

# IFMA

A white graphic element consisting of a thick horizontal bar that tapers to a point on the right side, positioned below the IFMA text.

**Stop Overpaying!**

**Best Practices for  
Managing Trade Spend**

October 10, 2023

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**iTradeNetwork**



# Stop Overpaying!

Best Practices for Managing  
Trade Spend Programs



# iTradeNetwork Meeting Participants



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*Principal, Solutions Consulting*



# What We'll Cover

- Trade Spend Challenges are for Everyone
- It's Not a Math Problem
- Pieces of the Puzzle
- Putting it All Together
- How Technology Can Help
- Best Practices

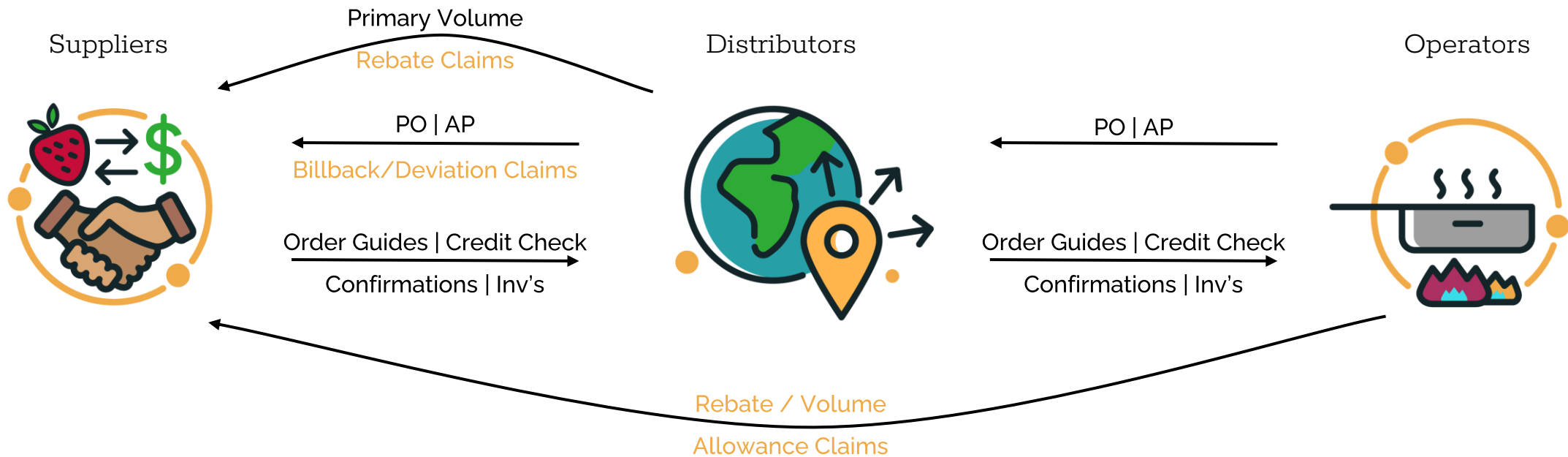




# The Challenges are for Everyone

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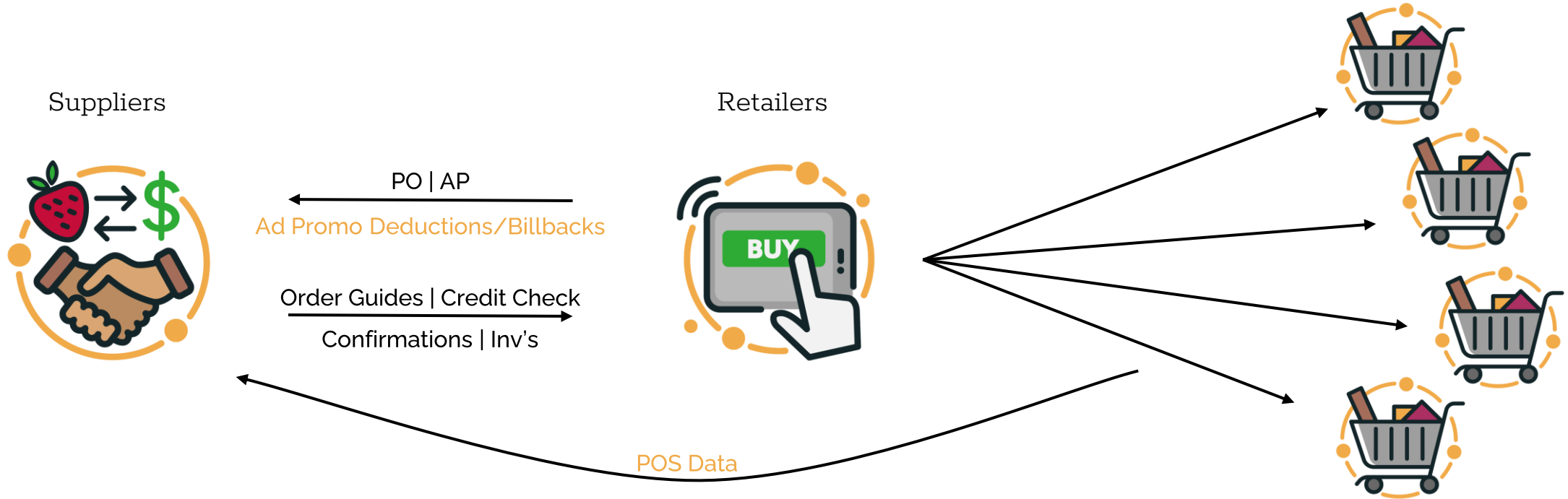
# Foodservice Model



## Trade Spend

**Industry Definition:** the amount of money that the manufacturer provides to the customer for the purposes of selling the product to consumers.

