



Metrics That Matter

.. to our Customers and McCain

(Contains links).



What you'll learn in this module

McCain™

- The metrics that keep customers awake at night and the causal factors.
- Their connectivity to Growth-Efficiency-Engagement.
- How these the “new currencies” can be used to positively impact different customer metrics and benefit McCain.

The outcome

- Increased confidence to:
 - Have broader commercial discussions with customers about their financial challenges.
 - Positively contribute to solving the customer's financial challenges by connecting them to solutions offered by McCain.
 - Go beyond product only.



Proactively
having **Business centered
conversations
with customers**

Why this is important

- It's a priority for all customers.
- Enables us to talk a common language with customers.
- Customers value having business conversations.
- Suppliers who actively help to solve the commercial challenges of customer's get favored.
- It's a way to drive competitive advantage for McCain.

BREAKING NEWS

Restaurant Revenue Performance

Q3 2018	
Average weekly sales per unit ⁽¹⁾ :	
Company-owned - Total	\$ 49,995
Company-owned - Comparable ⁽²⁾	\$ 50,282
Franchised units - Comparable	\$ 57,298
Total operating weeks:	
Company-owned units	5,805
Franchised units	1,064

FREIGHT COSTS RISING: WHAT DOES IT MEAN FOR EARNINGS?

Kroger's cost of fighting Amazon saps profit, shares dive

Why Independent Restaurants Are Closing



In today's highly regulated business climate with increasing regulatory burdens, the increased wage and benefit mandates are pushing restaurant labor costs towards 35%. Sky-high commercial rents have resulted in occupancy costs that exceed 10%. Coupling together labor and occupancy costs, it is easy for a busy restaurant's margin to dwindle to 5%, or less. In today's litigious business environment, an innocent violation of a complex labor law often results in a large financial settlement that pushes a restaurant's profit and loss statement into the red.

(1) Worldwide system sales growth of 9%, excluding the impact of the 53rd week and foreign currency translation. This was led by 7% at Taco Bell, followed by 6% at KFC and 2% at Pizza Hut.

(2) Same-store sales growth of 2%, led by 4% growth at Taco Bell and followed by 3% at KFC with Pizza Hut even for the year.

Net-new unit growth of 3%, including 2,632 gross unit openings, which is more than 300 gross unit openings than in 2016.

Reached a significant milestone in 2017 as we ended the year with over 45,000 global restaurants in 139 countries and territories.

Increased core operating profit 9%, excluding the impact of the 53rd week.

We remain confident in our ability to achieve our financial targets

Gross operating income benefit		
As of Dec. 2017	Updated	
Grow gross profit	15-45%	55-65%
Leverage supply-chain costs	10-15%	6-10%
Reduce administrative costs	20-25%	25-30%
Net adjusted operating income improvement	\$400 - \$700M*	\$450 - \$700M*

FY 20 IMPACT

We intend to achieve the same goal by getting there in a slightly different way - by increasing the contribution from reduced administrative costs





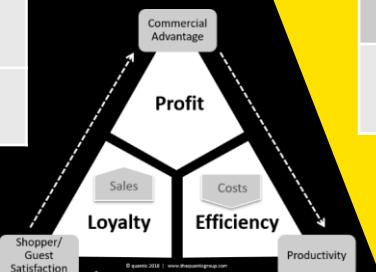
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    graph TD
      Profit --> Loyalty
      Profit --> Efficiency
      Loyalty --> Sales
      Loyalty --> Costs
      Efficiency --> Sales
      Efficiency --> Costs
      Sales --> Productivity
      Costs --> Productivity
      Productivity --> ShopperGuestSatisfaction[Shopper/Guest Satisfaction]
  
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The basic construct of our customer's Profit and Loss (P&L)

The component parts	The math
Sales	\$ Revenue in
Cost of Goods	
Waste/Shrinkage	
Labor	
Supply Chain	
Utilities/Occupancy	
Marketing	
Net Profit	(=) \$ Profit remaining

(-) \$ Costs out



The customer's ongoing juggle to manage their mix

Movement up, down or static reflects the customers ability to ...	
Sales	Grow their top-line
Cost of Goods	
Waste/Shrinkage	
Labor	
Supply Chain	
Utilities/Occupancy	
Marketing	
Net Profit	Balance the right mix of top-line growth and efficiency



What's the shape of YOUR customers P&L?

Have a go at completing the breakdown.

If Sales = 100%, what percentage of that is each bucket of cost?

e.g. Do you think Cost of Goods is 25%, Waste 5% etc.

What the customer is left with i.e. Sales minus all costs is their Net Profit %.

The component parts as a %age of Sales	My customer %
Sales	100
Cost of Goods	
Waste/Shrinkage	
Labor	
Supply Chain	
Utilities/Occupancy	
Marketing	
Net Profit (%age)	

The shape of the P&L varies

Cost breakdown as a %age of sales

(Click on the Channel name for a deep dive).

The component parts	<u>Retailers</u>	<u>QSR</u>	<u>MEU</u>	<u>Independent</u>	<u>Distributor</u>
Sales	100	100	100	100	100
Cost of Goods	75	28	28	35	65
Waste/Shrinkage	2-1	2-1	2-1	6-4	2-1
Labor	12-10	23-15	23-15	30-25	6-5
Supply Chain	6-4	6	6	0	22-20
Utilities/Occupancy	2-1	8	10	23	2-1
Marketing	2-1	12	5	1	2-1
Net Profit (%age range)	1-8%	21-30%	26-35%	5-12%	1-7%

Source: Quantic

COGS and Labor are typically the cost metrics most focussed on because small changes make a big impact on net profits
but in Distributive the Supply Chain costs are an additional focus.

