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Introduction

According to the National Beer Wholesalers Association (NBWA) bi-annual Distributor Productivity Report, in 1996 the average distributor carried 190 unique Stock Keeping Units (SKUs) from an average of 9 different beer suppliers. In 2010, the number of SKUs in the average warehouse skyrocketed to 536 from 18 different beer suppliers. With the continued growth and expansion of craft brands, the explosion of seasonal offerings and brand extensions and the entry into wine, spirits, energy drinks and other non-alcoholic beverages by many distributors, there is little doubt those numbers are even higher in 2012.

The increased number of SKUs being carried provides challenges and opportunities throughout every aspect of a distributor’s business. How can the warehouse best be organized to handle the increased capacity and diversity of new products? Does the increased number of products necessitate an expansion or new construction of a warehouse? What’s the ideal way to pick this vast array of products off the warehouse floor? What’s the most strategic way to load trucks in order to minimize the amount of time drivers have to build orders at delivery? How does the sales staff fairly sell and promote so many brands and products to retailers? How does the staff handle sales forecasting for so many different suppliers each with different lead times, order and reporting requirements? These are just a few of the questions distributors must answer when deciding to expand their product portfolios.

While it’s often not realistic to build a new warehouse or overhaul a truck fleet every few years in order to best manage new product offerings, there is a great deal of benefit to diversifying a warehouse. Craft beer has seen several consecutive years of double-digit growth nationwide, higher end beers are providing new opportunities in white table cloth restaurants and other establishments where beer previously did not get menu space, and many off-premise grocery and package stores are using increased selection of beers as a competitive tool in the marketplace. Distributors who can offer a broad portfolio of brands and packages will benefit at all levels of retail sales.

The good news for distributors is that they do not have to face all of these challenges alone. The beer distribution industry is fortunate to have many great companies and solution providers who work with distributors on improving all aspects of their business, including helping distributors manage an increased product portfolio. The articles featured in this publication have been written by associate members of the Beer Industry Electronic Commerce Coalition (BIECC) and, more importantly, leaders in the beer distribution solution business. Whether these companies consult with distributors on the most efficient layout of their warehouse or provide route accounting services that assist in every aspect of a distributors business, these are the experts who have seen the industry changing and have adjusted their businesses to better service yours.
The BIECC and its associate members plan to continue to add new articles and features to this document as the need arises and hope you find the insight and expertise shared by our members helpful as you grow your number of SKUs.
Pick Area Planning for Today’s SKUs

SKU proliferation is embraced by today's beer distributor, so it's no surprise that concerns about SKU and associated warehouse complexity is on the rise. Most distributors know first-hand that the wrong sort of complexity can grind even the smoothest running operation to a halt. But the converse can also hold true. Complexity of the right type can be an organization's strongest source of distinction, which is why SKU proliferation is occurring. As a result, distributors are constantly looking for methods that allow them to add to their portfolios while maintaining neutral or decreasing warehouse costs. One area of particular importance in this equation is the case picking operation.

Conventional case selection (humans picking cases to a pallet or cart) remains the most common method of fulfilling customer orders. As the SKU count continues to grow, finding enough locations to effectively store these SKUs without consuming the entire warehouse is a challenge. As distributors consider ways to effectively design a case picking operation there are three critical areas to consider including: product profiling, storage methods and process.

**Product Profiling**

Product profiling is a statistical analysis of customer orders intended to define the case picking volume for each SKU. For example, the volume for SKU ABC might average 3.5 pallets worth of product each day. Conversely, the volume for SKU XYZ might be an average of 3 cases per day. Understanding these differences, which vary widely between SKUs, will allow the leadership team to define the best method of storing each SKU in the pick area. When developing a product profile, it is critical to calculate only the demand based solely on case picking volume excluding full pallet volume. The product profile should be performed looking at the entire year but also peak periods during the year in order to understand the differences in volume at different times during the year. An understanding of seasonal SKUs is also very important. The number of seasonal SKUs and the volume in which they are consumed when active will affect pick area requirements.

