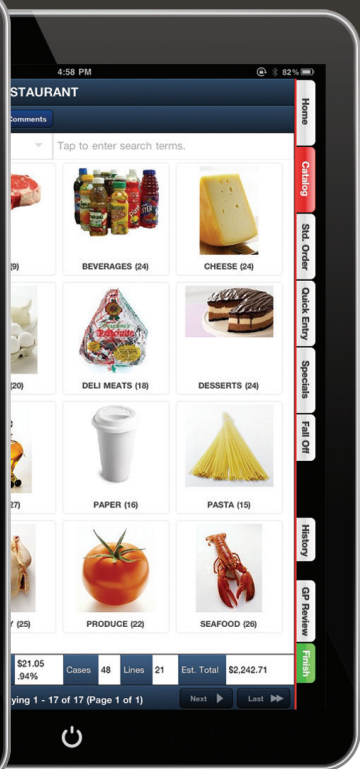
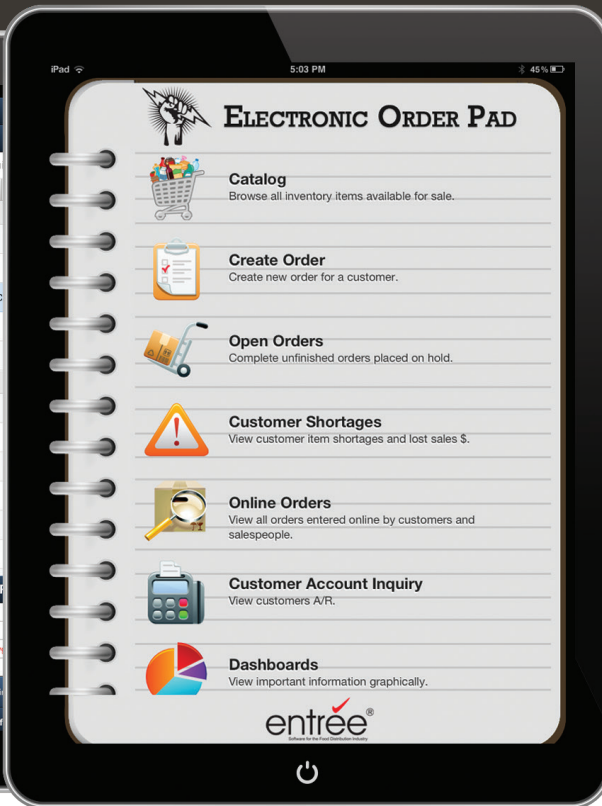
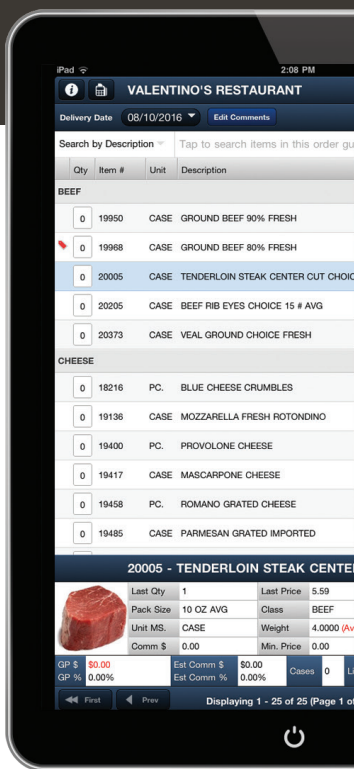




# A WHITE PAPER FOR FOOD DISTRIBUTORS

## 7 DSR SOLUTIONS (Distributor Sales Representative) TO COMMON CUSTOMER SERVICE PROBLEMS



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This White Paper identifies seven common problems experienced by foodservice distributors and serves to provide solutions to modernize the way Distributor Sales Representatives, DSRs, take their customers' orders, consult and recommend products to clients, and prospect for new business. The solutions provided in the paper optimize the DSRs roll not only to maximize profit, but to provide outstanding customer service.

