

The POI Canadian Summit

Driving Profitable Growth North!



Aligning Sales and Marketing for Revenue Management Optimization

WELLS ENTERPRISES - REVENUE MANAGEMENT JOURNEY

AN EXECUTIVE OUTLOOK

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Hi, My name is Anthony and I have a problem...



Anthony Guarnaccia

(B.B.A, The George Washington University – School of Business)



Wells Enterprises

Sr. Manager – Customer Investment



Colgate-Palmolive

Guest Insights Manager



Target

Strategic Pricing Leader – Home Categories



Welch's

Associate Marketing Manager Shelf Stable Juices

Who we are

Wells Enterprises is the largest privately held, family-owned ice cream and frozen treat manufacturer in the United States

- Founded in 1913
- 150 million Gallons of Ice Cream Annually
- More than 2,500 Employees

Multi-Channel Retailing


- Grocery
- Walmart
- Private label
- Food Service
- Alternative (Mobile Vending, Convenience Stores)





Our Brands



Once Upon a Time..

1  **How it began?**
 Senior Executive Team wanted to leverage Revenue Management as a core capability to step change financials.

2  **External Assessment**
 Assessed Best-In-Class Revenue Management capabilities vs Wells

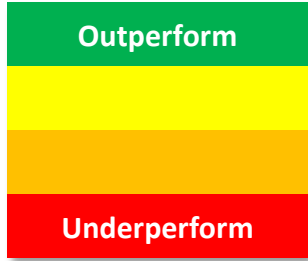
3  **Identified Infrastructure Gaps**
 The assessment led to the realization of multiple gaps

PEOPLE **Prioritize Talent Acquisition**

STRUCTURE

RESULTS & PLANNING

SYSTEM



Step 1: Sourced Talent

Pre

Revenue Management Director

Not driving revenue management strategy, focused on reactive firefighting

Pricing & Promotion Analyst, Food Service

100% systems administration

Pricing & Promotion Analyst, Retail Central and West

Pricing & Promotion Analyst, Retail East

Task oriented Sales Team order takers

Current Responsibilities:

- Ad-hoc trade spend approvals
- Annual budgeting
- Forecasting
- Supporting pricing systems
- Analyzing price and promotional activities

Post

Revenue Management Director

Pricing Manager (Grocery, WMT)

Pricing Manager (FS, ALT & Mobile)

Data Scientist

East Analyst

FS & Mobile Analyst

West/Central Analyst

Alt. Analyst

- Scale up resources and scope
- Develop deep functional expertise by channel

Future Responsibilities:

- Pricing selling stories
- Promotion Planning
- Margin Pool tracking
- Pack Price Identification
- Generating price indexes
- Mix management
- Cost to serve analysis

Step 2: Revenue Management Action Plan



RM Capabilities

1. Granular Visibility



2. Repeatability



3. Automated Insights



4. Performance Reporting

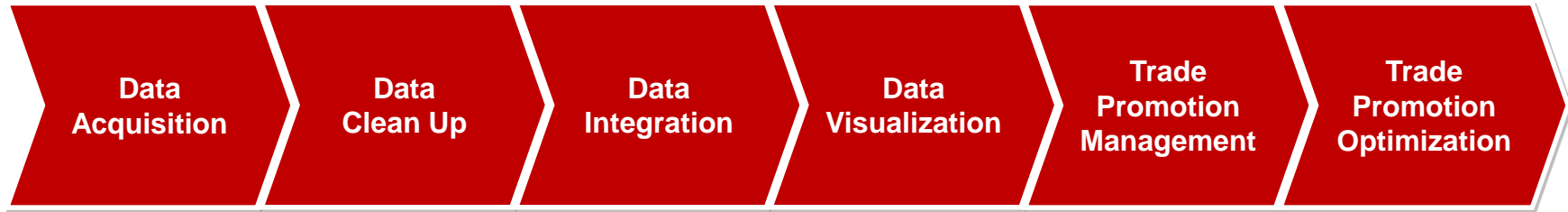


5. Accountability





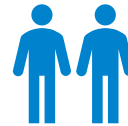
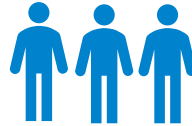
Step 3: Actions Taken