**Storage Methods**

Potential pick area storage methods vary widely for packaged beer with even more options available when considering the cooler. As distributors evaluate storage options for the packaged beer pick area the goal should be to 1) develop a solution that requires the smallest possible footprint while 2) providing enough capacity to minimize continuous replenishment. This
decision process is greatly enhanced with information provided by the product profile. An understanding of the daily demand for each SKU will allow the project team to define the best possible storage method, number of pick facings, and the right amount of product within the smallest possible footprint for each SKU. Using the examples above, SKU ABC which averages 3.5 pallets worth of product each day might be best suited in floor storage or push-back rack where multiple pallets worth of product are available to the pickers each day. Conversely, SKU XYZ which only averages 3 cases per day might be a good candidate for case flow rack. The diagram below depicts some of the more common methods of storage used in beer warehouses.

Notice that each option has a different set of characteristics when it comes to capacity vs. selectivity as well as cost. Higher volume SKUs tend to warrant higher capacity storage options while lower volume SKUs typically warrant higher selectivity options. The viability of any of these solutions often depends on available warehouse space and clear height. Some options require different material handling vehicles and aisle widths which can dramatically impact overall space in the pick area.

Within the cooler, the predominant method of storage remains bulk floor storage. Bulk floor storage is still a very effective solution for high volume keg SKUs that can be stored between
six and nine high. For some of the lower volume 1/2 barrel SKUs selective rack can be an effective solution as well. However, the explosion of taps across the country has resulted in a significant increase in 1/6 barrel keg SKUs in most coolers. High SKU counts and relatively low volume for these 1/6 barrel SKUs has resulted in the need for a new storage method. Therefore, rack equipment providers have been working on the development of new storage solutions for 1/6 barrel SKUs. The intent is to provide the same type of selectivity as with case flow rack for package beer. Below are examples of some new applications.

![Image of rack equipment](image1.png) ![Image of rack equipment](image2.png)

**Process**

When all else is said and done, “process” remains king in conventional beer warehouses. Pick area storage methods and layout are both support structures to the process. Process is a series of actions or functions bringing about a result. And no, process does not mean “the way we have always done it.” When evaluating pick area solutions based on today’s SKUs, there is a need to define the optimal process and ensure that process is aligned with the technology used in the pick area. Such factors include organization and cleanliness, material handling equipment, vehicle parking, congestion, product slotting, replenishment and vehicle flow. All of these will impact the effectiveness of a pick area and the space required to perform the case picking.

**What Else is Out There?**

As the number of SKUs in the beer industry continues to mount, the challenges are growing exponentially. Most of the news is not good. Even though there are a variety of conventional storage solutions available, the height of the pallets, the weight of the cases and the lack of usable handles on the cases have not been offset by human evolution. In short, the human is not more proficient at picking cases than before. All is not lost; the human hand is quite a flexible piece of equipment and highly adaptable to changes. However, space, productivity, safety and ergonomic issues further beg the question of “what else is out there” to handle today’s SKUs.
In recent years there has been an increased emphasis on the development of cost effective “automated” pick area solutions. Pick area automation has been available in the beverage industry for almost 10 years. For most of that time, automated solutions have been geared towards larger distributors. It is only recently that the number of solution providers, the reliability of solutions and price point have become available to a wider range of distributors. The original focus on automation was labor reduction. However, the SKU explosion has resulted in an increased need for order accuracy in addition to increased productivity. Automation solutions, whether information systems solutions such as voice pick or automated case picking technology are allowing distributors to increase accuracy and sustain productivity. Such solutions require a very thorough investigation with a clear set of objectives prior to making a decision that will transform a distributor’s warehouse and affect their business model for many years to come.
Reserve Storage Sizing and Design for Today's Inventory

Package innovation, SKU growth, and shifting inventory patterns all contribute in a compounding fashion to warehouse storage capacity issues for virtually every beer distributor. Warehouses that once seemed spacious, well organized and easy to operate are now congested, unorganized, labor intensive and riddled with product damage. In order to resolve these problems, it is essential to find the right balance of capacity, selectivity, and productivity when defining reserve storage areas in the warehouse. There are three critical areas to understand when developing reserve storage plans: logical zoning, storage medium and lane depth. All three of these areas must be properly defined and applied based on site-specific volume, inventory level, SKU base, order complexity and facility constraints.