The following problems are based on real life testimonials provided by four foodservice distributors. A special thank you to: Altamira LTD, a specialty and gourmet food distributor based in Denver; D.E. Holman Distributing, a dry goods distributor based in Sapulpa, Oklahoma; H&R Foods, a meat and seafood provider from Amarillo, Texas; and Global Importing Group, an Eastern European foods supplier from Portland.

# PROBLEM 1

## DSRs ARE UNAWARE OF SLOWLY LOSING SALES TO COMPETITORS

Every Thursday for the past few years, you deliver various deli meats to the same sandwich shop. A competitor offers a slightly lower price for boneless chicken breasts, your customer takes that deal and stops ordering chicken from you.

Unfortunately, none of your employees notice the item has fallen off the customer's order until after a few weeks.

By the time one of your employees notices, your customer has already established a buying relationship with the new vendor and your offer to match the price on chicken breasts is not enough incentive to eradicate the competition.

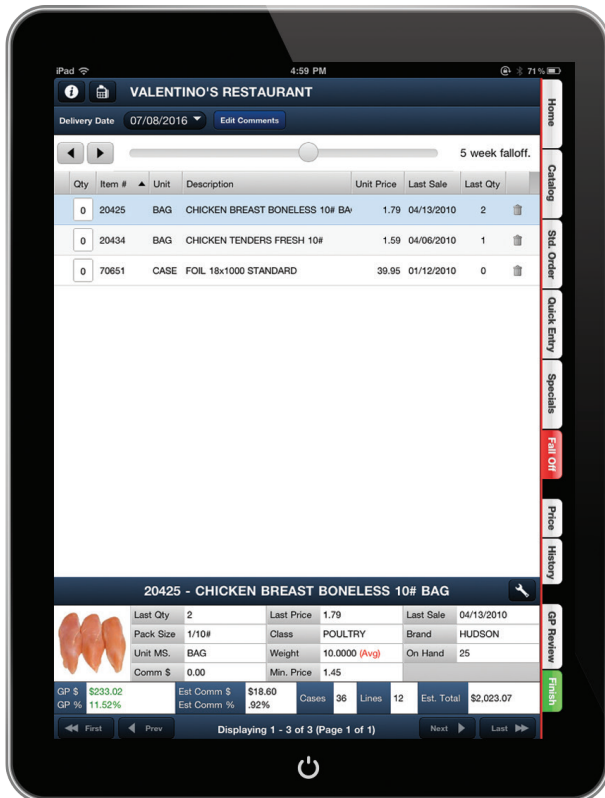
To prevent this loss of revenue, your DSR needs to immediately be aware when customers stop ordering items from you.



## SOLUTION

DSRs work with multiple clients, and are unable to remember all of the items that each customer habitually orders, therefore, they need to be notified when a routine item is discontinued from the order.

Ideally, your DSR should have been aware that the boneless chicken breasts were missing from the order before the order was placed. Realizing a product's absence would allow your DSR to immediately inquire about the deficit and match a competitor's price without any loss of sales.



The image on the left displays a slider-bar that indicates when the customer stopped ordering boneless chicken breasts from you. This slider is adjustable by increments of one week, starting with the current order and extending back to twelve weeks.

The rightmost column shows the Last Quantity of chicken breasts ordered was 2, while the leftmost column shows that the quantity order on this invoice is zero.

**NOTE** Quantity can be edited directly from the fall off screen if your customer decides to order the boneless chicken breasts from you again.

## PROBLEM 2

## MANUALLY ENTERING ORDERS LEADS TO COSTLY MISTAKES

Your DSRs take orders manually with paper order guides. Printing an order guide for each customer is expensive, wasteful, and a hassle for DSRs to transport, especially since you carry a large variety of products.

These large lists are also extremely inefficient, as your DSRs have to manually check off and/or enter order quantities for each individual item in the customer's order.