("Prime costs" is the name that Restaurants give to COGS + Labour. They target them to be no more than 60% of sales).

Exploring the P&L headwinds and tailwinds - Retail



Costs as a %age of sales

The component parts	
Sales	100
Cost of Goods	75
Waste/Shrinkage	2-1
Labor	12-10
Supply Chain	6-4
Utilities/Occupancy	2-1
Marketing	2-1
Net Profit (%age range)	1-8%

		Headwinds	Tailwinds
Retailers			
Sales	100	<ul style="list-style-type: none"> Increase in food consumption OOH &/or supplied through Home Delivery. Fewer store openings delivering organic growth. 	<ul style="list-style-type: none"> Low unemployment & increasing consumer confidence. Private Label perception improved & share increased.
Cost of Goods	75	<ul style="list-style-type: none"> Supplier price increases and the willingness to pass them through to shoppers for fear of losing them. Brands shifting focus & investment to OOH. 	<ul style="list-style-type: none"> Industry wide challenge rather than customer specific.
Waste/Shrinkage	2-1	<ul style="list-style-type: none"> Reduced store traffic may mean slower rates of sale leading to more waste on perishable/fresh produce. 	<ul style="list-style-type: none"> Social pressure to reduce or “do good” as part of the CSR agenda.
Labor	12-10	<ul style="list-style-type: none"> Wage inflation. Increased services like Click & Collect, e-commerce & a focus on shopper experience require different skills. 	<ul style="list-style-type: none"> Staff retention rates remain high. Robotic technology improving as a replacement for e-comm order picking.
Supply Chain	6-4	<ul style="list-style-type: none"> Growth in e-commerce has driven increases. Increasing fuel costs & lack of drivers. 	<ul style="list-style-type: none"> E-comm models are evolving – potential to use third party delivery solutions & explore driverless deliveries.
Utilities/Occupancy	2-1	<ul style="list-style-type: none"> Price increases from service industries e.g. Insurance/utilities and the ability to pass them on in price to shoppers. 	<ul style="list-style-type: none"> Collaborations for renewable energy resources/energy saving initiatives in stores & distribution centers.
Marketing	2-1	<ul style="list-style-type: none"> Investment in technology and new platforms to enhance the shopper experience. More effort required to retain shopper spend instore. 	<ul style="list-style-type: none"> The ability to use digital to scale targeted communication as a driver of sales. The Retailers brand equity remains high.
Net Profit (%age range)	1-8%		

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Source: Quantic

Exploring the P&L headwinds and tailwinds

- QSR



Costs as a %age of sales

The component parts	QSR
Sales	100
Cost of Goods	28
Waste/Shrinkage	2-1
Labor	23-15
Supply Chain	6
Utilities/Occupancy	8
Marketing	12
Net Profit (%age range)	21-30%

Headwinds

- Increased competition for heartland menu items like Gourmet Burgers.
- Consumers look for variety e.g. day part/cuisine trends.
- Managing a broader mix of menu items across day parts.
- Pressure for sustainable quality ingredients.
- More menu items increases potential waste
- Wage inflation.
- High turnover of casual labor so higher recruitment costs.
- More volume drives higher costs.
- Increases in fuel and lack of drivers.
- Extended opening & service times raises utility costs.
- Industry cost increases at least in line with inflation.
- More & better marketing from national and regional chains incl. LTO offers which are the norm.
- Possibility of tighter advertising legislation.

Tailwinds

- Menu expansion/relevance & healthier options.
- Better upselling capability & success rate.
- Scale means a high ability to command competitive prices.
- Minimal surplus ingredients due to slick supply chain.
- Social pressure to reduce or “do good” as part of the CSR agenda.
- Digital transformation and systemization reduces FOH/server headcounts.
- Suppliers active in reducing lead times on order placement to fulfilment to reduce their stock holding.
- More tech use in outlet moves costs from people to cheaper utilities.
- Scale and reputation as a market leader.
- Strong mental availability of the Big 3 brands.



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Source: Quantic

Exploring the P&L headwinds and tailwinds

- MEU



Costs as a %age of sales

The component parts	MEU
Sales	100
Cost of Goods	28
Waste/Shrinkage	2-1
Labor	23-15
Supply Chain	6
Utilities/Occupancy	10
Marketing	5
Net Profit (%age range)	26-35%

Headwinds

- Food trends (plant based, healthier etc) favor specialists.
- Blurring of competition e.g. Meal kits, Retailers targeting Food-to-Go occasions, increase participation in Delivery.

- Supplier price increases and the ability to pass through.
- New costs like packaging for delivery.

- The lack of predictability on daily traffic.
- Changes in BOH can lead to incorrect portioning.

- Wage inflation.
- Low unemployment.
- Participation in Delivery services.

- Investment to improve lead times (to reduce stocks held).

- Increases in utilities & services that Operators feel cannot be passed on in their menu prices..

- Investment in new platforms for e.g. Delivery.
- Increased active broadcasting of LTO's, loyalty programs etc.

Tailwinds

- The increase in consumption OOH (Americans spend 54% of their budget eating OOH*).
- Consumers favoring the reliability of Chains.