# Retail Model



## Ad Spend

*The challenges for retail ad spend are often thought of and managed separately than for foodservice trade spend*

## **How much do you suspect you may be overpaying on trade spend programs?**

- More than 15%
- 10% - 15%
- 5% - 10%
- 1% - 5%
- No overpayments
- Can't even guess

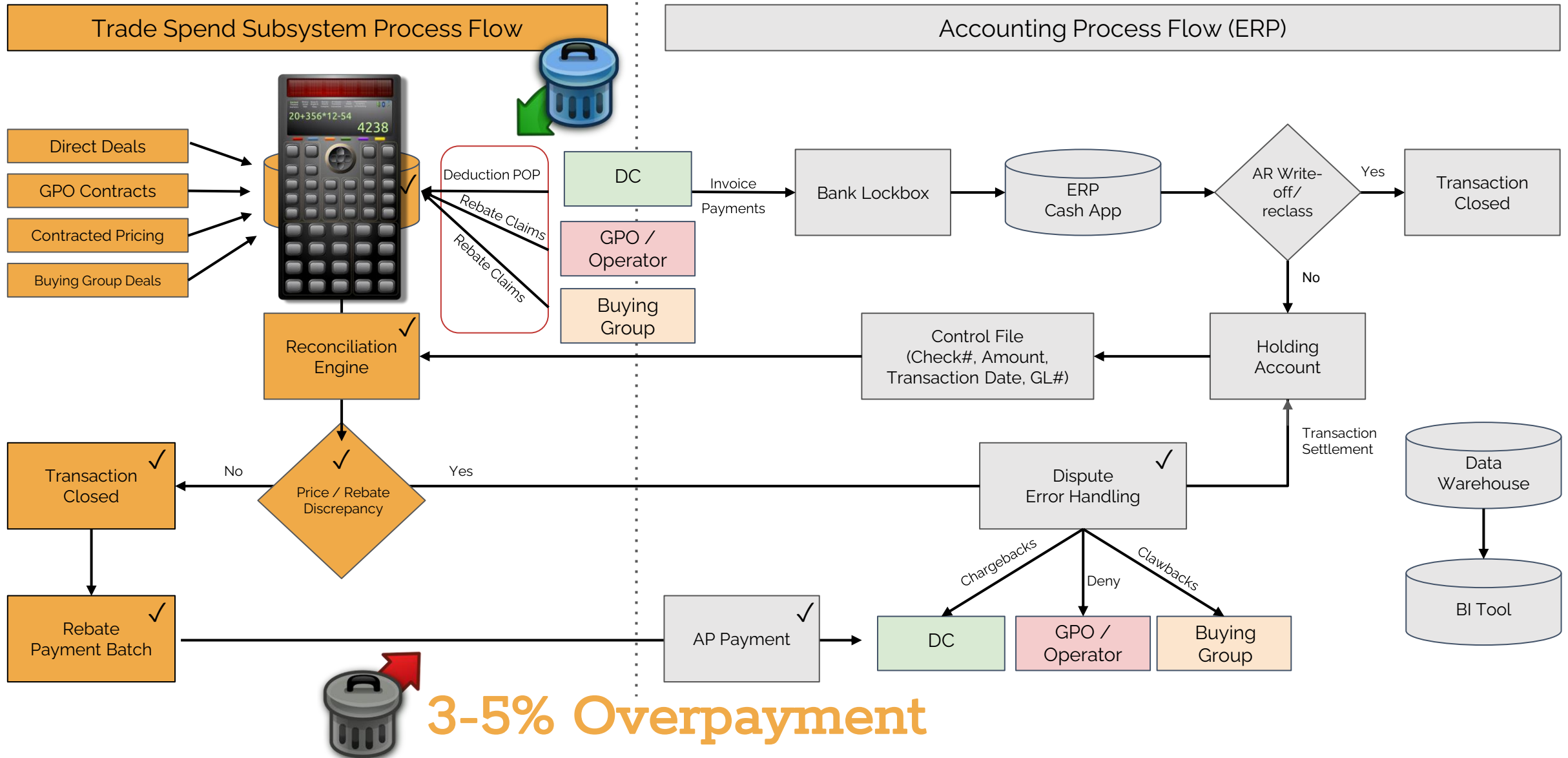




# It's Not a Math Problem

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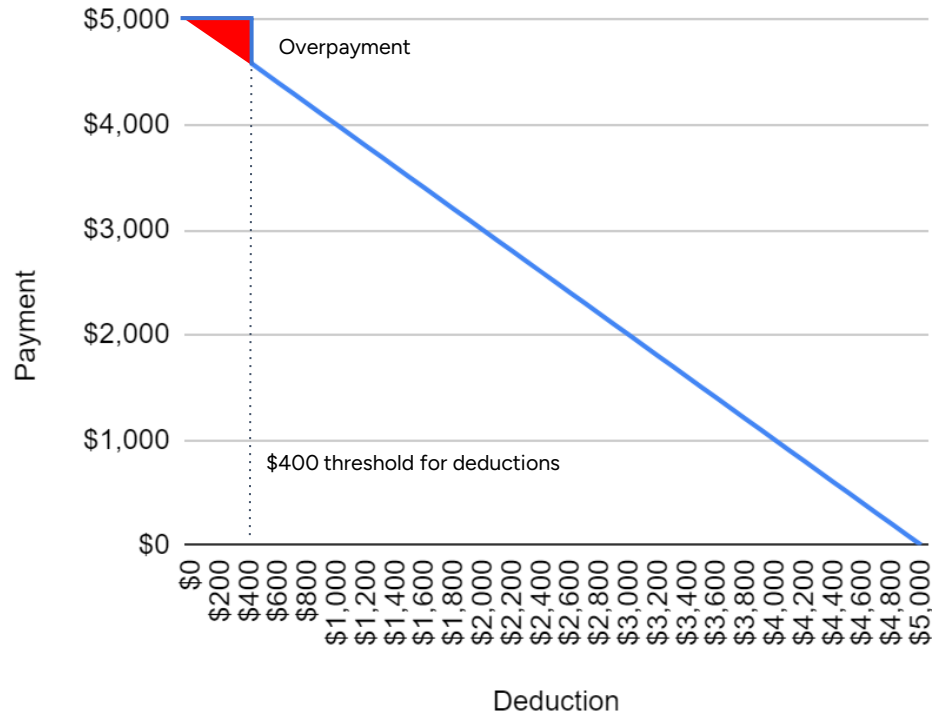




