

Using **FORCE** for More Effective Selling Presentations

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Few forces have shaped the consumer packaged goods (CPG) industry over the trailing 10 years like category management. Originally, the domain of large firms with massive budgets, several improvements in information technology and the emergence of sophisticated, less expensive outsourcing options have largely erased the huge advantage these firms once enjoyed. Just about every company over \$50 million nowadays has some kind of category management infrastructure and the largest manufacturers continue to increase their investment with headcount, software, data and hardware at retailer locations (on-sites).



Unfortunately while the spending continues to grow, the incremental sales generated have failed to materialize. In the dozens of food and non-food categories we track, we have seen that large companies over the last three years have failed to outperform the smaller companies. The CPG industry remains relatively flat, with modest gains being generated from Wal-Mart store growth. It is our thesis that category management can still help companies attain billions of dollars of incremental sales. However, the analytical paradigm is flawed. There is not a lot of difference in how companies are using data, and, for the most part, they are not presenting data in an effective manner.

We propose that a FORCE process of category management analytics can jumpstart this moribund discipline and deliver the incremental sales gains that were seen in its early years. FORCE™ is the acronym for Fact-Based, Objective, Reliable, Credible and Easy. By following this process, the early adopting companies can gain a quick advantage over companies that continue the old, ineffective methods of category management analytics.

Fact-Based: Fact-based information is defined as retail sales data, consumer research, industry data or any other quantifiable source of information that supports a selling proposition. Most people in the CPG industry take it as self-evident that a certain level of fact-based information is required in their selling efforts to retailers. It amazes me, though, that there are still quite a number of smaller manufacturers and sales brokers that neither use fact-based information nor really see the need to start using it.

Given that there are still so many companies and individuals that have not caught the 10+ year fact-based selling trend, it is important to lay out the primary reasons why fact-based selling is so important:

1. Fact-based selling greatly reduces the subjectivity of the buyer in making decisions. Instead of relying on their assessment of the value of the features and benefits of a product, they now must review the sales track record of an item. In fact, any item that has been on the market for at least a year should be evaluated almost entirely on the historical results. Subjective decisions should be consigned primarily to new products, and even then, fact-based data can show a buyer information that points to a need or opportunity in the market.
2. Fact-based selling significantly reduces the time and expense of sales appointments. With a one-page chart showing how items rank in the market, the need for a face-to-face appointment diminishes. Decisions can be made by communication via phone or email. Sales people can then spend their appointment time reviewing new products or other brand initiatives, not hashing out new item recommendations.
3. Fact-based selling reduces the burden of securing top notch sales people in order to be successful. A fact-based selling approach improves the productivity of your entire sales organization. The skill set of your sales team is immediately enhanced and their improvements eliminate the need to spend big bucks to hire the sales "superstar."

Objective: This is an area where most companies are completely lacking when they present fact-based information – objectivity. Buyers are aware that the vast majority of manufacturers present data in a self-serving manner devoid of objectivity. As a result, buyers in increasing numbers are tuning out the message. Some of the most common infractions of the objectivity rule:

1. Manufacturers that refuse to discuss or address any of the shortcomings of their current results.
2. Manufacturers that trash the competition despite obvious evidence that the competitors' results are quite good.
3. Manufacturers that make recommendations on their products with no regard to how that might affect the sales and profitability of the retailer's category.

Of course there are many instances of manufacturers that go overboard the other way: they make only category-level recommendation with no regard to how it will affect the results of their own brands. They bend over backwards to prove their objectivity – to the detriment of their employer.

Fact-based selling should always be structured to create a "win-win" environment; both sides, retailer and manufacturer, need to make more money should a particular recommendation be accepted. It is important to keep in mind that not every manufacturer has results that substantiate incremental distribution or promotional support. In those instances, it is important to present the facts – both positive and negative – *along with a plan on how you, as a manufacturer, plan on correcting the negatives.* Nine out of 10 retailers will appreciate your honesty and objectivity. They will reward this approach in the future once the results on your brands justify the increased support. You are making a deposit in the *credibility bank account.*

Here's one recent example of how lack of objectivity can hurt a company. We recently had a disagreement with a client that refused to present the market data that showed their sales were down 15% year-over-year. We recommended that they show this data, as well as the reasons why sales were down (75% of the decline was due to Winn Dixie bankruptcy and Eckerd's sale to CVS and Brooks). While our client suppressed the information, their competitors filled the informational void by showing a 3.0 share brand, declining sales and the obvious question: Why do you need them? A lack of preemption on this issue has the potential to deal a severe blow in their efforts to return to growth.

