



Optimizing Operator Rebate Management

Foodservice Manufacturers

Customer Objectives

One of Instill's customers, a top 25 foodservice manufacturer, sells a wide array of products, including bakery products, yogurt, snacks and more to a variety of foodservice outlets. As is the case with most foodservice manufacturers, a core component of this Manufacturer's sales & marketing effort includes a range of trade spend programs created to push product through the company's distribution channel and programs designed to drive National Account business (e.g., deviated pricing arrangements, direct operator rebates).

In the context of some key business line changes that began to significantly impact the company's ability to effectively manage its trade program effort, the Manufacturer turned to Instill for support in achieving the following objectives:

- Establish a more scalable, efficient operator rebate claim settlement process
- Improve claim payment turnaround time to improve customer satisfaction
- Leverage trade spend data to drive sales & marketing decisions
- Effectively allocate trade promotion dollars

Challenge

In the mid-1990s, the Manufacturer developed an internal solution to support its national account rebate claim settlement process. For years, this system facilitated the collection, tracking and analysis of operator rebate claim and associated proof-of-performance (PoP) data. Although claims were still manually entered into the system, the volume and nature of incoming claims were manageable and the system effectively promoted timely and accurate payments to the operator.

The Company's trade program management process was put to the test a few years ago when the Manufacturer acquired a new product line. The acquisition caused the number of product SKUs on trade program to balloon to over 1500 items and the overall number of incoming claims to increase significantly. During the first half of 2002, there was growing realization that the existing trade spend support infrastructure and processes could not scale to meet these new requirements and staffing resource constraints made it difficult to address the heightened rebate claim processing workload. This was cause for concern along several fronts:

- **Resource Drain.** With claims stacking up faster than they could be reasonably and comprehensively reviewed, the company was faced with the real need to add substantial headcount.
- **Timeliness of Payments.** Prior to the acquisition, the Manufacturer could turn around payment on a claim within 30 days. Post-acquisition, it could take up to six months or more to settle claims which risked having very dissatisfied operators awaiting rebate payments.

“We knew what we were selling into the distribution channel but were looking for greater visibility into actual distributor sell-through to our National Account business.”

— Contract Compliance
Manager

“...Partnering with Instill has allowed us to scale our trade program effort, improve service to our customers, and tap into new revenue opportunities...”

— VP & General Manager, Foodservice Division

- **Accuracy of Payments.** The Manufacturer quickly discovered they were receiving rebate claims for products that the acquired company had actually previously divested. Given the increased numbers of SKUs and claims, it was no longer feasible to rely on a contract administrator to catch duplicate claims or identify claimed product that were not on a valid program.
- **Lack of Visibility into Operator Purchase Activity.** As the number of trade programs, associated products SKUs and claims proliferated, it became increasingly difficult to measure trade program effectiveness or analyze the data buried in the claim and PoP data to better understand end user purchase activity and identify new opportunities.

Solution

A cross-functional project team was assembled to identify a solution that could address the company's trade spend pains. After assessing the end-to-end trade spend management process, the project team concluded that the root of most of these issues was the lack of timely and accurate claim and PoP data. The Manufacturer, like most other foodservice manufacturers, was very much dependent on the reporting of sales volume from their distribution partners and operator customers each of which submitted claims in a variety of formats (e.g. green-bar reports, fax, spreadsheets), time intervals, and varying degrees of reliability. This lack of standardization and the company's manual settlement process made it particularly challenging to identify errors and perform analysis on the operator data being reported.

The Manufacturer selected Instill's Trade Spend Management solution to enable the automated collection, standardization, and delivery of operator rebate claim and PoP data for the company's top operator customers. Instill's Professional Services Group, working closely with the Manufacturer's project team, had a fully implemented solution in place and live within six months of project kick-off.

Results

In transforming raw operator claim data into a normalized, coherent feed of actionable information, the Instill solution has enabled the Manufacturer to automate its trade program settlement process and gain critical insights into its business to grow sales. The following results to date have contributed to a significant project ROI for the Manufacturer:

- **Program Scalability:** Reduced multiple part-time service representatives to one part-time staff; eliminated the need to add headcount to scale with increased claim volume and expanding trade program effort
- **Accurate Payments:** Identified large numbers of invalid product claims resulting in significant cost savings
- **Improved Customer Service:** Payment turnaround time cut in half
- **Enhanced Trade Program Effectiveness:** Realigned trade dollars and incentives to more effectively drive street business
- **Increased Revenue:** Improved chain contract compliance to grow revenue



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