Money



People

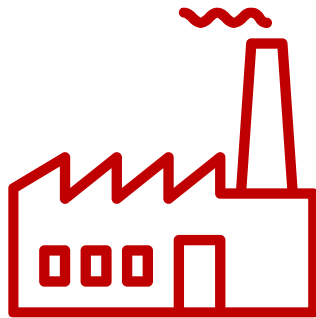


Time



Step 4: The Factory Commences

Revenue Management Factory



Strategic Pricing Guidelines

- Brand A's price should be 30% higher than Brand B's



Cannibalization Estimates

- Product C promo decreases product D volume by X%



Product Elasticity

- A 15% price drop on Product E should lift its volume by 60%



Promo Lift Factors

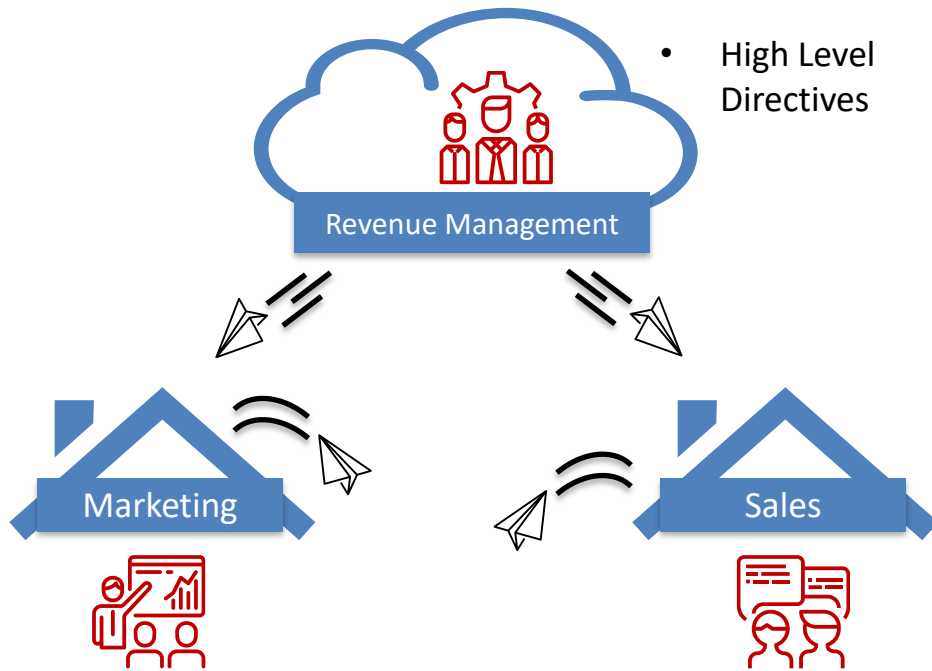
- The \$3.99 promo price lifts profit 50% more than a \$3.49 promo



Lots & Lots of Tableau Reports...

Step 5: Things Didn't Happen Exactly As Expected

1 Revenue Management was disjoint from front line execution



- Marketing Budget
- Advertising Plan
- Product Innovation

- Trade Terms
- Sales Pitch
- Promotion Plan

2 Financial results were stagnant to deteriorating



Increased pricing and promotion investment



Senior executives looking for answers

Step 6: Trying to Find a Fix



RM attempted to diagnose the issues and cascade remedial measures

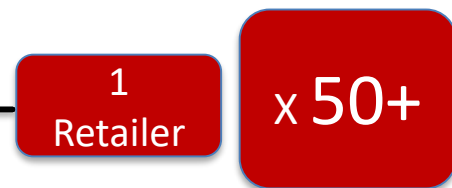
E.g. "we need to raise the price on SKU X by \$0.30"



