

Strategic Initiatives



Discover.

Analyze.

Strategize.

Implement.

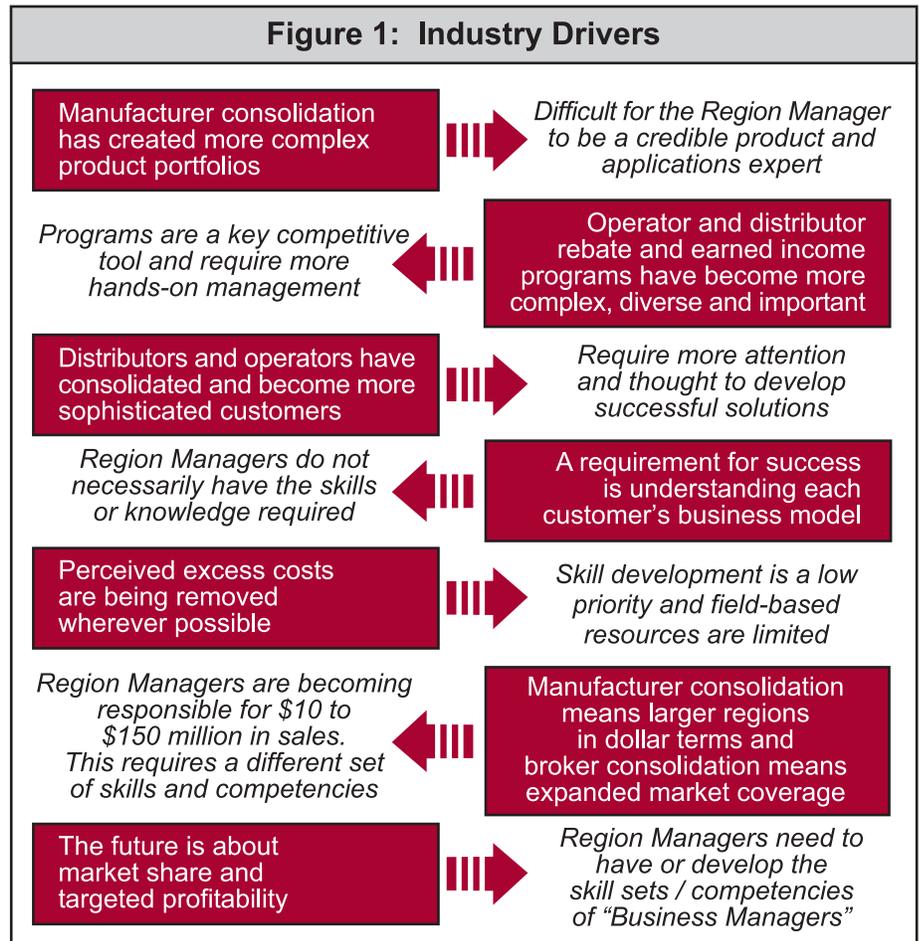
Measure.

Region Managers: A Rapidly Changing Role

Region Managers Shift to Business Managers

Managing the broker / manufacturer relationship, working with distributors at the local level, participating in key operator customer calls, and conducting brand-building activities at the local level have traditionally been key roles of the Region Manager. However, the industry has become more complex over time and many changes are occurring in a resource-lean environment. As a result, there is a need to evaluate the role of the Region Manager; highlighting the increasing importance of that position in the future foodservice landscape will be crucial. →

Figure 1: Industry Drivers



Source: The Hale Group, Ltd.

Region Managers: A Rapidly Changing Role

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The end result is that the Region Manager's role is evolving rapidly and becoming more complex, yet investments in the development of Region Managers have been slow to follow and the future implications are not fully understood.

Required Competencies

In our strategic and tactical work with manufacturer organizations, we have begun to develop a series of required competencies for Region Managers to be successful. Generally, Region Managers possess some of these competencies, but rarely all of them.

Two of the most important competencies that a Region Manager must master are:

- The ability to engage and motivate the broker and their sales force through partnering rather than directing.
- Understanding the business models of their trading partners (distributors and operators).

Historically, brokers have been a vehicle to execute plans and programs. We believe that as brokers gain in sophistication and size, and they will in the near future, they can and should be considered a "strategic partner." This will require the Region Manager to:

- Create a cooperative environment
- Utilize the base of information that exists at the broker level to focus resources and objectives
- Involve the brokers in the planning process
- Evaluate brokers on the basis of market gains / position as well as in terms of volume

To understand a customer's business model, the following should be considered:

- How does the trading partner make money? What are the elements of the profit model? Which elements can the trading partner con-

rol, and which ones are out of their control, e.g., commodity pricing?

- How are decisions made in the distributor or operator organization? How are new products added? Who makes the decision? What attributes drive the decision – flavor, cost, packaging, menu applications, etc.?
- For management companies and GPO's, what is the decision process? Who are the influencers within the organizations that can help or hurt your business?
- How do your brokers view your company and product line? Is it a lead line, or one that "stays in the bag" until a customer asks about it?
- How are brokers allocating sales resources? Does their model align with your goals for the business?

Best-in-class manufacturers have resolved the gap between what customers want from them and what their go-to-market system can provide.