- Increased scale increases buying power & attractiveness from suppliers.

- Social pressure to reduce or "do good" as part of the CSR agenda.

- Digital transformation (from order to payment) and systemization can reduce/redeploy headcount and administrative costs.

- Suppliers active in reducing lead times on order placement to fulfilment to reduce their stock holding.

- Collaborations for renewable energy resources.

- The ability to use digital to scale targeted communication.



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Source: Quantic

Exploring the P&L headwinds and tailwinds

- Independents



Costs as a %age of sales

The component parts	Independent
Sales	100
Cost of Goods	35
Waste/Shrinkage	6-4
Labor	30-25
Supply Chain	0
Utilities/Occupancy	23
Marketing	1
Net Profit (%age range)	5-12%

Headwinds

- Reliability, guest experience and affordability of Chains.
- Less traffic as consumers turn to online choices.
- More informal, relaxed dining behaviours & menu variety.
- Increasing food and beverage prices that Operators feel can't be passed on to guests.
- Inability to buy in scale (like Chains).
- The variability in daily traffic makes it difficult to buy the right quantities of ingredients.
- Wage inflation.
- Competing for staff vs. Chains.
- Low unemployment rates.
- N/a.
- Increases in rents, utilities & services that Operators feel cannot be passed on in their menu prices.
- Lifetime owners lack digital skills & confidence which is driving a bigger gap between Independents & Chains.

Tailwinds

- The increase in consumption OOH (Americans spend 54% of their budget eating OOH*).
- Increasing demand from guests for quality ingredients, locally &/or sustainably sourced.
- Social pressure to reduce or "do good" as part of the CSR agenda.
- N/a.
- A cost driver for Chains so potentially a small benefit to Independents.
- Restaurant industry is pushing back & lobbying.
- Support is available e.g. from Distributors & Suppliers to build digital skills.



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*2018 Department of Agriculture

Source: Quantic

Exploring the P&L headwinds and tailwinds - Distributive



Costs as a %age of sales

The component parts	
Sales	Distributor
Cost of Goods	100
Waste/Shrinkage	65
Labor	2-1
Supply Chain	6-5
Utilities/Occupancy	22-20
Marketing	2-1
Net Profit (%age range)	1-7%

Headwinds

- Managing the customer mix (chain vs. independents, commercial vs. cost).
- OOH growth attracts to a broader comp. set e.g. Amazon.
- Supplier price increases and the ability to pass them through to end users.
- Managing the mix of brand and own brand.
- The pressure to be a total solution provider means holding a broader assortment which increases the potential for waste.
- Wage inflation.
- Investment in up skilling to be competitive.
- More volume drives higher costs.
- Increases in fuel and lack of drivers.
- Start up costs for major contract wins.
- Price increases from service industries e.g. Insurance and the ability to pass them on in price to Operators.
- Investment in new platforms like e-commerce, dietary advice, allergen information.
- Increased cost and investment in loyalty programs.

Tailwinds

- The increase in consumption OOH (Americans spend 54% of their budget eating OOH*).
- Industry wide challenge rather than customer specific.
- Social pressure to reduce or “do good” as part of the CSR agenda.
- Digital transformation and systemization reduces headcounts and administrative costs.
- Suppliers active in reducing lead times on order placement to fulfilment to reduce their stock holding.
- Collaborations for renewable energy resources.
- The ability to use digital to scale targeted communication as a driver of sales, and reduce customer recruitment/retention costs.



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*2018 Department of Agriculture
Source: Quantic



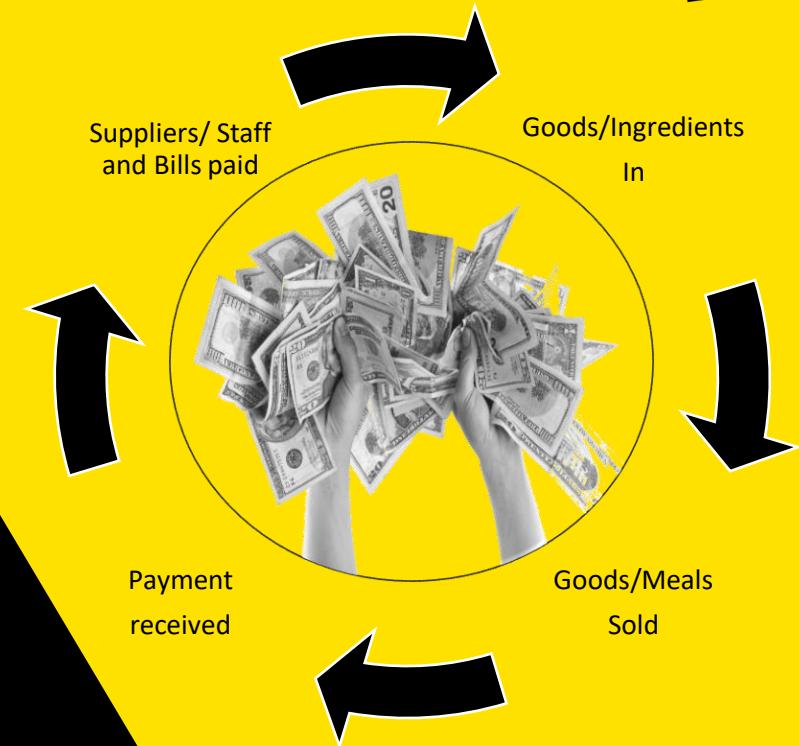
Take some time to reflect



1. What have you learned about your perception vs the reality of your customer's P&L?
2. What connections can you make between the conversations they've had with you and where the cost pressures are in their metrics?
3. How have the McCain solutions you've been recommending supported solving these pressures?
4. Would the customer say you've been supportive or see McCain as a supplier that adds to their cost pressures?
5. How might this change your next customer conversation?