# Inaccurate Data = Inaccurate Results



Payment vs. Deduction



$$5,000 - X = Y$$

*Invoice*                      *Deduction*                      *Payment*

**Solve for "Y"**

## Write-offs

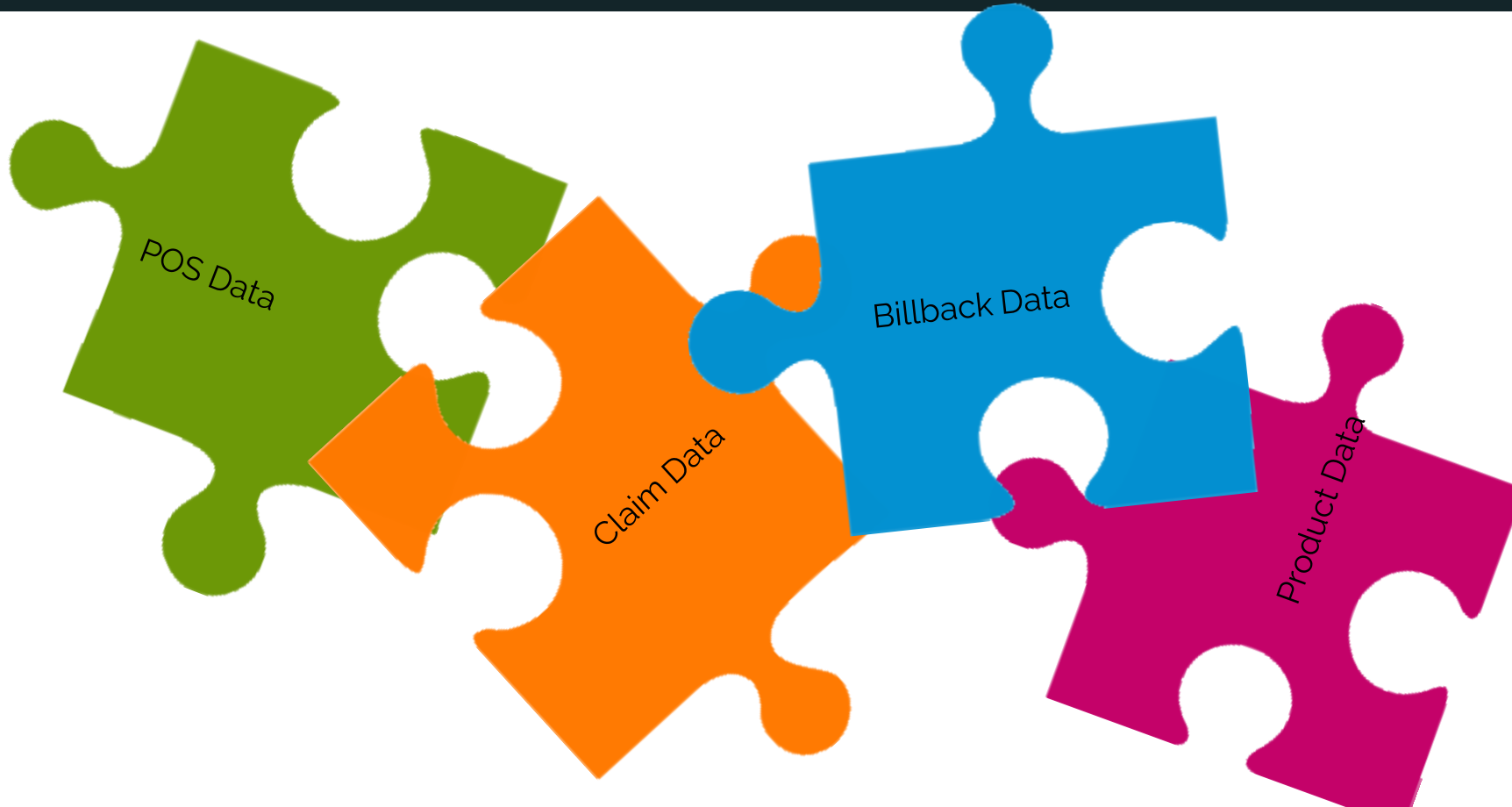
*For large manufacturers with operator or GPO customers, write-offs on small deductions can sometimes be measured in millions of dollars.*



# Pieces of the Puzzle

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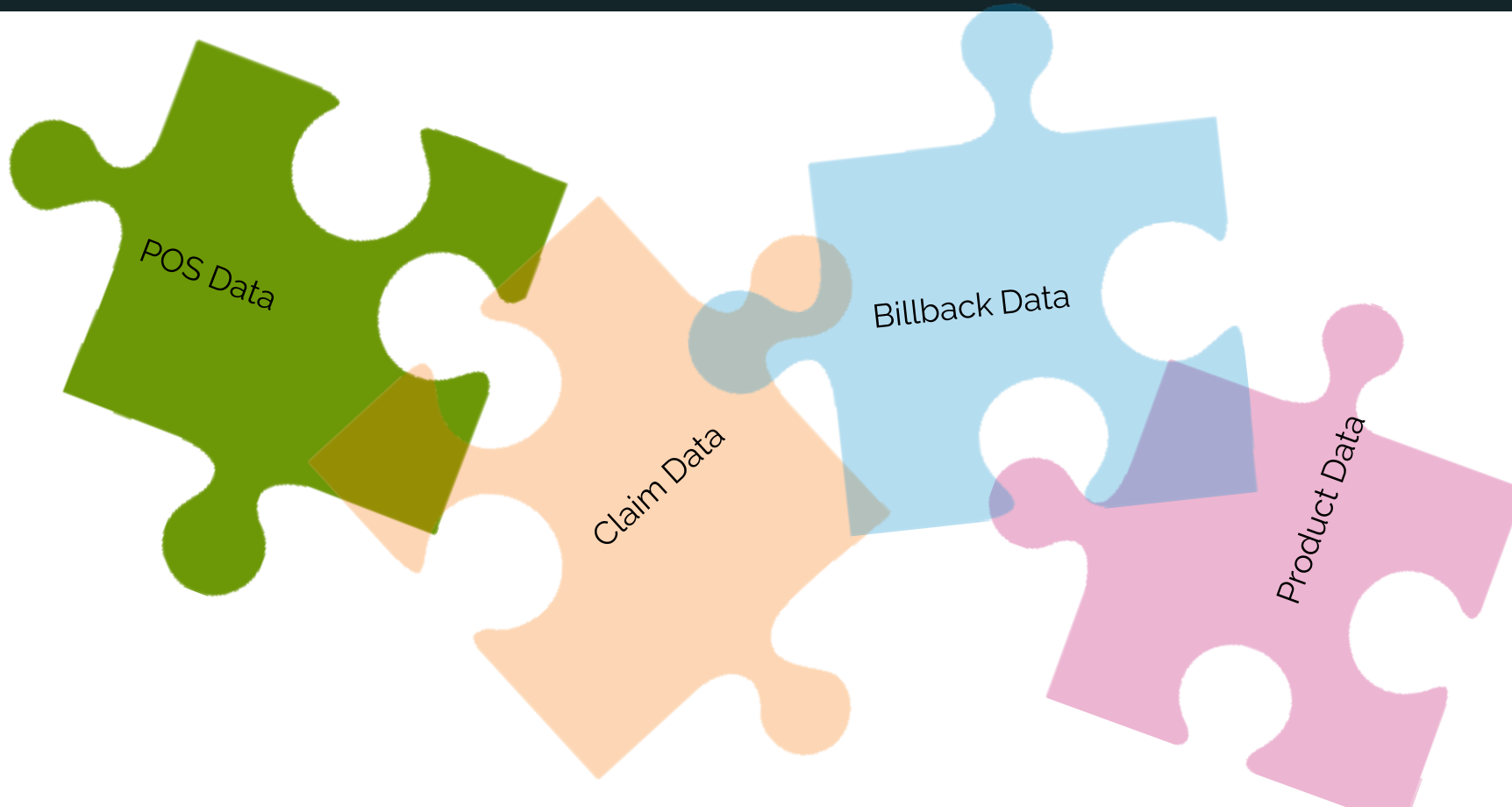
# It's About the Data



