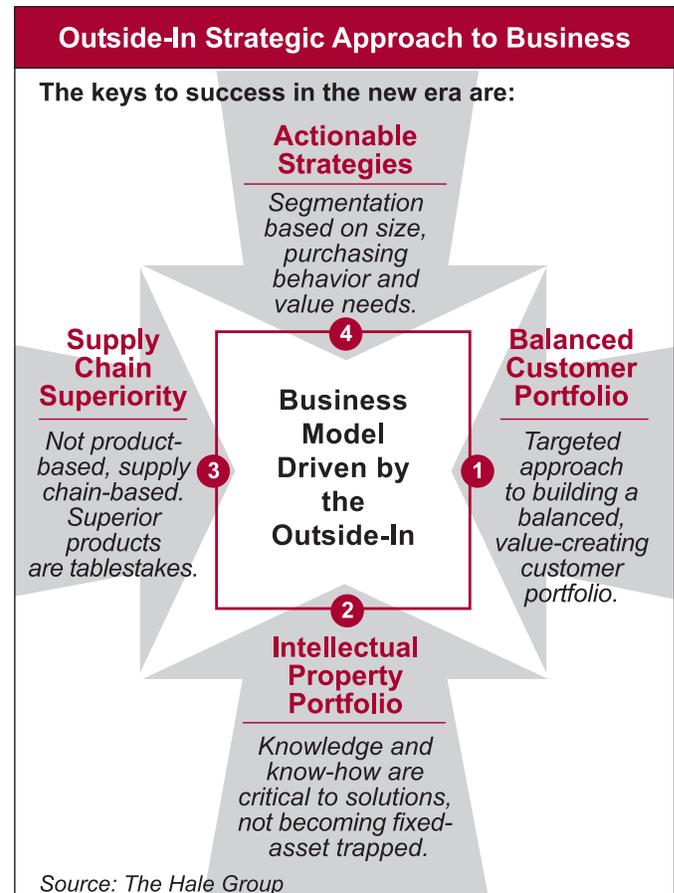
EXECUTIVE SUMMARY

The growth strategies of companies operating in the foodservice space are a major area of focus at The Hale Group's practice. From this unique viewpoint, we observe a wide range of situations that beg the question: "What is driving growth?" The Hale Group reflects on strategies that work and those that are not producing positive results. From these data points, we conclude that a new era is emerging in the foodservice space and it will precipitate the following changes:

1. The success of foodservice organizations will depend on their ability to develop a new strategic focus and new competencies.
2. The new era will be characterized by an intensely "customer-driven" strategy, replacing what is more casually referred to now as a "customer-centric" strategy.
Note: Strategies that we observe as being customer-centric are frequently given lip service versus what is materializing on the horizon.
3. The development of strategies will require "outside-in" versus "inside-out" thinking. This is a radically different approach for many companies in the foodservice arena.

The reality of the new era is fewer customers with numerous supplier options; therefore, participants' success in the foodservice industry will be defined by customer-driven strategies. This reality has implications for all levels of the foodservice channel - manufacturers, distributors, brokers and operators.

The Hale Group has developed processes and tools to help organizations gain perspective on the opportunities and challenges in the new era and to assist organizations in transforming their strategies, cultures and organizational capabilities to meet the requirements of this new operating environment.