Working capital is a key metric for all

- It's the amount of free cash-flow a business has to use in its day-to-day trading operations.
- The more cash there is in the bank, the more possibilities they have - from promotions to buying businesses.
- Working capital is a measure of a company's efficiency and its short-term financial health.





Working capital is important because ..

McCain™

- A business can make a loss year after year **BUT** they can only run out of cash once.

For example, who remembers these late great Restaurant brands?

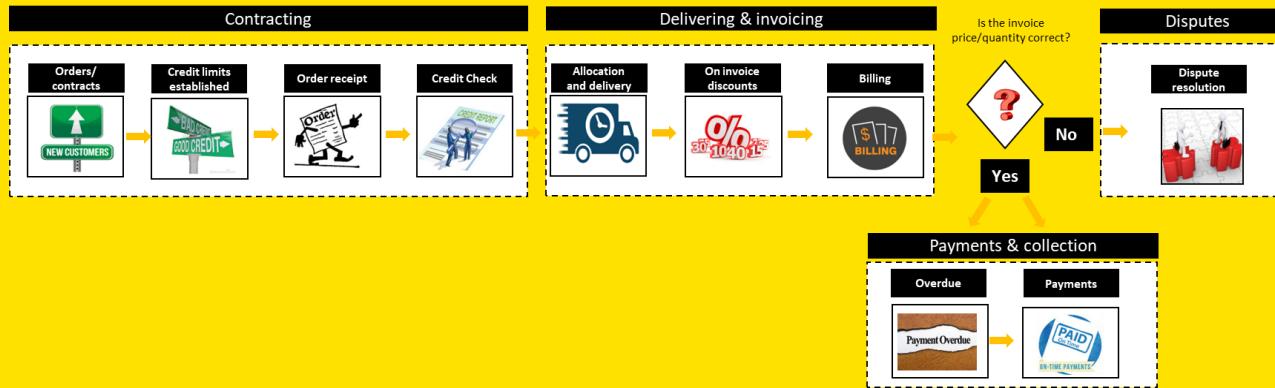


Customers will often take advantage of suppliers admin errors to improve their working capital



- Ensure your own housekeeping is in order so the customer has no legitimate reasons to “behave badly”.

Typical touchpoints that Sales can influence through accurate customer information



Whose working capital benefits if ...

Answers

(Click on the mouse to see reveal the answers).

	The customer	McCain	The customer	McCain
The customer pays later than their terms allow.			X	
The customer resolves some aged debt issues.				X
The customer receives incorrect cost prices.			X	
The customer pays McCain faster than it sells out the goods.				X
The customer deducts lump sums off invoice.			X	



Take some time to reflect



1. Are you consciously supporting an improvement in your customer's working capital through constructive dialogue (with support of Sales Leaders) **OR** unconsciously through admin errors?
2. What actions or “bad” behaviours do you see your customer taking with McCain to improve **THEIR** working capital at the expense of McCain?
3. Are you owning your business?

Other “Growth” metrics

Typically looked at as trends, comparisons across time periods

- Footfall/Traffic
 - The number of people entering the business i.e. crossing the door accessing an e-commerce site.
- Buying customers
 - The number of people who spend e.g. it's possible that not all of the footfall/traffic will convert to customers (some turnaround and walk away).
- Average customer spend/order value/basket.
 - The total sales revenue divided by the total number of customers/covers.
- Sales per square feet
 - Retail/Wholesale - the average revenue from one square feet of space.
- Up selling revenue
 - Restaurants – the value of upgrades or other add-ons to the order e.g. sides, drinks, desserts, appetizers.

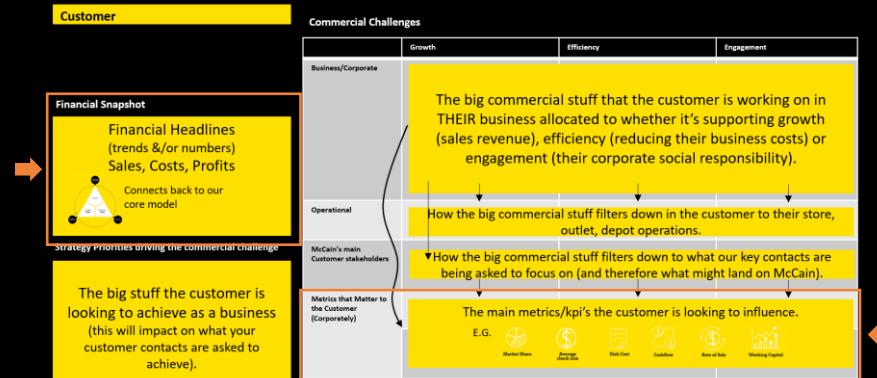
Other “Efficiency” metrics

Typically looked at as trends, comparisons across time periods

- Product availability/out of stock/on shelf availability
 - The availability of products for sale to a “shopper” in the place they expect it and at the time they want to buy it.
- Fill rate
 - Distributive/E-commerce – the percentage of orders satisfied from available stock.
- Rate of sale/sell though/stock turn
 - The speed at which available stock (products/goods/dishes) is sold – the faster the better.
- Seat/table turnover
 - Restaurant - The number of times a seat/table is used by different parties during a particular meal period or time.