## Complexity

*The number of variety of data required to accurately calculate trade spend programs is overwhelming.*

# It's About the Data



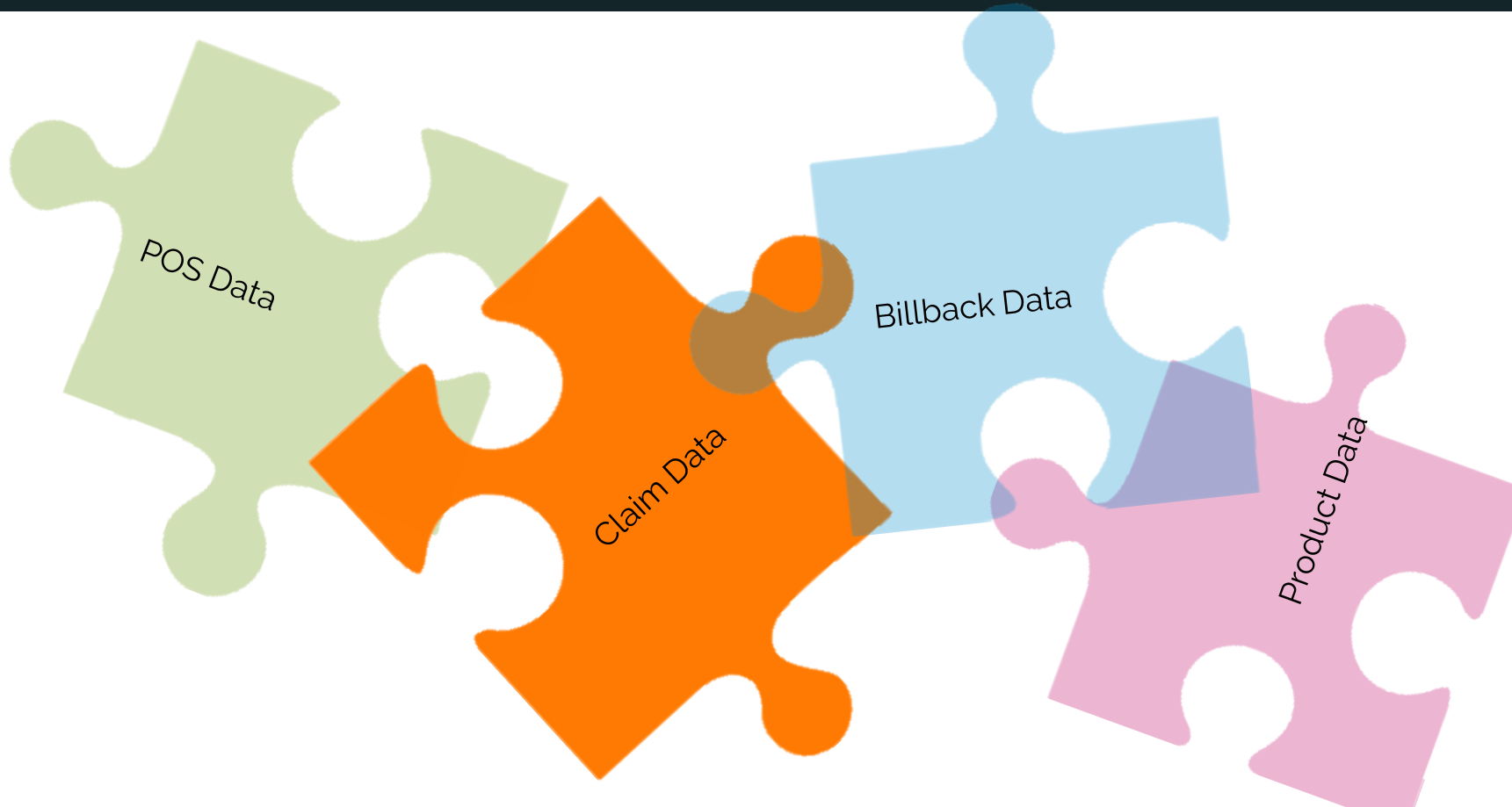
## Retail Sales Data

- Customer Product ID
- Sale Units
- Sale Location
- Sale Date

## Store Sales

*Proper crediting for ad spend programs requires detailed information on date and location of sale.*