Reliable: Even the most well-meaning, well-prepared sales person can sabotage a selling proposition by presenting data and analysis that is not reliable. Analysis passes the reliability test if it can withstand outside scrutiny, as well as aligning with trends that retailers see in their own data. Reliable analysis also needs to have an element of "projectability": that is, the information should be able to project results into the future. Currently, the paradigms of unreliable analysis are firmly entrenched in the industry. This gives those companies with reliable analysis a huge advantage. Here are some of the most unreliable types of analysis and data used in the industry today:

1. **52-Week Data:** The primary purpose of conducting analysis is to predict the future so that business decisions can be improved. 52-week information does a poor job at achieving this. Too much can change over a 104-week timeframe (latest 52 weeks compared to prior 52 weeks) in order for the year-over-year trends to be reliable. Quite often you see major companies – that should know better – release information to the public that is patently absurd, all because 52-week data was used. One of the more notable examples was a major data supplier in August 2004 touting the continued strength of the low-carb trend. Sales are 52 weeks, after all, and were therefore up over 100%! An examination of the 13-week data would have shown a severe deceleration in that trend and an examination of June 2004 would have shown the low-carb trend turning negative.



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2. Market Share Data: In the majority of cases, the #1 and #2 brands are not at the top because they are most preferred by consumers. Rather they are the brands with the highest level of distribution. Any display of sales data should factor out the effects of distribution differences between brands and items to get to a more accurate read of consumer preference. This is known as rate-of-sale information. This type of data quickly levels the playing field between large and small competitors.
3. Percentage of Sales on Deal: We would regard these measures as among the most useless being used in the industry today. All these measures talk about is promotional *quantity*. More important is promotional *quality*. In other words, how much incremental sales were generated from promotion relative to the competition? Too many times we see manufacturers following their competitors off the trade spending cliff as they try to catch up on this measure. They do this with no regard to sales returns of that incremental spend on trade promotion.
4. Baseline Sales: This is the measure used to determine promotional quality. However, as we've talked to companies all around the country, this is the one issue that gains near unanimity between all of them. They understand the baseline sales measures provided by the syndicated data suppliers are flawed. Baseline sales are an estimate of what sales would have been in the absence of any promotional support. Too often, companies see phantom spikes in their baseline sales, which, by definition, should never occur.

Credibility: This is the principle of establishing a foundation of trust with the buyer so that not every piece of data and analysis is challenged or disregarded. Once credibility is established, fact-based selling becomes dramatically more efficient and effective. The best way to establish credibility is to adhere to all of the other elements of the FORCE process. There are, however, other elements to consider when establishing credibility in your fact-based selling efforts:

1. Limit your use of industry published data. This information, particularly on market size and user base, is usually significantly overstated. Most savvy retailers understand that.
2. Footnote all analysis and use well-known industry sources, if possible. Refrain from quoting internal focus group information.
3. Use information from places relevant to the retailer. As an example, a cosmetics company should not use European data to justify an upcoming trend in the U.S. market unless they first establish that past U.S. trends have been reliably predicted by European data.

Easy: Ask any retailer their greatest challenge and the majority will state that lack of time is a major issue in their jobs. Sales presenters must keep this time constraint in mind when they are developing their presentations. The presentations must be easy to understand and review. We have a saying at our company – “five pages or less” for each selling presentation. You can have loads of backup material, which the buyer can choose to review at their convenience. Most retailers, however, will not have the time to review all the detail and will focus only on the highlights of the message.

Paradoxically, making things easy is actually very hard. Any undisciplined analyst can create dozens of charts and thick binders without ever having to think of the core message that he wants the buyer to remember. There are, in fact, numerous software packages on the market that facilitate this “fat, dumb and happy” approach by blasting out these template pages in a matter of minutes.

A true analyst, however, takes the time to think about the core nuggets of information that the buyer absolutely needs to take away from the presentation. We call these “money charts,” and there’s usually only two or three in any presentation. To help focus the presentation, start with the thought of showing the retailer how much money he will make if he accepts your recommendation. Then consider that the presenter may only have five to 10 minutes, not 60 to 90 minutes, to make the pitch. Once that framework is established, what do you need to show to prove that your projections are accurate? Once you work with the approach often enough, the money charts often naturally flow from this discipline.

So present your information using the FORCE process – Fact-Based, Objective, Reliable, Credible and Easy – and become a meaningful partner to your retailers. Whether you are a large company with a decade of category management experience or a smaller manufacturer who has just recently discovered the value of fact-based selling, using FORCE can help you achieve your retail objectives. ■

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