Take some time to reflect

1. How does this deeper dive into “Metrics That Matter” connect to those you’ve identified for your customer in Commercial Acumen Challenge 1?



2. If there are there gaps in your understanding, what can you do to close them?

So which metrics can we support and with which “new currencies”?

Usual sign-off procedures apply.



The component parts

GROWTH



EFFICIENCY



ENGAGEMENT



(Click on the tile for a deep dive).

Sales

Penetration:

More customers

Cost of Goods

Cost of goods

Mix

Waste/Shrinkage

Waste and shrinkage control

Labor

Labour efficiency

Supply Chain

Transport costs

Utilities/Occupancy

Marketing

Net Profit (%age range)

Working Capital (Cash)

Stock turnover

Inventory levels

Payment Terms

Collaborative planning and forecasting

Demand creation

Category insight & management

Description and scope:

- Advising on opportunities to supporting 2 streams of revenue:
 - The customers base rates of sale.
 - Attracting incremental sales through short term activities (promotions).

Key principles:

- Increasing **base rate of sale** delivers full profit to the customer so is preferred over short term tactical promotions. Doing this relies on the relevance of the customers core offer to their target market, the experience and environment they deliver to their target market, the customer's ability to reach and engage its target market in the offer.
- Promotions are pivotal to **driving short term incremental sales** but over reliance on promotions is often financially detrimental to the customer's brand perception (and suppliers brands when it's visible e.g. in Retail to Consumers or Distributors to Operators). Using the right promotional mechanic vs. the opportunity (penetration, frequency and \$ spend) is critical, as is, ensuring great outlet execution.



Food for thought:



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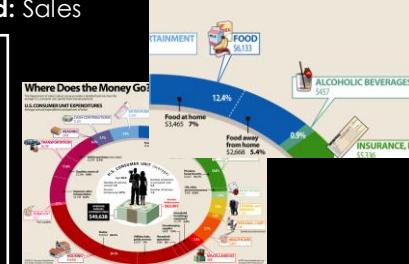
Retailers	QSR	MEU	Independent	Distributor
<ul style="list-style-type: none"> Base rate of sale drivers to explore with the customer: <ul style="list-style-type: none"> Category/segment performance analysis to identify under trade areas. Category/segment advice on range and space (particularly on under-trade areas). Out of stock/availability issue, particularly at peak shopping times. Category location either primary or, secondary to drive associated sales e.g. full meal solutions. Macro category space allocation to sales vs. other frozen categories. Category signposting and POSM to improve visibility. Category and/or McCain promotional strategy recommendations: <ul style="list-style-type: none"> Align promotional mechanics to the shopper opportunity (pen/fop/\$Wop). Review impact of promotions on base sales (over promoting “trains” shoppers to buy on deal). Review stock availability during promotions. Review in store execution. 	<ul style="list-style-type: none"> Base rate of sale drivers to explore with the customer: <ul style="list-style-type: none"> Quality of the eat – e.g. what guests are saying, benchmarking across different times of day, looking at hot hold times, service temperatures. Core menu evolution – insight to culinary/food trends and how to integrate to the menu. Connections to opportunities for new occasions e.g. via the McCain platforms of Eggs, Legs and Kegs. Promotional recommendations: <ul style="list-style-type: none"> LTO's using new or existing ingredients in a different way e.g. Onion Rings from sides to a Burger topping. 	<ul style="list-style-type: none"> Base rate of sale drivers to explore with the customer: <ul style="list-style-type: none"> Quality of the eat – e.g. what guests are saying, benchmarking across different times of day, looking at hot hold times, service temperatures. Core menu evolution – insight to culinary/food trends and how to integrate to the menu. Connections to opportunities for new occasions e.g. via the McCain platforms of Eggs, Legs and Kegs. Digital presence – the quality of the menu/offer on different platforms (particularly Food Photography). Manage the on-line reputation. Promotional recommendations: <ul style="list-style-type: none"> “Specials” using new or existing ingredients in a different way e.g. Onion Rings from sides to a Burger topping. Loyalty program participation. 	<ul style="list-style-type: none"> Base rate of sale drivers to explore with the customer: <ul style="list-style-type: none"> Core menu evolution – insight to culinary/food trends and how to integrate to the menu. Connections to opportunities for new occasions e.g. via the McCain platforms of Eggs, Legs and Kegs. Digital presence – the quality of the menu/offer on different platforms (particularly food photography). Manage the on-line reputation. Promotional recommendations: <ul style="list-style-type: none"> “Specials” using new or existing ingredients in a different way e.g. Onion Rings from sides to a Burger topping. Loyalty program participation. 	<ul style="list-style-type: none"> Base rate of sale drivers to explore with the customer: <ul style="list-style-type: none"> Category/segment performance analysis to identify under trade areas. Category/segment advice on range and space (particularly on under-trade areas). Out of stock/availability issue, particularly at peak ordering times. Category signposting and POSM in hard/soft copy catalogs to improve visibility. Order review and profiling e.g. identifying Operators buying meat patties but not a fry. Category and/or McCain promotional strategy recommendations: <ul style="list-style-type: none"> Align promotional mechanics to the Operator opportunity (pen/fop/\$Wop). Review impact of promotions on base sales (over promoting “trains” shoppers to buy on deal). Review stock availability during promotions. Review execution/comms. supporting promotions across all touchpoints.