Your DSRs make human errors and check off the wrong item, or write illegible quantities, and your customers are frustrated with the constant need to correct orders. Printed lists also provide very limited information (lacking product images, current inventory stock levels, allergens, etc.) which impedes the discovery of new products and providing requested information.

If your DSR calls in the customer order, your office staff could incorrectly write down the wrong item or quantity.



## SOLUTION

The risk of making a mistake on an order diminishes significantly when DSRs have a customer-specific, up-to-date order guide. Instead of struggling to remember which brand, pack size, or quantity of a certain product a customer orders, DSRs should have this information readily available. This includes the last date, last sell price and last quantity purchased of each item.

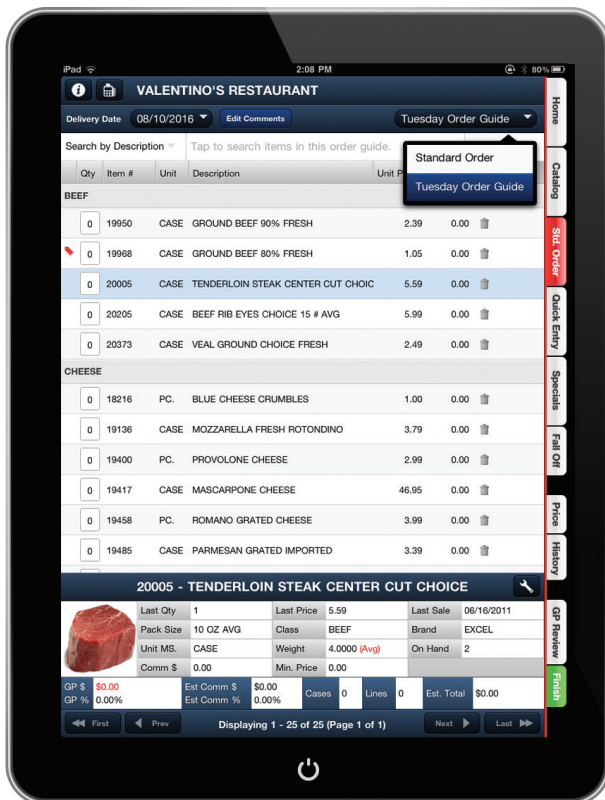
Standard orders are automatically created based on the actual items a customer purchases while order guides are manually created to fit a specific need. Order guides can be completely customized so the order of the items matches that which the customer orders them.

Order guides can also be created for different departments within the same business, for different days of the week, etc. Order guides can also be copied for businesses with multiple locations.

The Order Guides option allows the setup of an unlimited number of targeted lists of items to make the ordering process easier and faster for each customer of the DSR.

Order guides can be defined to provide specialized lists by department such as frozen foods, dry goods, canned goods, dairy, meat, seasonal, day of week, etc. For each Order Guide defined, you can select specific items and the order sequence in which they will appear.

You can create Order Guides for each business location, making them perfect for franchises or multi-location customers with varying needs. Once created, your Order Guides can be easily copied, edited or deleted.



# PROBLEM 3

## OVERSELLING ON HAND INVENTORY CREATES COSTLY SHORTAGES

You have multiple DSRs, and multiple office employees. One of your DSRs takes an order from a pizzeria in the morning, and calls back to the office to inquire about the types of cheese you have in stock. Later in the day, a different DSR calls from a deli, also to inquire about your selection of cheeses.

At the end of the day, both DSRs submit their customers' orders, each including a wheel of specialty, imported cheese that you only have one of in stock.

Your DSRs called at different times, spoke with different members of your office staff, and the lack of automatic inventory updates leads to one of your customers being shorted.

DSRs should have accurate and up-to-date information about inventory, customer allocations and incoming inventory from vendors in order to prevent overselling.