**Logical Zoning**

We define logical zoning as the grouping of products with similar physical and throughput characteristics. In the beverage world, physical characteristics refer to cans, bottles, pallet size, kegs, POS and cooperage. Throughput characteristics refer primarily to shipping volume. High volume zones typically contain those SKUs which account for the majority of case sales volume while accounting for only a low number of the SKUs. Conversely, lower volume zones will maintain a lower percentage of the volume but a higher percentage of the SKUs. *Today, there can be as many as five throughput zones due to the current SKU count in most beer distributor warehouses.*

Because SKUs in each zone behave in a similar fashion, logical zoning provides the opportunity to utilize storage methods suitable for the entire group of SKUs within a zone thus maximizing storage capacity. It also provides the opportunity to locate higher volume SKUs closest to the point of use, such as loading docks, to maximize productivity.

**Storage Methods**

After determining the number of logical zones, you must then calculate the storage method best suited within each zone. When calculating the optimal storage method, it is imperative not only to provide enough pallet positions (or capacity) within each zone, but also to provide enough selectivity. Selectivity refers to the ability of a forklift operator to access the pallet they need without moving other pallets out of the way. Different storage methods such as floor storage, drive-in rack, pushback rack, double-deep rack and selective rack all offer different levels of
storage capacity and selectivity. The following shows the comparison of capacity and selectivity for several storage methods.

These storage methods also offer different square footage, capital costs, and productivity levels, all of which must be considered when evaluating the optimal storage method for a given logical zone. As you might expect, zones consisting of products with different physical and throughput characteristics most often require different storage methods to achieve maximum capacity, selectivity and productivity.

**Storage Lane Depths**

Most people believe that travel aisles in a warehouse are evil and that dedicating too much space for travel aisles wastes storage space. In this day and age of growing SKUs, aisles allow forklift operators to access unit loads without moving other unit loads first.

The number of travel aisles should be a default of having the correct number of unique storage lanes at the correct depth. Storage lane depth is optimal when based on product shipping volume and inventory characteristics. This approach is in direct contrast to the traditional method of storing products based on the quantity in which a SKU is received. A product’s shipping volume
determines how quickly a storage lane will empty. Establishing lane depths based on this methodology will maximize space utilization and minimize an effect known as “honeycombing.” Honeycombing is the temporary loss of storage space resulting from partial row usage of a production lot stored within a storage row. Honeycombing occurs on both horizontal and vertical planes. You can reduce honeycombing with shorter row depth, racking and the process of using only certain rows for a given SKU at a time. The following is a depiction of lost storage due to honeycombing.

Storage lane #1 is an 8-deep, 2-high storage lane. Storage lane #2 is a 4-deep, 2-high storage lane. In each case, the same number of pallets have been removed from the lane. Lane #1 is still half full or is 50% utilized. Lane #2 is empty and available for the next SKU or date code to fill the lane. The empty lane is ideal because a new date code requires a completely empty lane and not just space in order to maintain first-in/first-out (FIFO) product rotation.

With throughput characteristics strongly influencing both logical zones and lanes depths, it stands to reason that different logical zones will require different lane depths. There will be fewer lanes at greater depths for high volume zones. The opposite will be true for the lower volume storage zones. Utilizing enough storage lanes at the correct depth will provide the
storage capacity and selectivity required to avoid re-warehousing labor typically associated with increasing SKUs stored in suboptimal lane depths.