Description and scope:

- Creating revenue opportunities either:
 - Directly for the customer through the use of McCain investment and assets.
 - Indirectly by recommending actions they can take.

Key principles:

- Growth is a challenge for all customers particularly as consumers increasingly make choices about where and when to eat interchangeably across in home and out of home environments and the gap is closing.
- All customers are receptive to suggestions from suppliers. The ones that get favoured are those that can be easily operationalized/implemented by customers.
- Suppliers must put a commercial value on direct demand creation to show the benefit being created so that it's highly valued by customers.
- Recommendations here will connect to unlocking opportunities for penetration, frequency or increased \$ spend.

Food for thought:

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Retailers	QSR	MEU	Independent	Distributor
<ul style="list-style-type: none"> McCain assets that can be used for direct revenue creation : E-comm expertise (if Retailers are using on-line ordering platforms). Promotional campaigns. Improving category visibility/comms. Innovation that unlocks new in-home usage opportunities/occasions. McCain assets that indirectly create customer revenue: <ul style="list-style-type: none"> Branded consumer in/out of store presence e.g. ABTL/BTL campaigns. Programs of activity on Retailer websites bringing value added solutions to consumers e.g. simple weekday suppers, meals you can make with X ingredients, event support like "goes well with.. Craft Beers". 	<ul style="list-style-type: none"> McCain assets that can be used for direct revenue creation : <ul style="list-style-type: none"> E-comm expertise (if the QSR is using on-line/delivery ordering platforms). LTO promotional campaigns. Improving visibility/comms. of e.g. Sides, sell on/up opportunities. Innovation that unlocks new usage opportunities/occasions. Menu development using existing ingredients e.g. sides as toppings. McCain assets that indirectly create customer revenue: <ul style="list-style-type: none"> Relaunched www brings insights, recommendations and downloadable materials to Operators. Possibly TESTING use of the SureCrisp brand on Delivery menu's to reassure consumers about the fry quality. 	<ul style="list-style-type: none"> McCain assets that can be used for direct revenue creation : <ul style="list-style-type: none"> E-comm expertise (if the MEU is using on-line/delivery ordering platforms). LTO promotional campaigns. Improving visibility/comms. of e.g. Sides, sell on/up opportunities. Innovation that unlocks new usage opportunities/occasions. Menu development using existing ingredients e.g. sides as toppings. McCain assets that indirectly create customer revenue: <ul style="list-style-type: none"> Relaunched www brings insights, recommendations and downloadable materials to Operators. Possibly TESTING use of the SureCrisp brand on Delivery menu's to reassure consumers about the fry quality. 	<ul style="list-style-type: none"> McCain assets that can be used for direct revenue creation : <ul style="list-style-type: none"> E-comm expertise (if using or exploring the use of on-line/delivery ordering platforms). Improving visibility/comms. of e.g. Sides, sell on/up opportunities. Innovation that unlocks new usage opportunities/occasions. Menu development using existing ingredients e.g. sides as toppings. McCain assets that indirectly create customer revenue: <ul style="list-style-type: none"> Relaunched www brings insights, recommendations and downloadable materials to Operators. Possibly TESTING use of the SureCrisp brand on Delivery menu's to reassure consumers about the fry quality. 	<ul style="list-style-type: none"> McCain assets that can be used for direct revenue creation : <ul style="list-style-type: none"> Field Salesforce and coverage e.g. opening accounts, supporting ongoing customer management, building capabilities to successfully sell in innovation. E-comm expertise (if Distributors are using on-line ordering platforms). Telesales activity – from training to incentives. McCain assets that indirectly create customer revenue: <ul style="list-style-type: none"> Branded trade media presence creates mental availability about the brand which makes for easier selling of a higher priced range. Branded consumer in/out of store presence and performance brings reassurance to Operators. Relaunched www brings insights, recommendations and downloadable materials to Operators.

QSR  

As customers increasingly switch to off-premise dining, it's not just how they're eating that's changing. The constantly busy American lifestyle is transforming exactly what—and how much—consumers are eating at any given occasion.

This evolution in eating habits has many chains looking at new menu platforms that can attract customers during off-peak dining periods.

"The consumer and the whole dining experience in traditional restaurants is changing so rapidly," says Fazoli's CEO Carl Howard. "You need to be aware that people are eating differently at different points of time. We always don't want a heavy meal. We're working until we go to bed because of phones, so snackable products are definitely important."

That's a major reason the Italian joint has rolled out a new snacking platform: like many restaurant brands, Fazoli's stores often experience strong lunch and dinner rushes followed by lulls in traffic. But those periods of low revenue still require staff, technology, and utilities to keep the doors open.

"Those hours become a lot more expensive to operate," Howard says. "We want our restaurants full from open to close as everybody else does.... You have to have minimal staffing. You've got to have a cash register, a cook, and a manager. You're just trying to do as much revenue-per-square footage as you can. Fixed costs and operating costs are not going away."



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Description and scope:

- Advising on category trends and how customers can operationalize them through their estate.
- Designing, influencing and managing optimum category range, space and merchandizing solutions for Retail and Distributive customers across their different outlet formats, banners and geographies to meet the needs of their Shoppers.

