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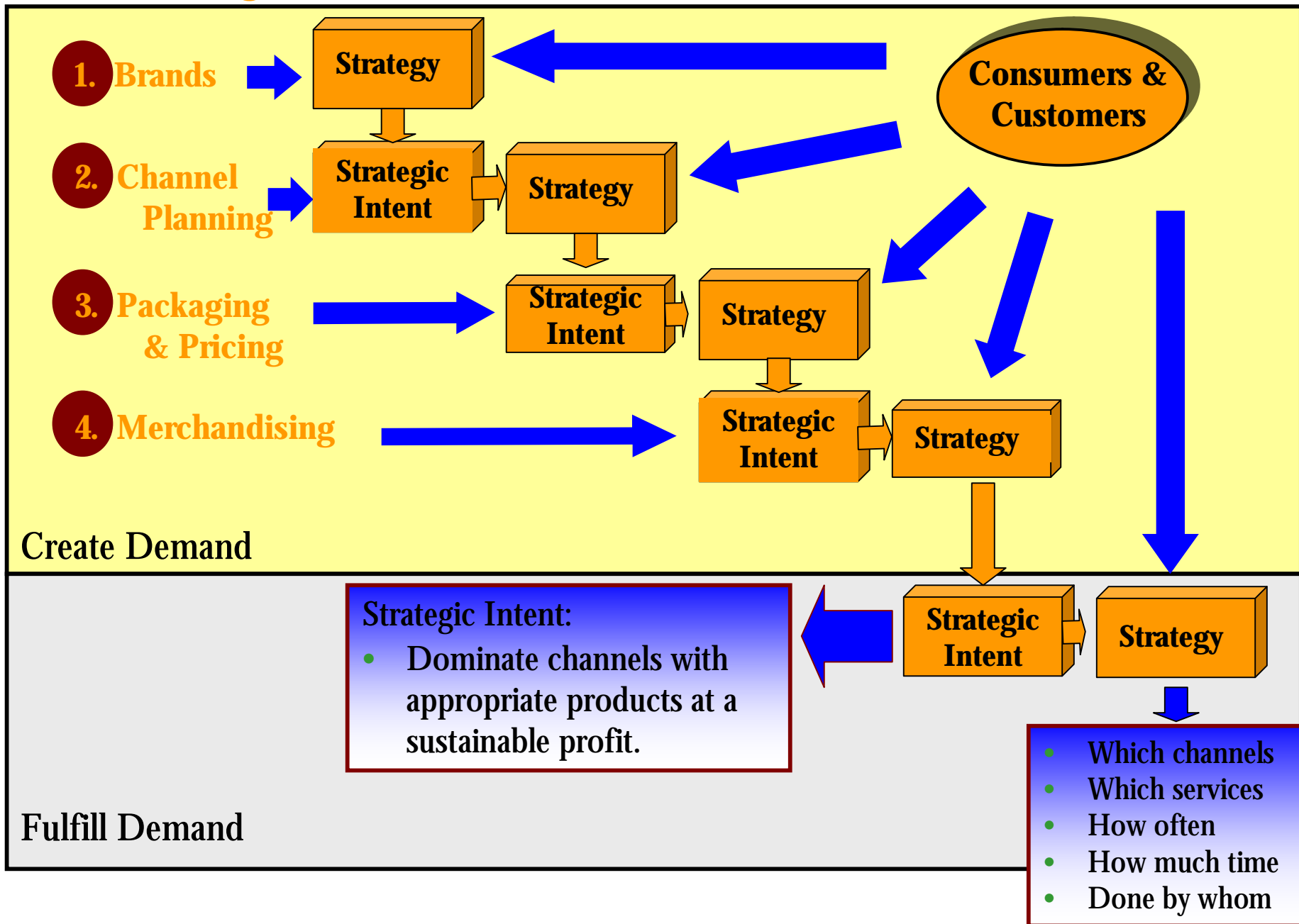
## BUSINESS MODELS OPTIMIZATION