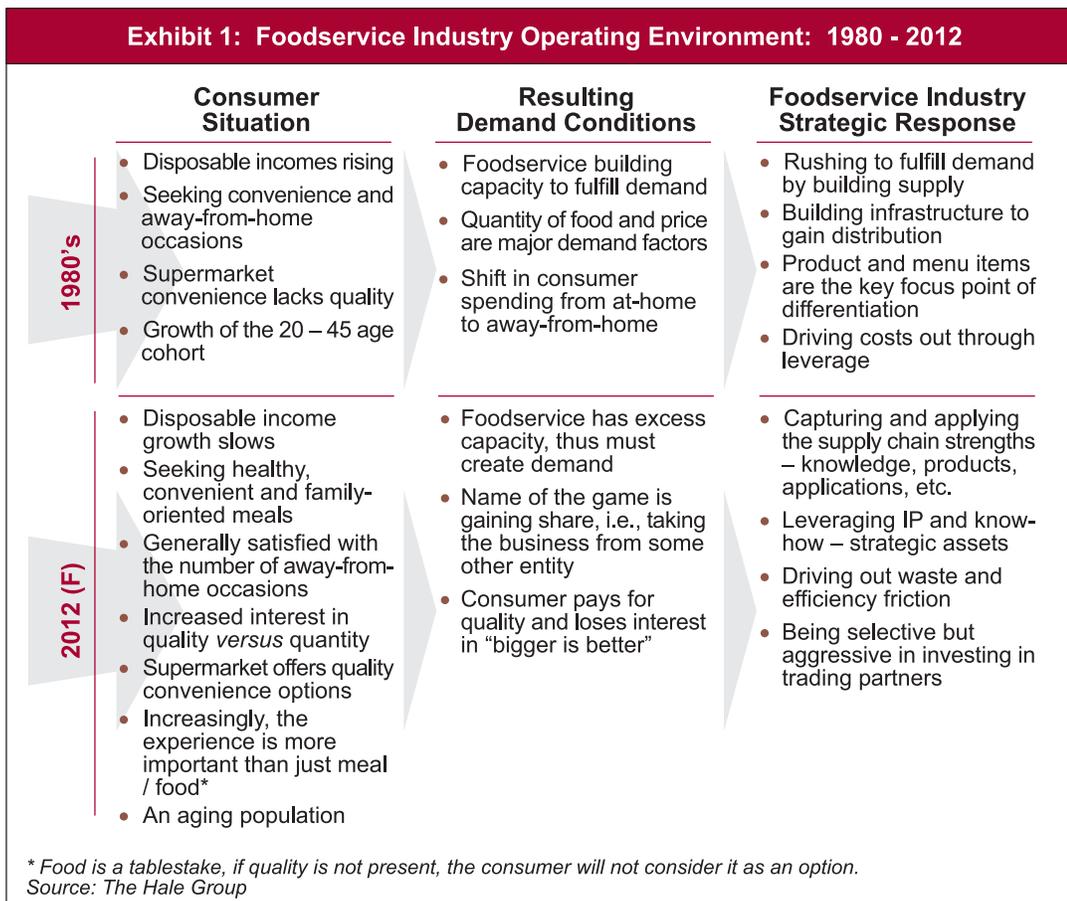


CONSUMERS AS THE AGENT OF CHANGE

Consumer demands and desires define the state of the food-service marketplace and industry. As the consumer’s situation changes, the demand for foodservice meals prepared “away-from-home” is altered. The consumer’s economic well-being, confidence and comfort, need states, and access to alternatives and options, all impact the condition and nature of the foodservice marketplace.

Exhibit 1 outlines the change in the consumer’s state of affairs and the resulting impact on the industry’s strategic posture. We use two time data points to illustrate this correlation between the consumer’s circumstances and the food-service industry’s response.

In contrast to the consumers of the 80’s and 90’s, today’s consumer is not experiencing the same growth in income. The consumer’s economic situation is different and as a result, the importance of a “total experience” is becoming more valuable than just the food. Today’s consumers are still seeking convenience, but quality, healthy offerings and speed are becoming more important. Alternatives on the supermarket shelves / cases are a great deal more attractive than those offered in the 80’s. The consumer, based on recent research, is not looking to have more meals eaten away-from-home, but rather upgrading the meals and experiences they currently eat away-from-home. The industry must focus on better, not more, and on consumer solutions, experiences and satisfaction. It will increasingly become a share game, not a fulfillment game.



We envision this underlying condition as the agent of change for the U.S. foodservice industry over the next few years.

THE CHANGING OPERATING ENVIRONMENT

The foodservice industry, as with any industry, is a marketplace of constant change. The operating business models of today are different from yesterday and will certainly be different than the successful business models and value propositions of tomorrow. Yet, frequently our strategies and structure largely reflect

the past and are slow to anticipate the future. Change provides opportunities, but also risks. In many organizations, risks are to be avoided; thus, the “tweaking” of strategies and structures is the modus operandi. The results are commensurate with “tweaking” *versus* “changing.” Risks can be managed if they are guided by a thoughtful and visionary transition plan – one that manages risk while allowing for the transition to a new business model.

During the 80’s, the consumer was flush with income, discovering the ease of “food-on-the-go” and new eating experiences - the alternatives to the foodservice industry’s offerings were not as attractive. The consumer was driving foodservice growth and the industry was building distribution to fulfill the rising demand. The concept of “rising tides lift all boats” was certainly true for foodservice industry participants at that time.