# It's About the Data



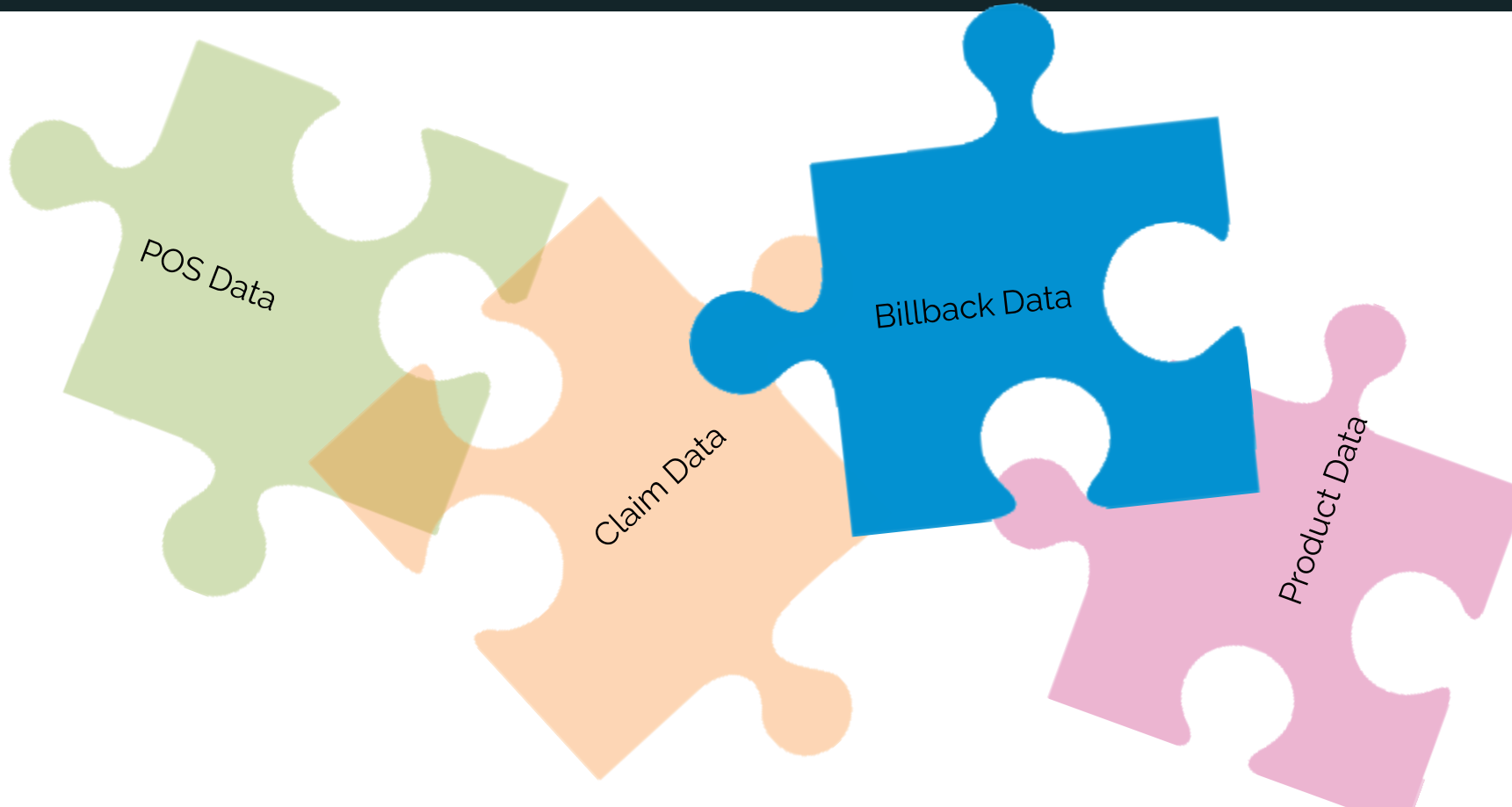
## Operator Purchase Data

- Operator Product ID
- Dist Product ID?
- Mfg Product ID?
- GTIN?
- Contract ID?
- Account ID
- Purchase Date

## Double Dips

*Claims submitted by multiple parties for the same transactions resulting in overpayment*

# It's About the Data



## Distributor Sales Data

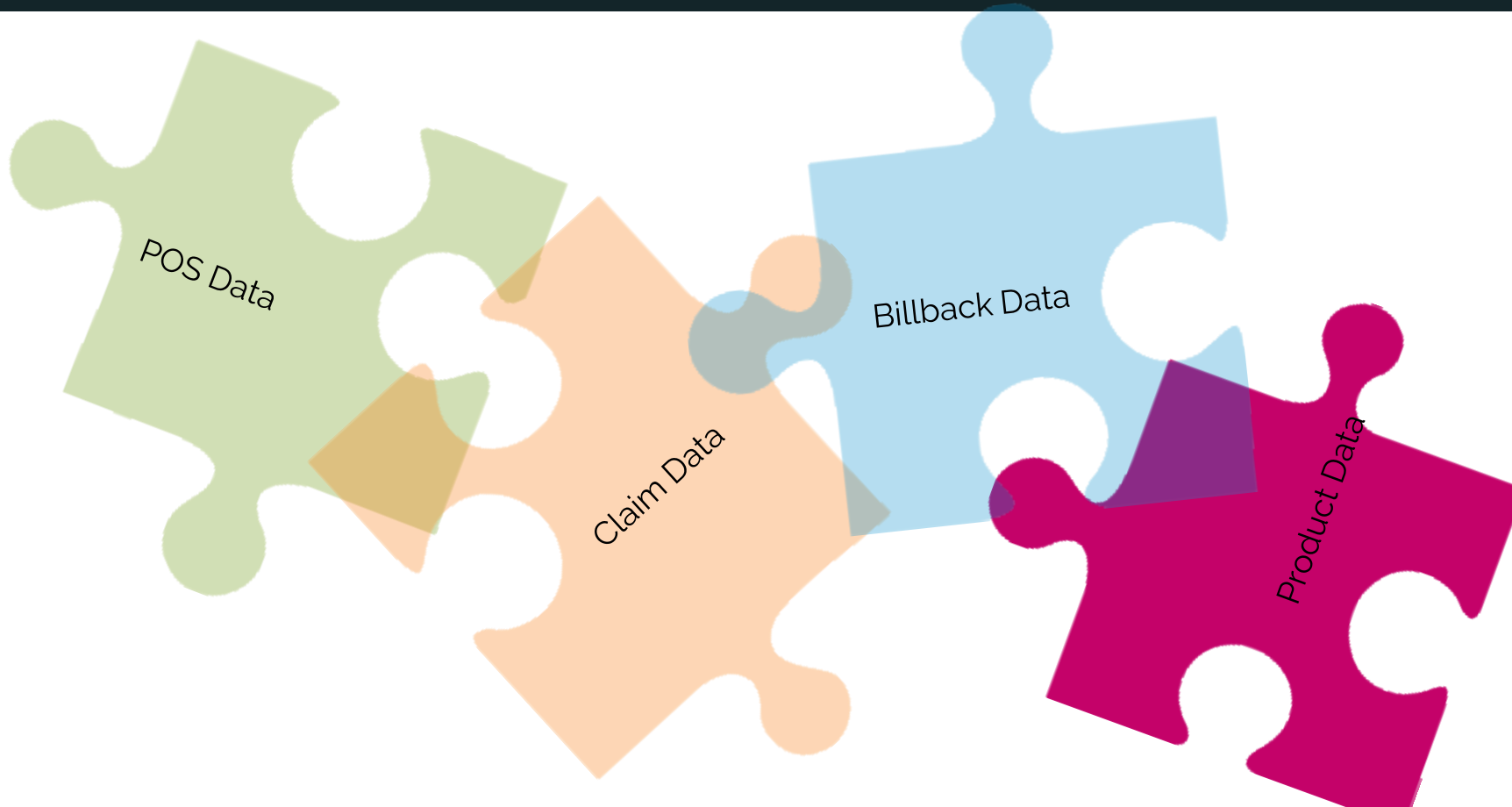
- Distributor Product ID
- Mfg Product ID?
- GTIN?
- Account ID
- Contract ID?
- Date

## High Latency

*Data is not always provided on a timely basis resulting in large delays between sales and PoP.*



# It's About the Data



There is some form of Product Identifier on transactional data.