**Conclusion**

When looking to reorganize the warehouse, look beyond just layout and space. Instead, think in terms of zoning, storage methods and lane depths. If any of the decisions to re-organize negatively impacts storage capacity, selectivity or productivity, then rethink the solution.
Best Practices for Managing Seasonal Items

Introduction
Efficiency in the managing of seasonal product requires an integrated approach to bring uniformity to how seasonal items are identified so that all contributors in the supply chain reap the benefits. This document introduces best practices for suppliers and distributors in managing seasonal items. Vermont Information Processing, Inc. (VIP), in cooperation with a group of participating beer suppliers and distributors, has documented these best practices.

Challenges Presented by Seasonal Items
Seasonal items are obvious drivers of portfolio growth in the beverage industry, and the complexity of tracking inventory and sales of seasonal products is an issue for both supplier and distributors. For distributors, the costs associated with storage in the warehouse, increased labor to manage multiple seasonal item codes, and operating costs associated to inventory turnover can impinge on profit. Adding to the complexity is the transition from one seasonal product to another (for example, a fall seasonal to a winter seasonal) in ensuring the past season’s product is sold and moving at retailers before its code date while starting to carry inventory and sell the new season’s product.

For suppliers, inaccurate sales figures for a seasonal product can result in inaccurate production planning. The potential problems are to either over produce, resulting in unnecessary costs for all in the supply chain, or to under produce, resulting in loss of sales for both the supplier and distributor. In addition, poor visibility to inventory of a seasonal product at distributors can result in distributors ending up with out-of-date product as the supplier cannot help shift the product in the market.

Issues Associated with Identification of Seasonal Items
A major factor in the inefficiencies is the lack of uniformity in identifying a particular seasonal product between supplier and distributor.

Usually, suppliers use one Uniform Product Code (UPC) for each seasonal product associated with a package and then a separate Stock Keeping Unit (SKU) for each seasonal. Since retailers...
often use UPC to assign shelf space, it is sometimes advantageous to use the same UPC so that shelf space is maintained by the supplier and distributor as seasons change. However, as consumers increasingly use online searches to locate retailers with specific packages, unique seasonal codes are required. To help sell beer, a separate SKU should be used to track production, inventory and sales for each seasonal item.

In practice, distributors vary in how they identify seasonal items. The best practice is to mimic the supplier’s SKUs by setting up a unique distributor item code for each seasonal arrangement as shown here:

<table>
<thead>
<tr>
<th>Description</th>
<th>UPC</th>
<th>Supplier SKU</th>
<th>Distributor Item Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fall Seasonal B 12/22</td>
<td>87692302001</td>
<td>SA1321</td>
<td>32520</td>
</tr>
<tr>
<td>Winter Seasonal B 12/22</td>
<td>87692302001</td>
<td>SA1421</td>
<td>32522</td>
</tr>
<tr>
<td>Summer Seasonal B 12/22</td>
<td>87692302001</td>
<td>SA3521</td>
<td>32526</td>
</tr>
</tbody>
</table>

An alternative and less desirable practice is for the distributor to assign a single item code for the package type corresponding to the supplier UPC and use this same item code for each seasonal release.

<table>
<thead>
<tr>
<th>Description</th>
<th>UPC Code</th>
<th>Supplier SKU</th>
<th>Distributor Item Code</th>
</tr>
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<tr>
<td>Fall Seasonal B 12/22</td>
<td>87692302001</td>
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<tr>
<td>Winter Seasonal B 12/22</td>
<td>87692302001</td>
<td>SA1421</td>
<td>32520</td>
</tr>
<tr>
<td>Summer Seasonal B 12/22</td>
<td>87692302001</td>
<td>SA3521</td>
<td>32520</td>
</tr>
</tbody>
</table>

This scenario presents problems for the entire supply chain because it does not provide visibility to inventory and sales of a particular seasonal item. This is especially a problem during the time period when transitioning from one seasonal to another.