Exhibit 2 gives a brief review of the foodservice industry from 1970 – 2012 (F). The flow chart in Exhibit 2 traces just one aspect of the foodservice channel – the manufacturer-customer relationship and its strategic evolution. (The Hale Group will have ample opportunities to trace the evolution of the distributor-operator relationship and the operator-consumer relationship in future white papers.)

After their discovery of the foodservice opportunity in the 70's and 80's, the primary strategic focus of food manufacturers was getting product into distribution – i.e., filling the distributor's warehouse slots. The customer was the distrib-

utor and all efforts were positioned to build distribution. Sales activities were the name of the game. By the 80's, the slots were filled and the manufacturer's strategic course was to create turns of product in those slots. As a result, limited marketing activity was added to support the manufacturer's sales force. The sales force managed the distribution relationship and their brokers or direct sales forces assisted the distributors with operator calls. The marketing function, at that time was concerned with trade advertising and promotional activity, principally spiffs, for the distributor's DSR ("let's get the DSR focused on selling our products") and coupons for operators ("let's give the operator a reason to

choose our product.") By the late 80's, distributor growth programs arrived when General Foods' marketing department developed a program to reward distributors for "above the goal" sales growth of General Foods' products. Pay-for-performance was the new strategy — *the "if you sell more, you get more" philosophy.*

Major chains were clamoring for attention from the manufacturing community by the mid 80's. The response was the emergence of separate sales forces dubbed national accounts sales. These sales efforts were aimed at the Top 100 chains and, in actuality, probably focused on the Top 50. Manufacturers recognized the necessity of this split business development effort (distributors and national accounts) and gradually responded to the customer's changing characteristics, needs and fulfillment requirements.

Exhibit 2: Evolution of Food & Beverage Manufacturers' Foodservice Go-to-Market Strategies			
	Strategic Thrust	Organizational Strategies	Key Elements
1970	<ul style="list-style-type: none"> Fill distributor slots with your products <ul style="list-style-type: none"> – Push strategy – Fulfill demand 	<ul style="list-style-type: none"> The sales force is the organization 	<ul style="list-style-type: none"> Foodservice recognized as a desired market for participation
1980	<ul style="list-style-type: none"> Pull product through distributors slots <ul style="list-style-type: none"> – Pull strategy – Fulfill demand Respond to big national accounts <ul style="list-style-type: none"> – Separate sales people – A tactical response 	<ul style="list-style-type: none"> Sales force Limited marketing support 	<ul style="list-style-type: none"> Growth through couponing, advertising, and DSR spiffs Growth programs emerge
1990	<ul style="list-style-type: none"> Gain market access with programs <ul style="list-style-type: none"> – Attempt to consolidate positions with distributors National accounts key part of business <ul style="list-style-type: none"> – Separate sales force – Limited marketing and culinary support 	<ul style="list-style-type: none"> Sales force Product marketing Shared R&D Limited training Limited culinary Limited consumer insight 	<ul style="list-style-type: none"> Growth through programs Some new products Trade funds shift from promotions and advertising to trade programs
2000	<ul style="list-style-type: none"> Value-added business models <ul style="list-style-type: none"> – Training, marketing, culinary – Offered to operators and distributors Regional as well as national chains become important for new demand 	<ul style="list-style-type: none"> Sales force <ul style="list-style-type: none"> – Distributor – National account – Product & channel – Culinary – Dedicated R&D – Limited training – Product SWAT teams 	<ul style="list-style-type: none"> Value-added business models emerge <i>versus</i> just product-oriented models
2012 (F)	<ul style="list-style-type: none"> Customer and / or customer segment strategic plans bring focus and tailored responses to drive business Knowledge creates value and demand through new strategies and capabilities 	<ul style="list-style-type: none"> Organizations redesign to fit customer-driven <i>versus</i> product-centric strategies Greater consumer and customer insight 	<ul style="list-style-type: none"> Customer strategic plans Market access strategies

Source: The Hale Group

As we entered the 90's, the world continued to change: chain restaurants and major contract feeders were approaching a 50% share of the market; distributors were facing an accelerated consolidation period; manufacturers were facing a new marketplace with larger, more sophisticated customers, more diverse product portfolios, customers demanding trade support and more centralized decision-making at the customer level.