## SOLUTION

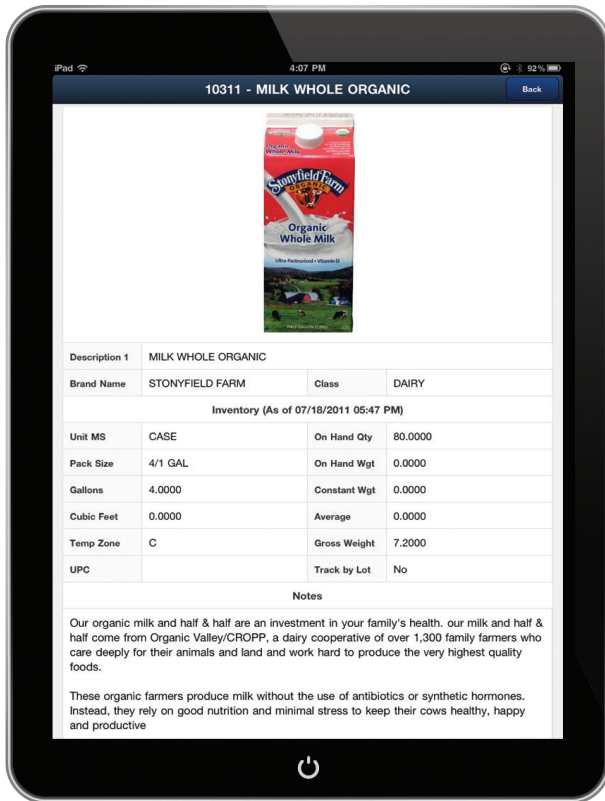
It is crucial for DSRs to have an interactive, up-to-date inventory catalog, so customers don't get shorted by overselling. Manual orders taken with a pen and paper are not processed until the DSR calls in the order or arrives back at the office. Taking orders on a tablet is an ideal

solution, as tablets are easy to transport, and have access to the Internet so orders can be processed, and inventory can be updated continually throughout the day.

DSRs not only need to know the current inventory, but should have knowledge about projected inventory. DSRs should be able to view customer allocated inventory and incoming inventory by day for at least 30 days into the future. This will provide them the information they need to assure that a customer's needs are met.

At any point (ex: while viewing the Catalog, creating an order, etc.), the DSR can double tap an item, or single tap the small image of the item in the information panel at the bottom of the screen, to view important details about that item, including the current On Hand Quantity and Weight.

The bottom of the ordering screen shows a calendar icon (pictured below), that when clicked, expands to show any incoming inventory, customer allocations of inventory and the available inventory of the selected product for each day over the next 30 days. This gives DSRs all the information they need to sell without the fear of shorting the customer.



	Fri 08/12	Sat 08/13	Sun 08/14	Mon 08/15	Tue 08/16	Wed 08/17	Thu 08/18	Fri 08/19	Sat 08/20
On Order	0	0	0	0	15	0	0	0	0
Allocated	5	0	0	7	1	1	0	0	0
Available	34	34	34	27	26	40	40	40	40

# PROBLEM 4

## ITEM SHORTAGES RESULT IN FRUSTRATED CUSTOMERS AND LOST SALES

Despite your company's best practices, sometimes customers may be shorted items on their orders. This could be a result of items being inaccurately received when brought in from a vendor, improper cycle counting or even employee theft.

When this situation occurs it is usually not known until products are loaded onto your trucks for delivery to customers.

Your customer may have been depending on receiving the exact quantity of an item ordered because of specific needs.

When a customer discovers they have been shorted, it causes frustration and a lack of faith in your operation to deliver on what was promised.



## SOLUTION

Providing outstanding customer service is one of the chief goals of your operation. As soon as it is known that a customer will be shorted on one or more items on their order, your DSR should know so that he or she can immediately contact the customer to find a solution.

You will not only provide the client with excellent customer service, but show the customer you care, which insures that you do not lose any future revenue from the customer deciding to start using one of your competitors.

The Customer Shortages option allows your DSR to be aware of and view shortage information from customer invoices before your trucks leave your warehouse.

This feature makes it easier to take care of shortage situations with customers early and avoid losing sales.

When the Quantity Shipped is less than the Quantity Ordered it is interpreted as a shortage, as shown in the image on the left. The

“\$ Lost” because of shortages is displayed per line item and the “View Invoice” button shows the entire customer invoice.