Beyond understanding the business models of your trading partners, other competencies that are important to the success of the Region Manager include:

- **Strategic Thinking** – Ability to look at the larger dynamics of the region and develop plans and actions to take advantage of the situation – a region-specific strategic plan
- **Analytical Skills** – Understanding the structure of the distributor and operator deals in the region, and planning for the impact on the regional P&L
- **Relationship Management** – Ability to manage the trading partners (primarily brokers and distributors) to increase available resources to leverage growth opportunities and develop growth prospects for the long term

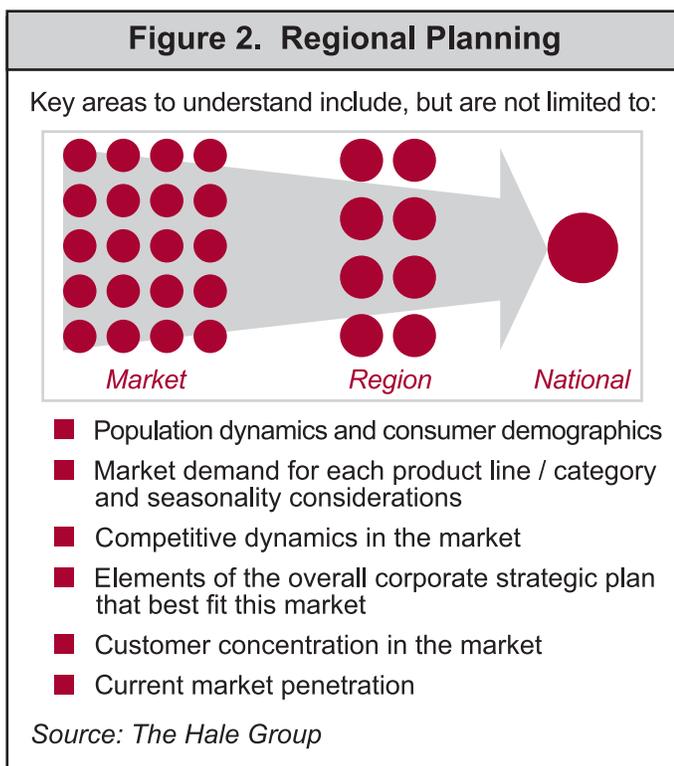
- **Collaborative Problem Solving** – Capable of jointly developing solutions with the broker for an operator or distributor problem, or working with other manufacturers to develop region-specific, cross-category promotions and / or sales tools
- **Negotiation Skills** – Having the skills to negotiate a local distributor program or a regional chain pricing and support program
- **Sales Skills** – Capable of selling ideas and plans either up within the manufacturer’s organization or into the broker to execute. (There is a slightly different set of skills required to sell an intangible idea or program *versus* a tangible product.)
- **Cooperative Management Skills** – Being able to manage the broker on the basis of shared objectives, including the broker as part of the planning process *versus* a cost of doing business

A best practice that we have seen from the most successful sales organizations is a new approach to sales planning. Rather than a flat percentage increase for each region, some manufacturers are basing the regional goals on a strategic plan for the region. For example, a sales goal for a region in the Southwest should be more aggressive than one for the upper Midwest. One of the main reasons is that the population base of the Southwest is growing much faster than the upper Midwest. This entails a look at the market dynamics that will drive growth, and planning appropriately.

From this basis, you can develop a realistic, fact-based strategic plan for each region. In many cases, we have seen this bottom-up planning process produce attainable goals that were higher than the sales leadership perceived for a given region.

The elements of a regional strategic plan are very similar to the overall business strategy, but executed on a smaller scale. At a minimum, the plan should include:

Strategic Planning for the Sales Region



- Retention Activities and Market Growth – What plans and actions will be in place to retain the current business base, and what is expected as organic market growth (through increased consumption, population changes, etc.)?
- Account / Segment Targeting – What proportion of the growth is expected from specific accounts (operator or distributor) or segments (healthcare, FSR’s)? How much of this growth will come from account acquisition, and how much from account penetration? What resources are required to achieve these results, and what tools and tactics will be used to execute?
- Product Category Focus and Priorities – Given the organic growth expectations, and the account acquisition and penetration opportunities, what product lines or categories will be the best fit in this specific region?

The final outcome is a detailed, realistic plan and attainable goals for each region that will roll up into the national sales plan. →

Summary

Sales leadership, in conjunction with Human Resources, will need to develop an evaluation cycle that measures the current Region Managers against these competencies, identifies weaknesses, and invests in the relevant skills to improve performance.

*“Even if you’re on the right track,
you’ll soon get run over if you don’t move.”*

Additionally, the leadership within the manufacturer organization needs to begin shifting their thinking and expectations about the Region Managers. Today, and for the future, the Region Manager should be thought of more as a Business Manager than a Broker Manager. This entails shifting expectations of planning, skills, competencies and metrics, as well as the resources that are available for a region. Strengthening the role competencies and skill sets of Region Managers by adopting a more strategic view of their role will lead to stronger organizational performance over time.

About The Hale Group

The Hale Group is a consulting and advisory partner assisting companies develop fact-based strategies to contend with an evolving landscape. The underlying philosophy of the firm’s efforts on behalf of its clients, and in collaboration with them, is to formulate strategies that enable clients to break through the market clutter and identify platforms for growth.

The Hale Group has developed proven processes and tools to help organizations gain perspective on the opportunities and challenges within an industry. The level of The Hale Group’s participation can take many forms from addressing the overall process or an individual part of the process. However, in whatever capacity we participate, the desired outcome is for our clients to be successful.

Our products and services include:

- *Strategy*
- *Organizational Effectiveness*
- *Market Research*
- *Operating Efficiencies*
- *Opportunity Analysis*
- *Mergers & Acquisitions*

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