- National accounts were increasingly looking to the manufacturer for new growth vehicles and product concepts, which led manufacturers to develop a “mass customization” approach. As the manufacturer organizations tried to implement mass customization, some were more successful than others. The manufacturer’s supply chain often was not created to meet customized needs and as a result, strained the system and cost structure. On the other hand, the positive result was relationships became more collaborative.
- Distributors looked to manufacturers for greater sales support and category management, yet distributors took back control of their DSRs. The spiffs became less important, trade advertising was less important, and by the late 90's, “growth programs” had become “the program.” For the first time, large distributors established the auctioning of product categories — comparable quality with the most aggressive program won the distributor’s bid and became their preferred vendor. Relationships became more contentious during this shift. Distributor brands gained share as their quality improved. DSRs were incentivized to sell these products and more products were offered under the distributor brand.
- Operators were becoming bigger and their organizations had more functions with specialized expertise. Chains had scale and resources to win market share. The successful independent operator had a unique or a clearly defined niche. While independents were still a major piece of the market, manufacturers were finding it increasingly difficult to reach the independent operator. Unless the operator was “big,” they were left to their own device to survive or they looked to their distributor for assistance. Meanwhile, it was no longer the Top 100 that were important in the marketplace, but the Top 200. Regional chains were establishing roots to support their expansion in the late 90's into the 2000's.

The 90's established the framework for the market of 2000. By 2005, the requirements for successful business models of the future were taking shape. What elements constitute the framework for successful strategies and structures of the future?

1. Multiple Axes for Segmentation

Generalized business models will not work in the new operating environment. The attempt to incrementally change business models developed in the context of the 80's marketplace to satisfy the market requirements of the 2000's will not provide acceptable results. With a few exceptions, the manufacturer's supply chain design and organizational response is the same for national accounts and distributors - only sales and marketing, on the front end, has been altered to address differences. Segmentation of the marketplace has been based, for the most part, on:

- **Operator segments** – commercial *versus* non-commercial, schools *versus* colleges and hotels *versus* restaurants. While this is one axis of segmentation, it is just that, but one axis.
- **Customer size matters** – another manner in which segmentation takes place is by size of the customer and its purchasing power. Big customers, whether distributors or operators, have been a basis for segmentation of the customer portfolio. Size does matter, but it is only one aspect of the segmentation matrix.
- **Operating models differ** – another aspect of customer segmentation that is less often employed is the customer's operating model. Just as two colleges can have very different operating models, they are both colleges; in the same way, just as two big distributors can have different operating models, they are both big distributors. For it is multiple dimensions, not one aspect of segmentation, that matters.

A greater understanding of the customer is required to segment on the basis of operating models; but frequently, this knowledge, if it exists, resides with the individual sales people, not with the institution. The necessary information to respond to a specific customer is confined to a salesperson – this situation does not allow or foster a segmented approach to the customer on an organizational basis, only by the individual salesperson. This is a limiting approach.

- **Value recognition understood** – one of the most important aspects of segmentation is identifying what specifics a customer values. Manufacturers offer a broad range of services and value propositions. It is critical to discern what the customer deems significant and values within that broad offering. With this knowledge, manufacturers can hone, tailor and target their value proposition for that customer and, in aggregate, that customer segment.

In essence, customer segmentation and a tailored, targeted response are the success factors in the market today and for tomorrow. A thorough understanding of each customer and customer segment is required to have effective segmented responses; not general information, but rather deep, meaningful and actionable understanding and knowledge. Customer segmentation and a tailored, targeted response are fundamental to success in the market today and tomorrow.

2. Supply Chain *versus* Supply Chain

Historically, the foodservice manufacturer, and for that matter, distributors and operators, sold products as their primary offering. In the 70’s and 80’s, the supply of products was trying to catch up with demand - the key to success was simply fulfilling this demand. This product and fulfillment infrastructure was the center of the value proposition. The focus was product.

In the current and future operating environment, the focus has shifted and expanded from product to supply chain. The concept of a supply chain conjures up the logistics function of an organization; however, The Hale Group’s definition of the supply chain is much richer and more expansive. We define the supply chain as:

The efficient, reliable and consistent movement of product, information / knowledge, service and money between two trading partners, so value is ultimately created for the consumer or user as well as the trading partners involved.

In the new reality, the basis of competition shifts from product *versus* product to supply chain *versus* supply chain. For it is the collective knowledge embedded, shared and applied in the supply chain that makes the difference. It is the efficacy of the supply chain that reduces drag, inefficiency and non-value adding cost; it builds and delivers value(s) reliably so that it improves customer satisfaction and loyalty.

Supply chains that create value are not solely designed for product movement, but rather to build and devise relevant solutions for customers and consumers.