Customer Shortages						
Showing for invoices from		08/01/2015		through		07/08/2016
Total # Short Inv	8	Total Qty Short	77.00	Total \$ Lost	4,167.81	
Inv #	Inv. Date	Cust No.	Company	Inv \$ Total	Short Qty.	\$ Lost
231210	10/12/2011	CAFEMI	CAFE MILAN	268.70	3.00	149.58
231219	10/14/2011	BERWIL	BERNARDO'S CAFE	119.00	1.00	38.00
231250	12/05/2011	COUROS	COUSINS RESTAURANT	343.43	2.00	7.58
231247	12/05/2011	PUNCHI	PUNKY'S PIZZA, PASTA & MORE	75.81	7.00	113.20
231204	10/11/2011	ALLPLA	ALL STAR PIZZA LAND	383.82	2.00	21.54
229	10/10/2011	ALLPLA	ALL STAR PIZZA LAND	366.97	47.00	1,607.31
231240	11/15/2011	PUNCHI	PUNKY'S PIZZA, PASTA & MORE	271.44	3.00	937.80
231206	10/11/2011	BERWIL	BERNARDO'S CAFE	55.71	12.00	1,292.80

Invoice #229						
Item #	Description	Unit	Qty. Ord	Qty. Ship	Short Qty.*	\$ Lost
10311	MILK WHOLE ORGANIC	CASE	12.00	11.00	1.00	10.77
10502	SWEETENED CONDENSED MILK	CASE	3.00	0.00	3.00	89.28
10598	EGGS MEDIUM AA USDA SHIELED	CASE	6.00	0.00	6.00	87.66



# PROBLEM 5

## MANAGING CUSTOMER SPECIAL PRICING IS CHAOTIC

You sometimes need to define a special price for every item that each of your customers may purchase. These special prices can float dynamically as your costs change by either a dollar amount or a percentage and calculate over a designated cost factor.

Your DSR negotiates a bid price with a burger joint, a floating dollar above base cost with a vegan café, and a percentage above landed cost with a diner. Because you serve hundreds or thousands of customers, basic price levels are not enough.

And because your operation needs to stay competitive, you are constantly making special pricing deals and establishing contract pricing for each item a customer could purchase. At the same time, your DSR (if allowed) must be sure not to define pricing that is too low, such as below a minimum sell price you might designate for an item, otherwise your profitability will decline.

Your DSR struggles to keep track of all their customer's special pricing. When your customer is given incorrect pricing, their frustration with your organization can become intense.



## SOLUTION

A food distributor needs the ability for flexible costing and pricing options. For example, whenever there are changes to an item's cost (most commonly during the process of receiving inventory via a purchase order), you may want to immediately update costs and

pricing or designate that to a future date (as most food distributors lock in their sell prices on a weekly basis).

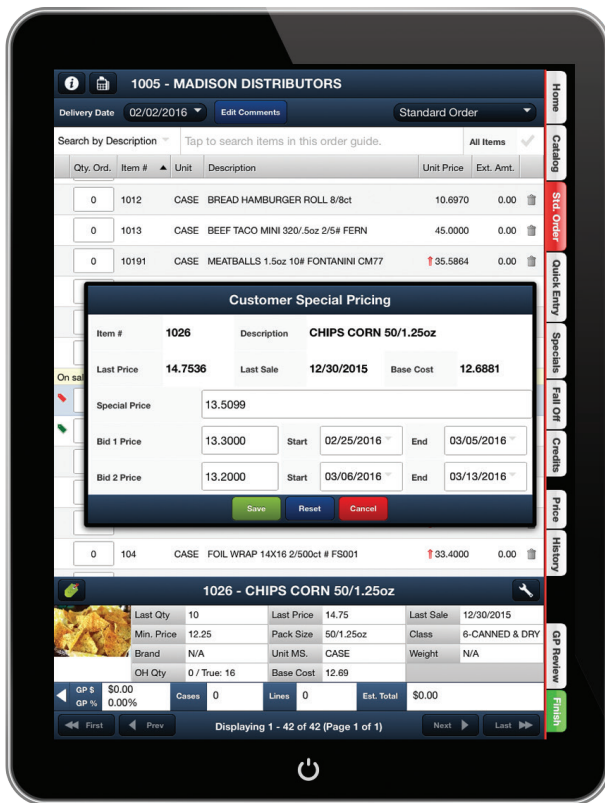
Tracking your costs properly while having your customers pricing updated automatically is of critical importance. It allows you to provide accurate gross profit information while maintaining the profitability of your operation. Once you define the rules, your system needs to update the cost and price data so your DSRs are always using the correct pricing.