| Key Dates and Details (SKU X) | Month → | January | | | | February | | | |
|-------------------------------|---------|---------|--------|--------|--------|----------|--------|-----------|--------|
| | Weeks → | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| Price | | \$4.99 | \$4.99 | \$4.99 | \$4.99 | \$4.99 | \$4.99 | \$4.99 | \$4.99 |
| Promo | | | \$3.49 | \$3.49 | | | | 2 for \$6 | |
| Activation | | | Ad | | | Display | | Feature | |

Sales Inquiries (Pushback)

1. We are locked until XXX, no opportunity to adjust?
2. Which weeks do we want to change?
3. Are we adjusting base or promoted pricing?
4. Will we be adjusting the retailer's margins?
5. How are we going to sell this in? What is the retailer impact?
6. ...

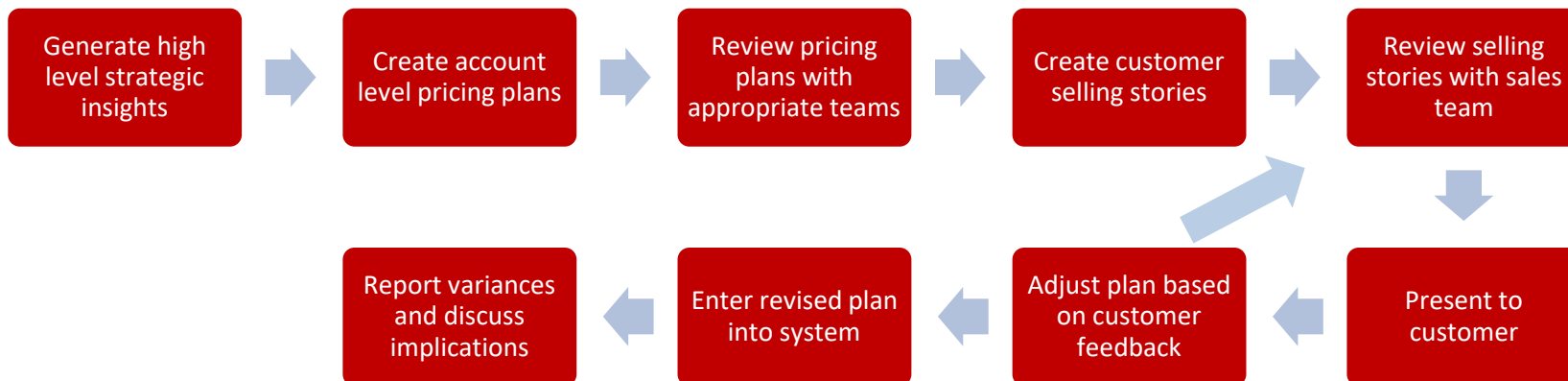


Step 7: Getting out of the Clouds

- Restructure team to be more proactive and engage the business
- Create price and promotion plans at the account level
- Engage sales team to ensure plans are feasible
- Create senior organizational alignment on what customer exceptions will be allowed



Process



***Driving
Culture
Change***

Step 8: Closing the loop - Reporting and Accountability



Forecast & Plan

- Estimate sales, margin and ROI of initiatives
- Create KPIs to track performance

Track

- Analyze gaps to forecast
- Determine drivers of performance gaps (sales execution, price position, brand performance, customer/competitive actions)

Adjust

- Adjust plan to close gaps or accelerate on opportunities
- Determine if pricing and promotion playbook needs to be adjusted

Lessons Learned

1

Spending on Systems and Data will not be a Magic Fix

2

Changing Culture and Processes are Key

3

You will not drive change without first driving results

4

Revenue Management teams need to put boots on the ground and get close to the day-to-day process to meaningfully impact decisions.