The following chart shows inventory of a summer and fall seasonal tracked separately and when reported as one item. Both the supplier and distributor have visibility to what is on hand during the transition period.

<table>
<thead>
<tr>
<th>Inventory</th>
<th>Distributor Item Code</th>
<th>May</th>
<th>June</th>
<th>July</th>
<th>Aug</th>
<th>Sept</th>
<th>Oct</th>
</tr>
</thead>
<tbody>
<tr>
<td>Summer Seasonal</td>
<td>32526</td>
<td>112</td>
<td>168</td>
<td>135</td>
<td>56</td>
<td>10</td>
<td>2</td>
</tr>
<tr>
<td>Fall Seasonal</td>
<td>32520</td>
<td>0</td>
<td>0</td>
<td>112</td>
<td>168</td>
<td>224</td>
<td>180</td>
</tr>
</tbody>
</table>

This next chart shows inventory of a summer and fall seasonal tracked using a single seasonal item code for multiple supplier SKUs. Neither the supplier nor the distributor has visibility to what constitutes the inventory during the transition months.
Without visibility to the separate items, the distributor and supplier cannot see that there is too much summer inventory and do not have the information needed to help by redistributing the product to faster-moving markets. Both the distributor and supplier will have difficulty forecasting sales for the transition months, because they will be unsure of which product was moving at that time.

**Best Practices for Managing Seasonal Items**
Efficiency in the handling of seasonal product requires a coordinated approach that brings uniformity to how seasonal products are identified so that all in the supply chain reap the benefits.

For suppliers, the best practices are to:

- Assign one UPC to each seasonal package type and a unique SKU to each seasonal variation of the package. Since retailers often use UPC to assign shelf space, it is advantageous to use the same UPC so that shelf space is maintained by the supplier and distributor as seasons change.

- Inform the distributor of the UPC and SKU for each seasonal package in advance of the product introduction. There should be enough time to allow the distributor to set up the item before receiving their first shipment of the seasonal.

For distributors, the best practices are to:

- Treat each seasonal product separately by assigning a unique distributor item code that cross references the unique supplier SKU and uses the UPC for the package.

- Set up the distributor item code before entering a purchase order on your system for the seasonal item. Track all purchases, inventory, and sales using this item code.

- Report inventory and sales to the supplier using the distributor item code.

**Distributor Routing Account Systems Support Best Practices**
The supply chain is positioned for success, because RAS distributor systems offer the following capabilities to support distributors in the best practices for managing seasonal items.

- For new item setup, systems allow multiple items to use the same supplier UPC code.

- For new item setup, systems allow the setting of flags in the product file to prevent sales reps and others from ordering an out of season product.

<table>
<thead>
<tr>
<th>Distributor Item Code</th>
<th>May</th>
<th>June</th>
<th>July</th>
<th>Aug</th>
<th>Sept</th>
<th>Oct</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seasonal Item</td>
<td>32520</td>
<td>112</td>
<td>168</td>
<td>267</td>
<td>224</td>
<td>234</td>
</tr>
</tbody>
</table>
For internal sales reporting, systems allow grouping of seasonal packages by UPC, brand or other coding to allow reporting of like seasonals.

For inventory receiving, sales and merchandising, systems display all items that align to a scanned UPC code with the user able to select the item they want to select.

For route books, using unique distributor item codes keeps route books up-to-date with the proper seasonal items currently available with the understanding that in transitional months there may be more than one seasonal available to sell (such as transitioning from fall to winter seasonal).

For sales, systems handle substitution of items to avoid orders for out of season or out of stock items from being placed. Auto-substitution can be configured to order a fall seasonal when a winter seasonal is ordered and the fall seasonal is still in stock or substituting the winter seasonal when a fall seasonal is out of stock.

To support sales, systems allow the setting up of rules for allocating special packages to specific accounts as an exception to substitution. For example, systems can allow key accounts to order next season’s item while regular accounts can only order this season’s item.
Same Trucks, Same Volume, More SKUs!