If allowed, your DSRs have the ability to edit their customer's Special Pricing and Bid / Contract Pricing on each item.

This feature allows you to free up your office staff from making these entries, as the DSRs can edit them directly and have them transmitted to your main system automatically.

Note that an item's Minimum Sell Price will still be respected and the DSR cannot create Special Pricing below the minimum price point that you've defined. Any Special Pricing defined can float above your cost, so if your cost goes up or down on an item, the Special Pricing will automatically adjust.

In the screen to the left, the DSR is setting The Bid / Contract Pricing at a locked in price point for the defined date range, which will remain constant, regardless if your cost for the item goes up or down.



# PROBLEM 6

## LANDING THE BIG SALE CAN LEAD TO BIG LOST PROFITS

Your DSR finally lands a large customer he has been working on establishing for quite a few months. The order contains many line items and the invoice total is large.

Your DSR is pleased with the sale until your office staff informs him that your business is actually losing money off the transaction because of incorrect pricing and he doesn't even qualify for a commission.

In order for you to profit from the sale, your customer has to pay enough to cover your overhead costs.

Your DSR did not realize this when making the sale and defining item pricing for the customer. The excitement of earning a large new customer made him overlook the fact that he improperly priced items.

It turns out the gross profit from the sale is not even enough to merit sending the truck out.



## SOLUTION

Your DSR should be able to view both his or her commission and the gross profit of the sale as the order is entered and before the transaction is complete. The gross profit that your DSR sees is defined by your company and is normally calculated using the items Base Cost, which includes all your overhead factors.

You can define both your company's minimum and ideal profit margin percentages. For example, you might define your minimum as being 5% and your ideal as being anything above 12%. Your DSR should be able to quickly identify where the item's pricing falls and adjust pricing for any items that all below your company's minimum. This is not only in your company's best interest, but also the DSRs, as it will increase the commission that he or she earns.

When line items on a customer order are color coded to show profitability, DSRs will quickly know how a customer's pricing affects your company's profit margins and their commission.

As shown by the image to the left, line items that appear in RED represent a gross profit margin % which falls below your company's minimum requirement. Line items that appear in YELLOW represent a gross profit margin % which is above your minimum, but below your ideal level. Line items that appear in GREEN represent a gross profit margin % which meets or exceeds your ideal level.

DSRs can change either the line item's "Unit Price" or "GP %" directly on this screen to bring pricing to acceptable levels.

The goal for a DSR is to have a completely GREEN screen.