Key principles:

- Range and display (shelf management) is the single most important influence on buying behavior – the “easier you make it for people to shop, the more they tend to buy”.
- Determining and executing the correct range and space for bricks and clicks environments is critical to attracting and converting shoppers and driving sales.
- OSR/MEU/Independent customers look to Suppliers for insight and advice on category and category consumption/usage trends that can translate into both BOH and FOH applications.
- Retail and Distributive customers look to Suppliers for this support and done well it differentiates McCain from competitors leading to other related opportunities.

Food for thought:

Retailers	QSR	MEU	Independent	Distributor
<ul style="list-style-type: none"> Bring insight to customers about their targeted shopper's behavior i.e. who buys, what they buy, why they buy, how often they buy, the barriers – why they don't buy either the category or from that Retailer. Bring insight on shopper/consumer consumption habits as context for Category recommendations and cross-category solutions. Recommendations on: <ul style="list-style-type: none"> Range coverage by occasion, segment and other dynamics such as key price points. Range additions and deletions. Space allocation to optimize availability and therefore shopper satisfaction. Merchandising (layout and display) to make the category easy and enjoyable to shop as well as making brands/products easy to find and engage with. 	<ul style="list-style-type: none"> Bring insight to customers about the consumer's eating/consumption habits, how it impacts the category and therefore translates to: <ul style="list-style-type: none"> The menu offered e.g. across day parts/occasions. The potential to access different occasions/consumer needs e.g. Delivery*. Menu/meal preparation. Portion sizes. Menu/meal service. Marketing of the menu e.g. naming conventions. Menu pricing. Promotions incl. LTO's. Connect to McCain platforms of Eggs, Legs and Kegs. 	<ul style="list-style-type: none"> Bring insight to customers about the consumer's eating/consumption habits, how it impacts the category and therefore translates to: <ul style="list-style-type: none"> The menu offered e.g. across day parts/occasions. The potential to access different occasions/consumer needs e.g. Delivery*. Menu/meal preparation. Portion sizes. Menu/meal service. Marketing of the menu e.g. naming conventions. Menu layout. Menu pricing. Promotions incl. LTO's. Connect to McCain platforms of Eggs, Legs and Kegs. 	<ul style="list-style-type: none"> Bring insight to customers about the consumer's eating/consumption habits, how it impacts the category and therefore translates to: <ul style="list-style-type: none"> The menu offered e.g. across day parts/occasions. The potential to access different occasions/consumer needs e.g. Delivery*. Menu/meal preparation. Portion sizes. Menu/meal service. Marketing of the menu e.g. naming conventions. Menu layout. Menu pricing. Promotions incl. LTO's. Connect to McCain platforms of Eggs, Legs and Kegs. 	<ul style="list-style-type: none"> Bring insight to customers about their targeted Operators buying behavior, particularly Independents i.e. who buys, what they buy, why they buy, how often they buy, the barriers – why they don't buy the category or from the customer. Bring insight on consumption trends for Distributors to use with their customers. Recommendations on: <ul style="list-style-type: none"> Range coverage by occasion, segment, menu and Operator type and other dynamics such as key price points. Range additions and deletions. Space allocation to optimize availability and therefore shopper satisfaction. Merchandising (layout and display) to make the category easy and enjoyable to pick in depot, shop as well as making brands/products easy to find and engage with.

*Research shows 68% of consumers use delivery apps once a month – Thanx Research.



Description and scope:

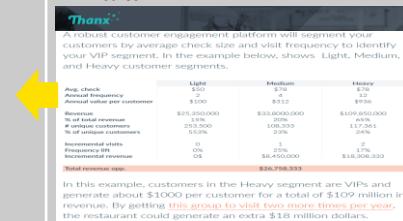
- Advising on opportunities to either pass on or offset increases in cost of goods.
- In QSR/MEU/Independents, going beyond the McCain portfolio to have a point of view on total food cost inflation and its impact on the menu.

Key principles:

- Cost of goods is the largest single pressure point on the P&L for all customers so their ability to recoup supplier increases is critical to maintaining their profitability.
- Turn a COGS increase to a sales opportunity &/or an improvement in efficiency.
- QSR/MEU/Independents - Identifying opportunities for the customer to up-trade on their menu either through existing or new dishes, whilst still delighting their guest (i.e. passing through).
- QSR/MEU/Independents – Identifying opportunities for the customer to offset cost of goods increases either through BOH efficiencies or for example, focusing on guest retention.
- Retail/Distributor – Identifying opportunities for the customer to offset cost of goods increases through category (range, space) efficiencies.

Food for thought:

Retailers	QSR	MEU	Independent	Distributor
<ul style="list-style-type: none"> Bring insight and recommendations to improve category efficiencies: Reduce the customers cost to serve through a more efficient range (space and layout) which offsets a cost price increase. Reduce OOS through space or supply chain changes which recoups lost sales which offset the cost price increase. 	<ul style="list-style-type: none"> Recommendations on: <ul style="list-style-type: none"> New or re-engineered dishes that can bring premiumization. New dishes that create an additional revenue stream e.g. hot snacking/sharing appetizers. Ingredient simplification to reduce the total number of ingredients being bought and used BOH whilst maintaining menu appeal e.g. right and left menu application. BOH operational efficiencies. 	<ul style="list-style-type: none"> Recommendations on: <ul style="list-style-type: none"> New or re-engineered dishes that can bring premiumization. New dishes that create an additional revenue stream e.g. hot snacking/sharing appetizers. Converting from scratch made. Ingredient simplification to reduce the total number of ingredients being bought and used BOH whilst maintaining menu appeal e.g. right and left menu application. BOH operational efficiencies. Marketing to drive overall topline sales: 	<ul style="list-style-type: none"> Recommendations on: <ul style="list-style-type: none"> New or re-engineered dishes that can bring premiumization. New dishes that create an additional revenue stream e.g. hot snacking/sharing appetizers. Converting from scratch made. Ingredient simplification to reduce the total number of ingredients being bought and used BOH whilst maintaining menu appeal e.g. right and left menu application. BOH operational efficiencies. 	<ul style="list-style-type: none"> Bring insight and recommendations to improve category efficiencies: Reduce the Distributors cost to serve through a more efficient range (space and layout) which offsets a cost price increase. Reduce OOS through space or supply chain changes which recoups lost sales which offset the cost price increase. Provide a relevant version of the collateral used with MEU/Independents that Distributors can use with their Operators to help them offset any cost price increases.