So what's the challenge?

## Mismaps

*Product information provided in PoP data often lacks accurate manufacturer product detail making proper identification difficult.*

# It's About the Data

BACON SLICED WIDE SHINGLE 18-22 CT, 1/15LB, GRIDDLEMASTER, HORMEL FOODS, MPN:09069

DISTRIBUTOR PRODUCT NAME	DC PACK QTY	DC PA
BACON PORT 18-22 CT LAID	1	15 LB
BACON, SLCD 18-22 CT	15	LB
BACON LAYFLAT 18/22CT GRDLMSTR	1	15 LB
BACON LAYFLAT 18/22CT GRDLMSTR	1	15 LB
BACON LAYOUT 18/22 GRDLMSTR 15# HRML	1	150
BACON LAYFLAT 18/22CT GRDLMSTR	1	15 LB
BACON, SLCD 18-22 CT	15	LB
BACON PORK 18-22 CT LAID	1	15 LB
BACON: LAYOUT 18-22 WIDE	UNKNOWN	15/LBS
GRDLMSTR BACON 18-22 SHNGL SLCD WIDE FZ	1	15 LB
BACON 18/22 GRIDDLEMASTER HORMEL	1	15 LB
BACON LAYOUT 18/22 GRDLMSTR 15# HRML	1	15#
BACON PORK 18-22 CT SLCD	1	15 LB
XXBACON, GRIDDLEMASTER 18/22 HORMEL	1	15#
GRDLMSTR BACON 18-22 SHNGL SLCD WIDE FZ	1	15 LB
BACON, SLI 18/22 G/M	15	LB
GRDLMSTR BACON 18-22 SHNGL SLCD WIDE FZ	1	15 LB
BACON, SLCD 18-22 CT	15	LB
XBACON, GRIDDLEMASTER 18/22 HORMEL	1	15#
BACON, GRIDDLEMASTER 18/22 HORMEL	1	15#
BACON, SLI 18/22 G/M	1	15#
GRDLMSTR BACON 18-22 SHNGL SLCD WIDE FZ	1	15 LB
GRDLMSTR BACON WIDE SHNGL 18-22 SLCD	1	15 LB
BACON, SLI 18/22 G/M	1	15#

- 236 Product Variations from DC's
- 30 Product Names
- 11 Pack Sizes
- 5 Brand Names
- 17 Manufacturers
- <50% of UPC's are correct

- **Inconsistent descriptive terminology** makes searching for products that are same-in-function, different-in-form impossible
- **Non-standard spellings** are often designed to fit narrow columns on distributor invoices
- **Inconsistent use of Pack and Size fields** makes mathematical calculations (i.e. lbs/cs, avg \$/lb) impossible

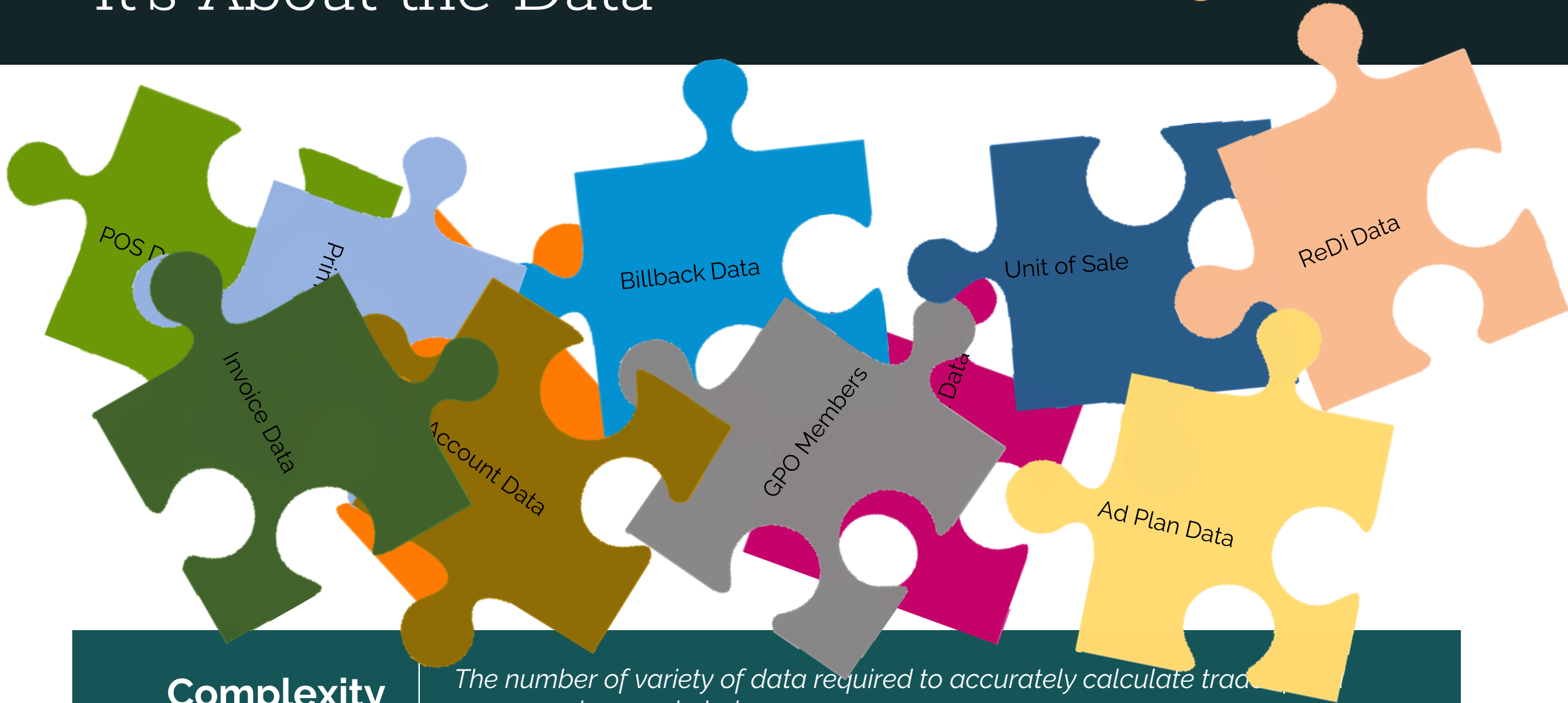
CS	UNDEFINED	HORMEL FINANCIAL SERVICES
CS	UNDEFINED	HORMEL FINANCIAL SERVICES
CS	HORML	HORMEL FOODS CORP(PORK
CA	GRDLMSTR	GEO A. HORMEL & COMPANY
CA	GRDLMSTR	GEO A. HORMEL & COMPANY
CS	HORML	HORMEL FOODS CORPORATION