Qty.	Ord.	Item #	Unit	Description	Unit Price	Cost	GP %	GP \$
25		20615	LB.	A#1 TUNA LOIN FRESH	4.78	4.49	5.99	0.29
2		20614	CASE	CALAMARI BREADED STRIPS	8.19	7.78	4.96	6.09
4		20598	CASE	SHRIMP 110-160 COOKED PLD TAIL	5.90	4.45	24.58	14.50
3		20597	CASE	SHRIMP 41-50 UNCOOKED TAIL ON	5.00	4.70	5.96	2.98
8		20595	BAG	SHRIMP RAW FROZEN 110-130 CT	2.58	2.27	12.00	0.31
2		20594	CASE	SHRIMP 26-30 RAW PLD TAIL-OFF	6.35	5.71	10.00	6.38
1		20568	CASE	CALAMARI TODARODAS 5-8"	2.59	2.37	8.50	2.21
5		20553	CASE	CALAMARI U-10 CLEANED	3.32	3.16	4.90	4.74
5		205471	CASE	POLLACK UNBREADED 10# BOX	1.77	1.43	19.50	3.42
1		20546	CASE	CONCH BATTERED FRITTER	96.32	91.50	5.00	4.82
2		20543	CASE	PERCH BREADED LAKE MEDIUM	7.64	6.72	12.00	14.69
2		20540	CASE	COD UNBREADED 8-10 OZ FILLET	6.06	5.16	15.00	45.25
5		20591	CASE	SHRIMP 21-25 RAW PLD TAIL-OFF	8.06	6.73	16.50	13.23

Ext. Amount 391.50    Ext. Cost 336.60    Ext. GP \$ 54.90

20591 - SHRIMP 21-25 RAW PLD TAIL-OFF

Last Qty	1	Last Price	7.99	Last Sale	10/11/2012
Pack Size	2/S#	Class	SEAFOOD	Brand	CONTESSA
Unit MS.	CASE	Weight	10.0000 (Avg)	OH Qty	82
Comm \$	3.09	Min. Price	7.05		

GP \$ \$335.65    Est Comm \$ \$23.50    Cases 65    Lines 13    Est. Total \$2,861.04  
GP % 11.73%    Est Comm % 82%



# PROBLEM 7

## UNORGANIZED CUSTOMER PROSPECTING LEADS TO LOST OPPORTUNITIES

Your DSR is out prospecting for new business. She takes paper fliers with her and brings them to a new diner that will be opening soon. She asks what products the prospect is interested in and says that she will contact them with a quote.

At the end of the day, the flier your DSR gave the customer is thrown in a pile, lost, and forgotten about.

Because of the fast paced world of food distribution and dealing with restaurants, etc., the prospect is also not followed up with properly by the DSR.

When the diner is later contacted, the DSR cannot find the list of items that the diner is interested in purchasing and cannot provide the promised quote.

When the DSR again attempts to sit down with the owner of the diner to obtain that item list again, they are viewed as unorganized and a risk to do business with.



## SOLUTION

When deciding who to give their business to, potential customers need to have faith in the reliability and organization of your DSR. Prospective clients should also see that your operation utilizes current technology to stay organized while quoting pricing, and throughout the ordering process.

Seq.	Item #	Unit	Category	Description	Unit Price
<b>APPETIZERS</b>					
100	30165	CASE	APPETIZERS	MOZZARELLA STICK BREADED FROZEN	30.85
110	30133	CASE	APPETIZERS	ONION RINGS BEER BATTERED	31.50
120	30145	CASE	APPETIZERS	BREADED FIESTA BOLD POPPERS	32.29
130	3015911	CASE	APPETIZERS	BREADED JALAPENO BOTTLE CAPS	37.10
140	30161	CASE	APPETIZERS	MUSHROOM BATTERED FROZEN	34.84
<b>DAIRY</b>					
10	10311	CASE	DAIRY	MILK WHOLE ORGANIC	11.00
30	10479	CASE	DAIRY	HEAVY WHIPPING CREAM BULK	52.98
40	10499	CASE	DAIRY	WHIPPED TOPPING	48.00
50	10532	CASE	DAIRY	BUTTER SALTED	2.45
60	10598	CASE	DAIRY	EGGS MEDIUM AA USDA SHIELDED	14.61
<b>DELI MEATS</b>					
70	20081	CASE	DELI MEATS	TURKEY BREAST OVEN ROASTED	3.19
80	958748	CASE	DELI MEATS	ROAST BEEF ITALIAN STYLE 10 # AVG	45.99
90	958743	EACH	DELI MEATS	SERRANO HAM 12 # AVG	10.66

When prospecting for new business, your DSR should be able to bring an electronic tablet to the business and show the customer your complete catalog of items. Your DSR needs to create an order guide with the exact products, quoted pricing and quantities that would be on the client's standard order. Once completed, the prospect's order guide is turned into a quote which can be emailed to the prospective customer and saved in your system. If the customer chooses to go with your business, the quote can be turned into their standard order and their first order created with the promised pricing.