3. Intellectual Property Portfolio

Resembling the shift from product to supply chain as a basis of competition in the foodservice marketplace is the growing importance of the Intellectual Property Portfolio (IP).

As mentioned earlier, products are part of a solution or offering, but only a part. The total solution includes product + service + information. Examples of successful solutions are shown in Exhibit 3.

Exhibit 3: Examples of Total Solutions

Dessert Solutions <i>by Sweet Street Desserts</i>	<ul style="list-style-type: none"> • Unique product, sampling and menu names; uniquely designed packaging and information on serving; it excites while meeting a desired price point for a specific operator segment.
Pizza for Schools <i>by Schwan’s</i>	<ul style="list-style-type: none"> • Offers a school-designed product and business model based on an understanding of the school lunch program and requirements; business model tailored to use commodity program to achieve attractive profitability for schools and for Schwan’s.
Center of the Plate <i>by Tyson</i>	<ul style="list-style-type: none"> • Begins with knowledge and know-how in the plants to produce products for many segmented needs (over 75 production lines), but uses market and customer-based information to create unique, targeted sales and marketing programs to build / drive business for Tyson and the customer.
Business Solutions <i>by Rich Products</i>	<ul style="list-style-type: none"> • Offers solutions which include products, merchandising, and training which are customized for a segment or customer and developed in view of the ultimate consumer needs / wants.

Foodservice manufacturers are trapped all too often by a concentration on plants and products. “We must sell what our plants can produce,” which becomes the defining scope of the organization’s capabilities, purpose and focus. Successful foodservice manufacturers will not be confined by the plants and products, but rather start with the customer’s needs and the manufacturer’s IP. Manufacturers can rent production capabilities or plant time if new production capabilities are needed.

Start with customers and your IP. The plants are a secondary issue. Do not be trapped by today's framework. We anticipate a basis of competition that is centered around the software, not the hardware, i.e., your IP, not your production plants.

In each instance, the product is part of the solution, but services and information make the difference.

Each manufacturer must begin to shift their sole focus on their product portfolio and consider their IP – “How can my knowledge and know-how make a difference for my customers and my customers' customer?” How can we leverage our IP?

- What market knowledge?
- What customers or segment knowledge?
- What technical knowledge?
- What ingredient knowledge?
- What marketing, promotion or creative process knowledge?

These are but a few areas of IP that an organization might possess that can build value for the customer as well as itself.

4. Customer Portfolio Central to Success

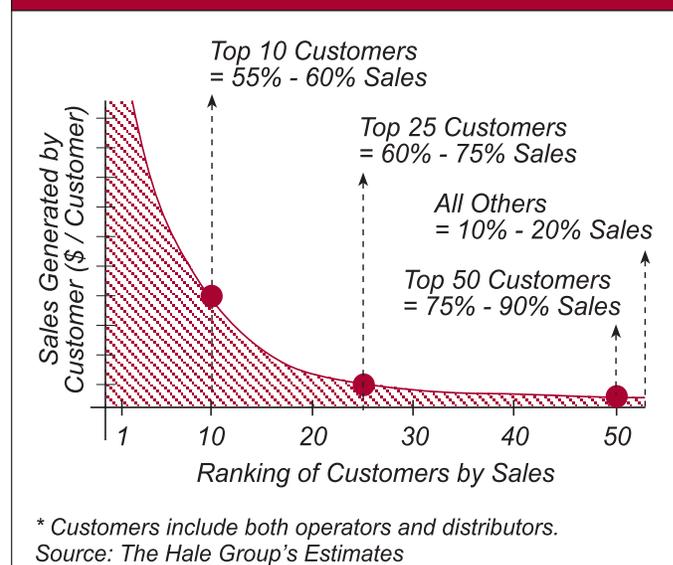
The final element of the new foodservice reality is the critical importance of building, developing and managing the ideal customer portfolio for each manufacturer organization. More often than not, customer portfolios have evolved without a clear plan – portfolios are often the result of whatever customer acquisitions transpired. Historically, the sales force, frequently an individual sales person, covered a geographic area and called on both existing customers and those they considered promising new accounts. The guiding objective was to meet the quota and this became the basis for customer acquisition. Sales forces were the hunters that got their job done.

It is a different situation now and will be in the future. While products were supreme in the past, customers will reign supreme in the future. The strategic thrust of successful manufacturers will be targeted acquisitions, development and retention of customers - it will define the new era in foodservice. This also begins to define the outside-in strategies and structures.