The SKU explosion has been happening for years. Whether you are pursuing the craft beer movement or expanding your market with non-alcoholic drinks or alternative products, the net result is the same - beer distributors have to squeeze more products onto their trucks.

The solution of buying a completely new and larger fleet to meet these requirements is rarely a viable option. As craft products continue to erode the market share of domestics, the actual number of cases loaded on trailers may not even increase, making the decision to increase trailer size even harder to justify. So the challenge for warehouse and fleet managers is – How do we manage these new demands without fleet changes?

The impact of the increased SKU count changes drastically with delivery method. Pickers may lament the additional SKU count with smaller case quantities associated with single customer per pallet orders in today’s world. However, the actual impact to space utilization on these pallets is not nearly as significant as for those pallets where multiple customers are loaded. Given these differences, the picking methods will be discussed separately here.

Single Customer Pallet

When picking a single customer pallet, whether building with a picking software package, or manually from an invoice, nearly every operation will account for the larger volume SKUs on the pallet to build pallet stability. Following that, your pick path through your warehouse is going to impact the order of SKUs built on the pallet. As the SKU count within your warehouse increases, managing the pick path and accounting for these frequently lower volume sales becomes the ongoing challenge.

If your overall customer volume remains relatively stable, and is merely distributed across more SKUs the impact on this type of truck loading is not too significant. Your loading crew will still need to make decisions when to pop shelves on the truck vs. keeping the additional pallet slots for smaller customer orders when dealing with sideload trucks and keeping your pallet count (and weight) within truck limitations and/or Department of Transportation regulations.

Multi-Customer Pallet

When building multiple customers on a given pallet, typical of smaller sideload trucks, the impact of these additional SKUs is more pronounced. The increased SKU count per pallet
increases the probability that individual products will end up buried beneath other products that are picked further down the pick sequence.

There are few options available for operations to reduce the frequency that product is hidden at the bottom of the pallet. Probably the most frequently utilized option is to column or “chimney” stack products whenever possible. This method of pallet building involves vertical stacking of the same SKU, leaving the product available to pick at any point in time from the pallet. This also leaves more pallet real estate available for the mixed products that have smaller order quantities for the picker to keep near the top of the pallet.

Chimney stacking, while effective, is more of a reactive solution to the problem. A more proactive approach is to manage the content of the individuals before the picker ever receives the ticket or load sheet. Many operations attempt to organize their premium sales SKUs and packages together, and then allocate a couple of bay positions for the craft products. This creates efficiencies for the warehouse pickers while picking the large quantity orders of the premium brand/packages, and can keep the walking distance minimal between the craft items. However, this results in the maximum amount of craft product buried in the mix & match pallet of craft product.

An alternative solution is to manage the pallet content by mixing in limited quantities of craft at the end of the pick path with your premium SKUs. This combination generates pallets with a base of large order quantity premium products, and then a limited number of small volume SKUs resting on the top of those pallets. In this scenario, the small volume SKUs are ideally picked early in the delivery cycle, in an easy manner since they are so accessible. However, if they happen to be ordered by customers that are later in the delivery schedule for the day, they can be easily relocated to an open bay as the truck is depleted.

One of the key steps to this solution is to have a methodology in place in order to manage the distribution of craft SKUs across different pallets to avoid too much (or too little) on any one pallet. Utilizing a loading software package can definitely help in this regard, as you will be able to manage the process much more closely and monitor the content of the craft SKUs on any given pallet or group of SKUs that you pick together. Whether you decide to manage this via loading software or a manual process, the key here, as with so many things in logistics, is balance. By placing too much focus on warehouse efficiencies and picking only premium brand/packages together, you will surely pick faster, but the cost to deliver and merchandise the product in the trade will be far higher. You don’t want to give away these efficiencies. Instead tweak the process by spreading out the smaller volume SKUs and get the best of both worlds.
Minimizing the Impact of SKU Proliferation on Sales Teams

The effects of SKU proliferation are often explored from an operations and planning perspective. However, the stress of SKU proliferation is felt across the entire supply chain with an increasing impact within a distributor’s sales organization.