DSRs can create an order guide, like the one shown to the left, for a prospective client. It is here that they can define all the items to appear on a price quote to a prospect in the proper sequence (using a numerical sequence you define) and grouping that suits the customer best.

DSRs are allowed to edit one guide per prospect and can edit the pricing by touching the "Unit Price" field. The pricing is normally determined by the price level when creating the prospect.

When a prospect is ready to become a live customer, DSRs will touch the "Ready to Convert" check box.

When converting you have the options of assigning a live Customer Number and creating a Standard Order with the items and pricing defined by the DSR.

# INTRODUCING THE ELECTRONIC ORDER PAD

## THE MOBILE APP TO MAKE YOUR DSRs VERY HAPPY

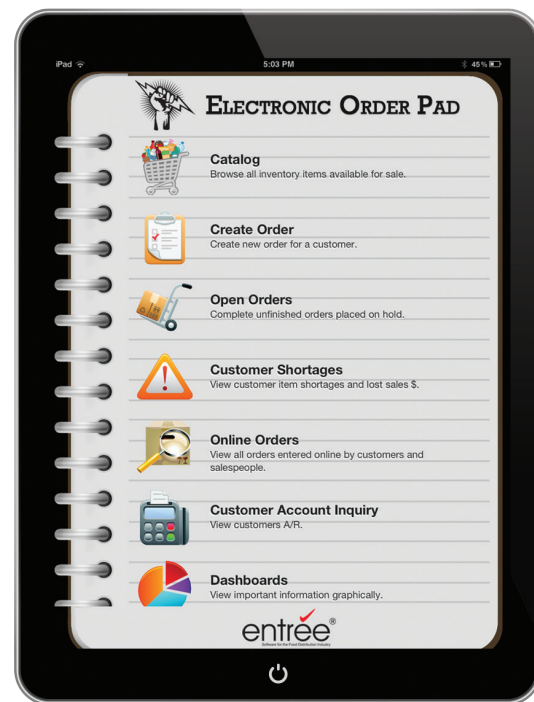
The **Electronic Order Pad** provides the solution for all seven of the problems discussed in this paper.

The **Electronic Order Pad** is a mobile application produced by NECS, Inc that allows DSRs to take orders accurately and efficiently. The **Electronic Order Pad** is ideal because of its mobility, DSRs can take orders out in the field with access to your company's data.

The **Electronic Order Pad** features a fall off detector tool so DSRs can be aware when customers stop ordering routine items, the ability to create customer specific order guides to improve accuracy and efficiency, and access to almost real time inventory so DSRs do no oversell.

The **Electronic Order Pad** also features a shortages adjustment screen for times when allocated inventory is greater than the current inventory. This technology also includes the ability to manage customer special pricing, review gross profit before placing an order, and create quotes for prospective customers.

With the **Electronic Order Pad**, DSRs will no longer have to carry around bulky laptops, or disorganized piles of paper. They will have constant and accurate access to office information and leave a lasting impression when prospecting for potential clients.



### Electronic Order Pad Tablet Requirements:

- Apple iPad & iPad Mini (Recommended)
- Android 4.1 or later, 7" or 10" tablet size
- Connection to the Internet, such as WIFI or cell data plan from Verizon, AT&T, etc.

“ The **Electronic Order Pad** has helped our sales team be more efficient and productive. With their iPad, the DSR can literally bring every product description with them on sales calls, have access to current inventory levels, and streamlines the ordering process. It has moved our business years ahead of where we were before, and we highly recommend it to other NECS, Inc customers!”

– Chad Stamm, *Altamira Foods*

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SOFTWARE FOR **FOOD DISTRIBUTORS**

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