Manufacturer

Distributors

Operators

# It's About the Data



## Complexity

*The number of variety of data required to accurately calculate trade programs is overwhelming.*



# Putting it All Together



# Solving the Puzzle



**Data Acquisition**

**Data Standardization**

## **Big Picture**

*To ensure the resulting calculations are correct, it's critical that there is a consistent, repeatable process for data acquisition and standardization..*

# Solving the Puzzle



**Data Acquisition**

Data Standardization

## **Formatting**

*Getting data into a standard format requires either controlling the formats sent (almost impossible) or defining a repeatable conversion process.*

# Data Acquisition



**x 1000s**



Gather data from all your sources



“Got it, will do.” vs.  
“Ok, you’ll have it by 5:75pm, the elevendyfifth  
of October.”



Be clear on timing expectations



“Pulling the data now” vs.  
“Need to call my consultant” vs.  
“I don’t get this at all...”



Support different technical capabilities



CSV }  
JSON } What kind of file  
XML } is coming in?



Support multiple different file types



Different file formatting...



Agree on source formatting

## Data Gathering

*Are you sure you received all the files?  
How do you know what you received is clean and accurate?*

# Solving the Puzzle



Data Acquisition

**Data Standardization**

## **Translation**

*Once acquired, the input data will need to be standardized and master data references applied to make the data meaningful.*



# Clean Data is the Starting Line

## Intake



Receive Invoice Files from DCs

## Collection & Input Validation



Monitoring for missing, incomplete, or inaccurate data

## Standardization



Consolidate input formats and layouts into standardized data set

## Mapping & Enrichment



Standardized data mapped to master product and account data sets

## QA & Output Validation



All new accounts and products + a sample of full data set validated for accuracy

## Analytics



Cleaned data used for rebate calcs, contract price validation, etc.



## Mapping

*Each manufacturer product will be represented by multiple disparate Distributor and Retailer product IDs which must be linked back to single master ID*



# How Technology Can Help

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## **What technologies do you leverage to manage trade spend programs today?**

- Spreadsheets (Microsoft Excel, Google Sheets, etc.)
- Business Intelligence Applications (Tableau, Power BI, etc.)
- Extract, Transform, Load (ETL) solutions
- Trading Program Management software (Blacksmith, Vistex, etc.)
- Custom internally developed solution
- 3rd Party Service Partners
- Other

# Excel is Technology!

- Leverage Common Templates
- VERY IMPORTANT to get the data from your sources in a consistent format (or create a separate master data process)
- Leverage a master product repository for the VLOOKUP sources.

**STRENGTHS:** Ease of Use, Familiarity, Transactional Visibility, Analytics

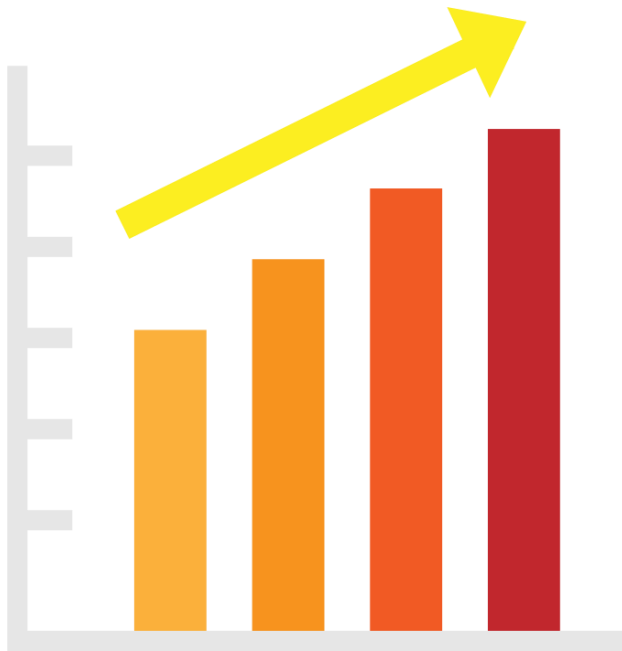
**WEAKNESSES:** Inconsistent Process, Error Prone, Tribal Knowledge



## Challenge

*Excel is a capable data management tool, but the end result is usually siloed knowledge and inconsistent processes*

# BI Tool (Tableau, Power BI, etc)



- Your organization almost certainly has an enterprise BI tool that could be leveraged.
- Powerful visualizations and analytics.
- Analysts may be able to create, modify, and share reports and analytics, but likely are dependent on IT resources for any inbound data challenges.