**ROUTE 2 MARKET = ROUTE TO SUCCESS**



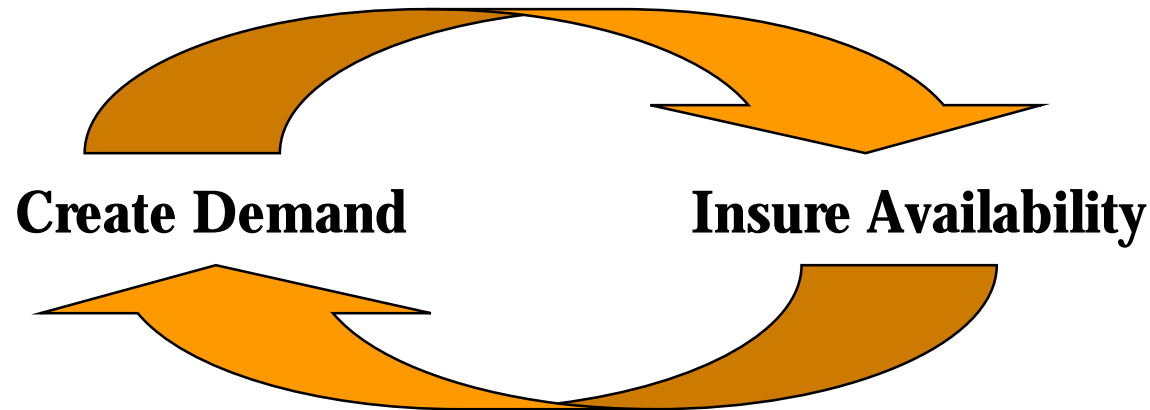
**R2M CONSULTANTS**

# R2M Design Fundamentals



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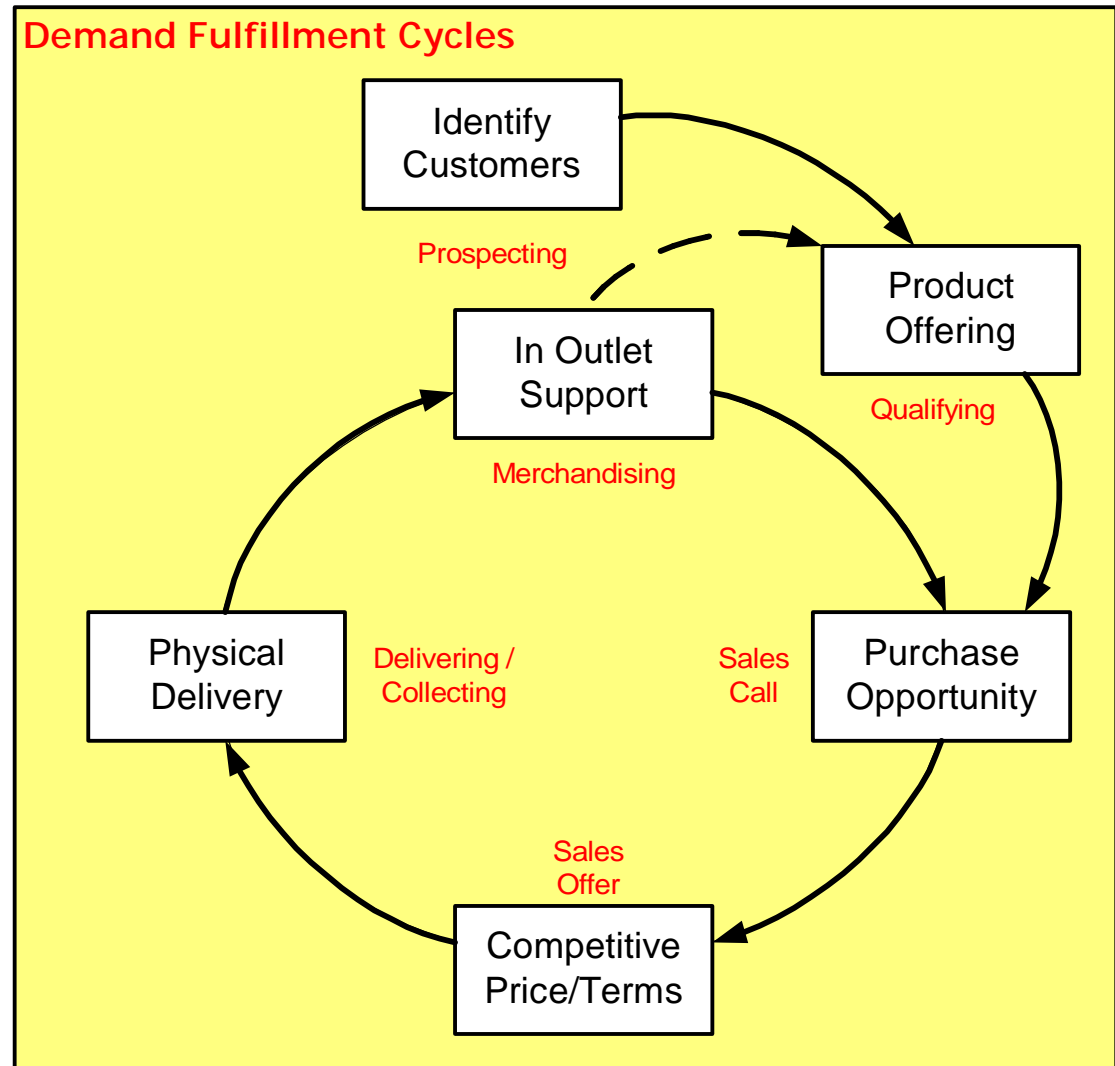
- Establishing brand presence and creating demand  
*Marketing advertising Visibility, Trial, Acceptance*
- **Field managers focus on insuring availability**
- Availability means insuring that the right products are easily accessible to consumers in your market.
- Field managers also impact demand fulfillment through market execution and controlling costs