Many beverage distributors first experienced SKU proliferation through package extensions of existing brands designed to target price points at retail. New complexities related to SKU proliferation required closer scrutiny prior to distribution in order to avoid problems such as cannibalization within brand families. Today, consumer demand for diversity has accelerated the acquisition of brands by beverage distributors, and has many sales personnel struggling to spread their attention across an ever-expanding portfolio of products.

Sales personnel often lament the launch of new SKUs as they see the majority of their time in an account shift from building relationships and executing programs to counting boxes for smaller orders of more SKUs, and making space for new, low-demand SKUs. The pressures of managing the lifecycles of new or seasonal SKUs, in addition to limited time with decision makers and the requirement to frequently service large retail outlets that are absent decision makers, has changed many great sales personnel into order takers. They simply do not have enough time to commit to the sales process. Sales personnel are critical in developing and maintaining relationships with retailers, but they have become increasingly distracted by the logistics of maintaining the supply chain. Ultimately, it is unlikely that the number of SKUs is going to dramatically decline, forcing sales personnel to sacrifice more of their most precious commodity: time to sell.

SKU rationalization through more restricted, but efficient, SKU strategy sounds good in theory but often plays a minor role in managing SKU proliferation. Creating a pipeline of new products and developing mid-stream exit strategies with underperforming brands is also important, but the number of new SKU opportunities often outpaces the time required to adequately invest and build new brands.

Total-time spent servicing retail accounts via pre-sell, delivery, and merchandising activities is at an all time high for many distributors. Distributors often focus on efficiencies in delivery routing, but today significant opportunities for streamlining field efforts and reducing redundancies can be found in sales and merchandising.

Large retailers have dramatically increased their service time requirements, placing merchandisers and sales personnel in stores multiple times per week. The common practice is to add more merchandisers as retailer demand for service increases. This growing workforce of merchandisers should be monitored. Establishing a measure of time spent in each account and
cases replenished can provide the visibility required to verify that merchandising resources are being appropriately deployed.

Next, we should examine how merchandisers and sales personnel spend the majority of their time in an account. Merchandisers spend the majority of their time counting boxes or placing orders. The merchandiser counts boxes to replenish shelves, and then the salesperson counts the same boxes and uses the data to place orders. This redundancy in efforts of the salesperson and merchandiser presents a significant opportunity: have the merchandiser count boxes and the salesman use the merchandiser’s count to place the order. This can conservatively cut a sales person’s order taking time in half. This may sound radical, but it is being done successfully.

Consider the following scenario: The merchandiser goes to a large retailer, takes inventory on the items that need replenished, then replenishes the shelves, fills in displays and creates any new displays. The sales person then follows the merchandiser’s visit to the retailer and places the order based on inventory the merchandiser just captured. Modern mobile ordering systems are capable of this data exchange between merchandising and sales personnel. Utilizing the merchandiser to count boxes shifts a time-consuming task to a lower-paid employee, eliminates a redundancy in the efforts between a merchandiser and sales person and can lower the total cost to service the account. Sales personnel can begin to shift the balance of their time away from the logistics of counting a customer’s inventory and focus their efforts on managing relationships and executing programs.

Eventually, merchandisers could be utilized not only to count inventory and replenish shelves, but also to place automatically calculated orders that fill to shelf capacity, set target days of inventory or build to a par level. The salesperson could spend fewer days per week in accounts where they can affect very little change and more time in accounts building relationships, executing programs and directing their attention to brands that might have otherwise been neglected.

Maximizing the value of a merchandiser and redirecting the efforts of sales personnel can provide a framework that reduces the stress of SKU proliferation on sales personnel and increases a sales organization’s ability to scale and manage more brands.