If most manufacturers evaluated their customer portfolio today, they would recognize a highly consolidated customer portfolio. Based on The Hale Group's experience we have frequently encountered manufacturer customer portfolios which resemble the structure shown in Exhibit 4.

Most foodservice manufacturers' customer portfolios reflect a consolidating industry and greater targeting of accounts, particularly the Top 25 (both chains and distributors). This targeted effort may not be as productive as it should be though; it is frequently a sales-focused / targeted effort, not an organizational effort.

Exhibit 4: Distribution by Sales of Foodservice Manufacturer's Customer* Portfolio



We should note that it is not just the manufacturers who are witnessing concentration in their customer portfolios, it is the foodservice distributor as well. The role of the foodservice distributor historically was to buy from a portfolio of manufacturers and sell to many operators; however, we see in Exhibit 5, that the chain business increasingly captures share of the distributor's business causing their customer portfolios to consolidate as well.

The customer as supreme may not seem, at first glance, to be new news. Many companies already espouse a customer-centric philosophy. Clearly, there has been a shift toward more customer-centric strategies, but we have only seen the tip of the iceberg in regards to the customer-driven phenomenon. What are some of the indicators of the shift from product to customer solutions? If we consider merely the evolution of The Hale Group's practice, we have seen a focus on:

- **Strategy of One™:** The development of unique strategies and business plans devoted to one customer.
- **Value-Added Business Models:** The addition of bundled services such as market research, culinary support, menu analysis, category management as well as other services to complement the product sales effort.
- **Customized Solutions:** The creation or delivery of customized, formulated products to meet the requirements of a particular customer.

Our experience is that our clients' customer-centric initiatives are often offered on a project basis. It is a product-oriented, sales-driven initiative, or one salesperson's response to a request or an opportunity to gain access to a new account. These responses are on a case-by-case basis, a project basis, or are solely sales opportunities that lack a more comprehensive strategic response to customer development and retention. In today's environment, we need to strive for a selective and strategic approach, rather than a merely tactical one.

Most of the organization's resources are allocated to selling a product and making the number. We suggest that the distribution of resources should be aimed at building the

customer portfolio and gaining loyalty through strategic and profitable initiatives. A strategic initiative employs a predetermined, desired outcome, and a mutually anticipated future. Manufacturers and their targeted customers must have a common view of the desired outcome and future operating environment. A profitable initiative means that the results

Exhibit 5: Street Business Share of Top 10 Broadline Distributors

Distributor	1995	2000	2005	2012 (E)	Comments
1. Sysco	55%	55%	53%	50%	● 50 / 50 portfolio
2. U.S. Foodservice	71	55	55	51	● Chain business in systems division
3. Performance Food Group	20	23	40	40	● Acquisitions increased street business
4. Gordon Foodservice	75	70	58	52	● Chains a bigger piece of portfolio
5. Food Services of America	95	65	50	48	● Major shift towards chains
6. Reinhart	78	65	57	45	● Becoming a systems distributor
7. Maines Paper	40	12	10	Nil	● Becoming a systems distributor
8. Ben E. Keith Foods	68	68	60	55	● Holding at pre-set mix
9. Shamrock	70	66	60	55	● Slow drift toward chains
10. Cheney Brothers	65	68	65	60	● Little change
Average	62%	54%	50%	46%	● Major shift toward chains

Source: ID's Top 50 Report and The Hale Group's Estimates

- **Development of Bundled Marketing and Promotional Programs:** Programs that include marketing and promotional monies to support sales-driven ambitions.
- **Measuring Customer Profitability versus Product Profitability:** Measuring value of a customer in terms that include purchases and profits but go beyond that as well.
- **Building Innovation Platforms, Not Products:** A process to aid clients in identifying, validating and pursuing innovation platforms that can be the basis for customer or segment-specific product and solution development.

prove profitable for both parties involved. If the customer is not willing to pay for value in return for the solution, the value proposition is flawed. Either the manufacturer's cost basis is out of line with the industry alternatives and/or the customer cannot understand how to extract value from their customer for the given manufacturer solution.

Manufacturers, in the new market reality, must begin to invest in their customer portfolios strategically and deliberately. Deliberate in the sense that the customer portfolio is organizationally determined *versus* individually determined and furthermore, that the customer portfolio is balanced.

A balanced customer portfolio is based on the long-term needs of the manufacturer's business development.