# R2M Design Fundamentals

## Demand Fulfillment

- Demand fulfillment is the execution step for strategies built in the Demand Creation phase
- Daily activities include:
  - Sales call
  - Sales offer
  - Delivery/collecting
  - Merchandising
- Occasional activities include:
  - Prospecting for new outlets
  - Qualifying outlets to sell specific products



# R2M Design Fundamentals

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System design will incorporate several important considerations. These considerations will serve as a framework as you develop the best sales and distribution structure for your market area. All sales and distribution systems, regardless of ownership, should provide for these design fundamentals.

- **Consumers and Customers**
  - Design must begin with customers and consumers
- **Information**
  - Own strategic information: market, operational and financial
- **Financial Implications**
  - Insure the system design is profitable for all players
- **Process and Plans**
  - Integrate planning and operational processes across all functions
- **Execution**
  - Provide simple, specific, realistic objectives, and planned activities
- **Monitoring and Rewards**
  - Monitor performance against objectives, and reward success



# R2M Design Fundamentals

## Consumers and Customers

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- Customers and consumer activities within customers determine how we will service the customer.
- Basic retailer needs include:
  - Product at a reasonable margin (Price)
  - Sufficient inventory (Frequency & ordering accuracy)
  - Assistance in attracting consumers (Merchandising)
- The customer requirements must be balanced with service provided in terms of efficiency and effectiveness.



# R2M Design Fundamentals

## Financial Implications

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- Understand revenues and costs at each level of the system
  - Where is value added in the process?
  - What are the cost drivers?
- Can the existing business system be changed to be:
  - More efficient – lower cost
  - More effective – higher sales units or margins
- Iterative process tied to Processes and Plans
  - Changing productivity and cost drivers
  - Decreasing costs and/or increasing revenues



# R2M Design Fundamentals

## Processes and Plans

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- Identify the necessary changes, and how to implement them
  - Activities must serve company/customer/consumer needs
  - Eliminate wasted activities at all levels
- Develop and cost alternatives to develop the best possible result.
- Create and agree on actionable plans for implementation
  - Resources required and timing to achieve needed changes
  - Responsibility for implementation steps



# R2M Design Fundamentals

## Execution

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### Change management

Clear steps for change through action plans will be established. Individual managers responsible for achieving changes on the agreed timetable will be thoroughly briefed.

### Retail execution

Provide clear understandable execution standards delivering the right things to consumers at the point of sale. The point of sale is our highest leverage opportunity.

- Over 70% of purchase decisions are made at the point of purchase
- Consumer already engaged in the decision process



# R2M Design Fundamentals

## Monitoring and Rewards

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- For each level of the organization, objectives must:
  - Fit the needs of the business
  - Be clearly communicated
  - Regularly measured at appropriate interval
  - Actionable
- Compensation systems should be aligned with company objectives
  - Simple, understandable, uncomplicated
  - Individuals, departments, operating groups rewarded if achievable business objectives are achieved



# R2M Design Fundamentals

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- Sales and distribution systems should satisfy the needs of customers and consumers while generating profitable growth.
- Three key outputs of sales and distribution systems
  - 1) Sells products to the outlet
  - 2) Delivers products to the outlet
  - 3) Places products in prime position to sell to consumers
- Balancing efficiency and effectiveness in sales and distribution

Efficient – Designed to avoid loss or waste  
Focus is on cost management and productivity

Effective – Designed to produce a desired result  
Focus is on customer service and growth