**STRENGTHS:** Powerful Analytics, Useful to Sales and non-analysts

**WEAKNESSES:** Inbound Data Transformation, Right Visualization on Wrong Data

## Challenge

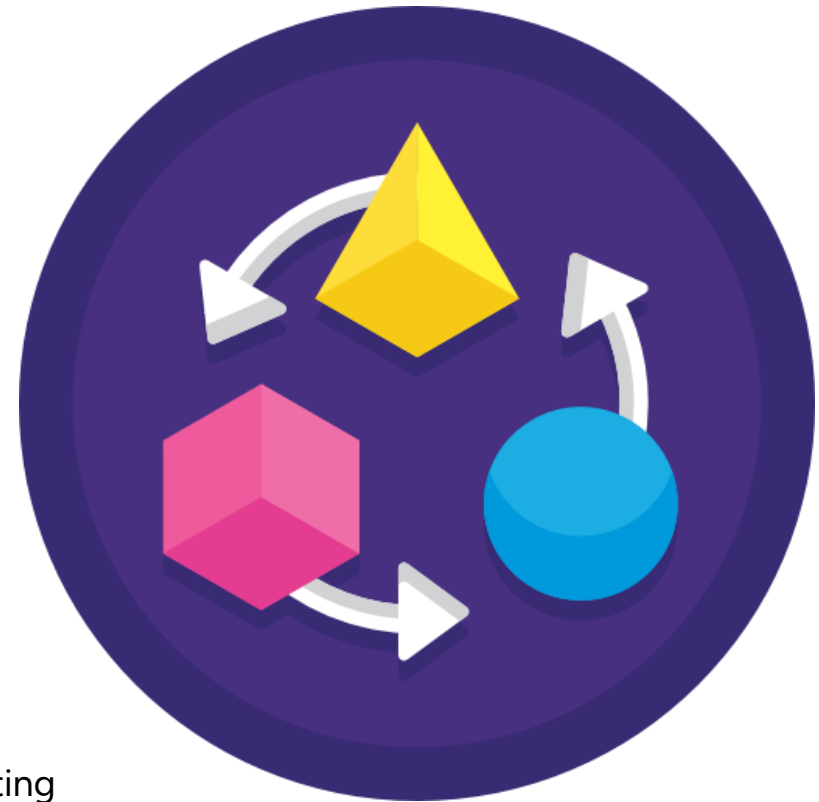
*Powerful data visualizations at the expense of limited data transformation capabilities--often requires IT engagement to handle data normalization.*

# ETL (Informatica, Talend, Etc.)

- Existing Extract, Transform, and Load solutions can be used to convert disparate input data files.
- Calculation and lookup logic can be very powerful in these solutions.
- Leverage separate master data input feeds to provide ownership/control to the analysts.

**STRENGTHS:** Consistent Process, Powerful Data Manipulation

**WEAKNESSES:** Ease of Use, IT Ticket for Change Management, Lack of Reporting



## Challenge

*Usually inflexible without engaging IT resources. Also requires a separate solution (Excel? BI Tool?) for reporting.*

# Best Practices

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# Create Master Product Library

Data inaccuracies mean you can't use the DC inputs as sole source of truth:

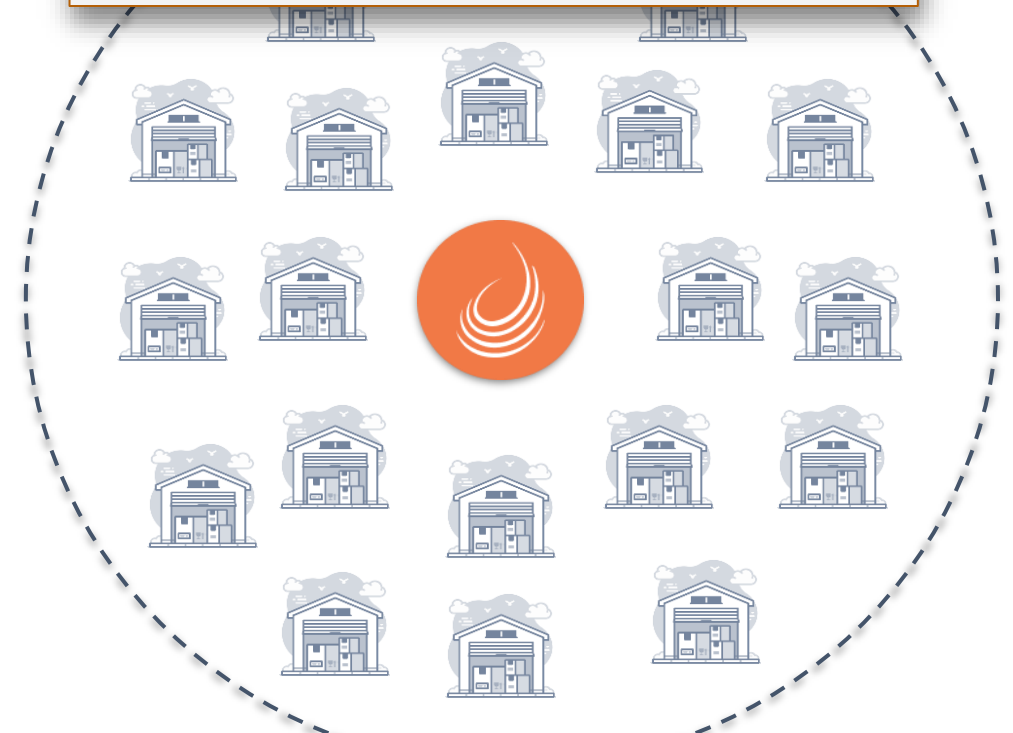
- **GTINs** are rarely populated in the distributor data
- **Manufacturer product codes** are often messy
- **UPCs** are consistently incorrect

Create a master catalog of all product data and attributes

Map each encountered Distributor/Customer Product on a transaction back to your master product identifier.

Keep complete record of historical matches and use that to translate each individual transaction as it is received.

**N number of DC product codes become 1 master product code**



## Challenge

*Starting at ground zero. Building the initial master product library is a challenge as product references are often stored in multiple differently formatted locations.*



# Big Data/Machine Learning



BigQuery



databricks



amazon  
REDSHIFT



- Compare invoice data with historical product rebates to isolate potential over-claims and inaccurate performance data.
- Analyze reported volume from inbound files to identify potential missing or duplicate invoices.
- Monitor inbound data transmissions to learn actual file cadences, not just their expected schedule, and score the accuracy of each file.
- Automate the catalog matching process to eliminate the majority of manual research

## Challenge

*Starting at ground zero. Machine learning models require having sufficient input and reference data to draw meaningful conclusions.*

# Use Tech Partners to Gather Data



- There are solutions and services that gather (generally messy) distributor sell-through data, **in any prescribed format via flat file or EDI.**
- Look for solutions with portal interface that enables even the smallest specialty distributors to submit complete data electronically.
- Ensure they are keeping up with and utilizing emerging technologies to automate the process



## Challenge

*Give up organizational control of the data gathering process.*



# Q&A



# Thank you!



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# Foodservice Fundamentals

## November 14, 2023

### Chicago, IL

### Registration Open Now



2023  
PRESIDENTS  
CONFERENCE

November 5-7 | Scottsdale