The balance might include:

- **Big customers** to drive scale and efficiency
- **Value appreciation customers** to drive profitability
- **Innovative customers** to drive innovation and new product launch
- **Growth customers** to drive growth of the business

Individual customers play various roles in an overall portfolio. Just as species diversity is healthy for the animal kingdom, a well-balanced and thoughtful customer diversity is healthy for the business proposition and sustainability.

Customers have always been the key to business. In the past, the customer's importance was measured by the purchase of products. The new role of customers is as true business partners, i.e., supply chain partners to reach, satisfy and even excite the consumer. This means strategies cannot be conceived within the manufacturer's four walls and then presented to customers. The strategies are based rather on the targeted customers or customer segment business models and their four walls; the onus is on the manufacturers to deliver a responsive solution. **The new reality is outside-in based strategies replacing the inside-out model.**

The framework for the new foodservice market reality is defined by four guideposts:

1. Recognize, understand and respond to multiple axes for customer segmentation.
2. Understand that the basis of competition is supply chain *versus* supply chain.
3. Identify, develop and bring to market a robust, relevant and value-building IP portfolio.
4. Build and constantly develop a balanced and appropriate customer portfolio as the key to success.

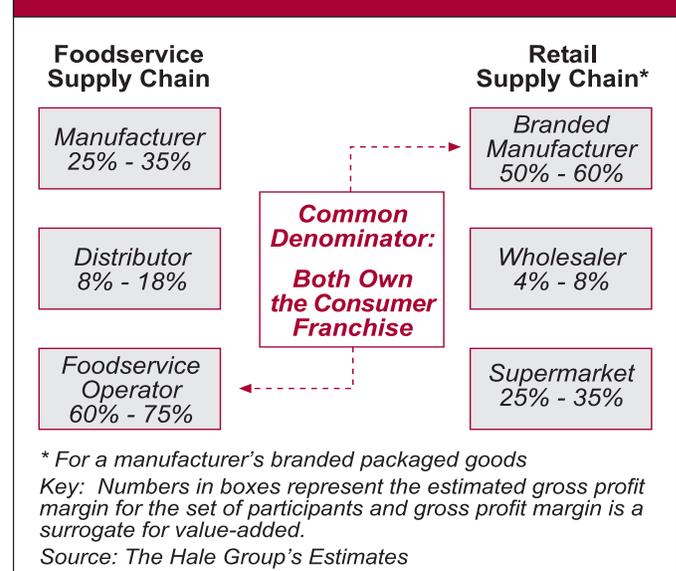
The rewards of adopting new thinking, new strategies and new structures far outweigh any benefits derived from incremental changes to existing strategies and/or organizational structures. The market reality has shifted and strategic responses must as well.

BUSINESS MODEL DIFFERENCES: B-TO-B *VERSUS* B-TO-C

In the B-to-B (business to business) channels, value is built collaboratively with trading partners; in the foodservice channel, co-creation of value with trading partners includes operators and distributors. In the B-to-C (business to consumers) space, the trading partner with the consumer brand franchise is the primary value creator. Thus, in the B-to-B space, the winning business model recognizes the customer or trading partner is a critical element of success. Customers are value-creating partners.

For foodservice manufacturer organizations that are part of a branded CPG organization (consumer packaged goods), the Boards and Executive management should understand the differences and allow for different business models. The retail and foodservice differences are highlighted in Exhibit 6.

Exhibit 6: Value-Added by Participant in the Channel for a Consumer Branded Product



OUTSIDE-IN STRATEGIC THRUST

If the customer is supreme in the new foodservice industry reality, then the driving force starts with the customer (or aggregated set or class of like-customers, i.e., a customer segment). The impetus for your strategic plan starts outside and then moves inside your organization’s realm for solution development as part of a customer strategy.

Start by determining the ideal architecture of a balanced customer portfolio and how that will create value for you and the customer. Once the customer portfolio has been designed, the next step for each specific customer or customer segment is to:

- **Resource the plan** with people, tools and capabilities.
- **Align the organization** around the direction, customer’s plans and desired outcome.
Note: new metrics may be needed
- **Execute against the plan** and drive for results.

The essence of the outside-in strategy is that it starts with a balancing of customer portfolio *versus* a product portfolio; it is highly targeted and tailored to produce the optimal customer and customer segmented value propositions. The plans are built around the customer *versus* the product, this means your organization is free of the fixed asset trap, unless having fixed assets can be used to create value. It may well be that other facets of your IP will build value.

The organization utilizing the outside-in strategy must be outwardly focused on the market; otherwise, too much of the organization’s resources are dedicated to internal tasks that bring little or no value. Those same resources and efforts could be creating value for you and your customers.

Exhibit 7: Task 1 - Gain Understanding of Present & Anticipated Future

<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">Internal Assessment</div> <ul style="list-style-type: none"> Product portfolio Customer portfolio IP Current focus and position 	<div style="border: 1px solid black; padding: 5px; text-align: center; margin-bottom: 5px;">Questions To Be Answered in Task 1</div> <ul style="list-style-type: none"> <i>What has been our implicit or explicit value proposition for existing customers and / or segments?</i> <i>How are we positioned with our customers today? Why do they come to us versus competitors?</i> <i>As we look to the future, what customers and customer segments do we want to focus on and why?</i> <i>What is the unique value we can offer our customers, i.e., by customers, IP?</i>
<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">External Scan</div> <ul style="list-style-type: none"> Market segmentation Competitive analysis Forces of change Future outlook 	
<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">Goals & Objectives</div> <ul style="list-style-type: none"> Shareholders’ goals and objectives 5-year objectives Desired outcome, i.e., position and condition in five years 	

Source: The Hale Group

- **Study and understand their business** to learn what they value and how their business model serves its customers.
- **Assess and evaluate** how they fit your balanced customer portfolio, what role will they fulfill and does their business model complement your approach to the market and IP.
- **Build a customer strategy and plan** that is mutually adapted by you and the customer.

Exhibit 7: Task 2 - Formulating the Outside-In Strategy & Structure for Success

<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">Customer Sales</div> <ul style="list-style-type: none"> Customers to retain or acquire Segments to be targeted Customer planning process Account management processes 	<div style="border: 1px solid black; padding: 5px; text-align: center; margin-bottom: 5px;">Questions To Be Answered in Task 2</div> <ul style="list-style-type: none"> <i>Which customers and what value proposition?</i> <i>How will account and segment plans be created and implemented?</i> <i>What will be required to deliver a value proposition – resources, skills, capabilities and tools?</i> <i>Who is accountable for what activities and results?</i> <i>How do we organize ourselves to implement an outside-in strategy?</i>
<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">Value Platform</div> <ul style="list-style-type: none"> Value platform by customer and / or segment groupings Defining mechanics, models and processes that build value Enriching IP Long-term positioning and path to achievement 	
<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">Structural Posture & Alignment</div> <ul style="list-style-type: none"> Skills and capabilities to implement strategy Business processes and systems to support an outside-in strategy Deployment plan and coverage expectations Reporting plan with responsibilities and accountabilities 	

Source: The Hale Group

THE HALE GROUP'S ABILITY TO DRIVE OUTSIDE-IN STRATEGIES

The Hale Group's consulting practice has developed a number of ways to assist our clients formulate, transition to and implement an outside-in strategy. The assistance can take many forms from addressing the overall process or an individual part of the process.

Whether with The Hale Group or on your own, the transformation process begins with an analysis of your existing customer portfolio and its segmentation and then asking the questions:

- Do we have a customer portfolio that is a long-term platform for value creation for the customer and our stakeholders?
- If we were to alter its composition, what customers and / or segments would we target?
- What value proposition platforms do we need to create to acquire, develop and retain the targeted customers?

A successful organization will have a portfolio in which customers/segments are the strategic focus and value propositions are segmented and delivered through an organization and teams with tailored competencies, structure, processes and systems.

We look forward to the opportunity to further discuss outside-in strategies and structures with you and your foodservice leadership teams. Please contact The Hale Group for further discussion and exploration.

Exhibit 7: Task 3 - Transition & Implementation

Transition Plan

- Sequencing for transition from existing to outside-in strategy
- Milestones and individuals accountable for achievement
- Control and coordination of transition program
- Reporting and communication plan and accountability

Implementation

- Get started with a few accounts and segments
- Monitor and capture activities and results
- Constantly improve efforts and be an aggressive learning organization
- Share learnings broadly with the organization and as appropriate with customers

Questions To Be Answered in Task 3

- *What is the sequencing of events, i.e., put the strategy in motion and begin transition?*
- *What are the expectations in the way of funding and accomplishment?*
- *Who is accountable for achievement and performance?*
- *How will we track the implementation and results?*
- *How will we constantly learn and improve customer satisfaction, loyalty and mutual profitability?*

Source: The Hale Group