- The revenue potential would offset campaign costs and increases in ingredient costs even with adjustments for average check size.

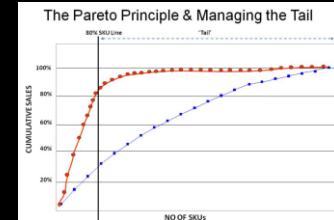
*Please operate within legal and ethical frameworks relating to pricing.

Description and scope:

- Advising customers on the breadth and depth of items used/stocked to manage the cost of goods/end to end cost of a dish.
- Looking for opportunities to help customers with total dish cost savings.

Key principles:

- Cost of goods is a pressure points for customers so any opportunities to be more efficient will be welcomed.
- Longer, more complex menu's typically create higher cost of goods because of the broader basket of ingredients required to create them.
- Simplifying menus and/or demonstrating the multiple applications of ingredients BOH can result in some ingredients being dropped which reduces overall cost of goods.
- Higher priced ingredient can help to reduce the overall dish cost.
- Tibersoft maybe a possible input source.

Food for thought:

[Click here to go back to previous slide](#)

Retailers	QSR	MEU	Independent	Distributor
<ul style="list-style-type: none"> • Use category range analysis to identify: <ul style="list-style-type: none"> • Possible deletions where sales can be redirected to other skus. (NOTE – low value selling items may not be an automatic delist. They can be fulfilling a specific range role or appealing to a specific type of shopper e.g. a high average basket spender who would take their total spend to another Retailer). 	<ul style="list-style-type: none"> • Make recommendations using BOH operational understanding to: <ul style="list-style-type: none"> • Identify “false economies” i.e. those ingredients being used because they are deemed as low cost BUT are creating operational issues or, customer complaints for which there is an unquantified cost. • Highlight opportunities to simplify the number of ingredients being bought where there's multiple variants being used for different applications e.g. an Onion Ring as a side, a different one as a Topping. • Identify operational “workarounds” that have crept in which can be solved for through a change in ingredients. 	<ul style="list-style-type: none"> • Make recommendations using BOH operational understanding to: <ul style="list-style-type: none"> • Identify “false economies” i.e. those ingredients being used because they are deemed as low cost BUT are creating operational issues or, customer complaints for which there is an unquantified cost. • Highlight opportunities to simplify the number of ingredients being bought where there's multiple variants being used for different applications e.g. an Onion Ring as a side, a different one as a Topping. • Identify operational “workarounds” that have crept in which can be solved for through a change in ingredients. 	<ul style="list-style-type: none"> • Make recommendations using BOH operational understanding to: <ul style="list-style-type: none"> • Identify “false economies” i.e. those ingredients being used because they are deemed as low cost BUT are creating operational issues or, customer complaints for which there is an unquantified cost. • Highlight opportunities to simplify the number of ingredients being bought where there's multiple variants being used for different applications e.g. an Onion Ring as a side, a different one as a Topping. • Simplify a complex menu to reduce the absolute number of ingredients and overall dish costs. • Identify operational “workarounds” that have crept in which can be solved for through a change in ingredients. 	<ul style="list-style-type: none"> • Use category range analysis to identify: <ul style="list-style-type: none"> • Possible deletions where sales can be redirected to other skus. (NOTE – low value selling items may not be an automatic delist. They can be fulfilling a specific range role or appealing to a specific type of Operator e.g. a high overall spender who would go elsewhere if this item was delisted).

Description and scope:

- Identifying opportunities for all customers to minimize unnecessary "hidden" costs related to waste &/or shrinkage (theft or incorrect inventory reporting).
- Emphasizing the benefits of frozen vs. fresh in managing BOH waste levels because of its flexibility to be cooked on demand and portion controlled.

Key principles:

- Food waste (incl. is a hot topic and potentially simple changes can create cost savings).
- Disposal costs are the first that come to mind. This is the cost of items that have to be thrown away because they are out of date. However, there's more than just the cost of the food thrown away that needs to be considered:
 - OOH: Lost labor involved in preparing items
 - Wasted energy costs associated with cold storage
 - Disposal costs
- Retail/Distributors: Possible out of stocks
- Disposal costs
- Wasted energy costs associated with cold storage
- Whilst Frozen ingredients have a utilities cost which is not associated with Fresh, waste levels on Fresh are typically higher as is the preparation cost.

BUSINESS INSIDER

According to an analysis by the Green Restaurant Association, a single restaurant can produce approximately 25,000 to 75,000 pounds of food waste in one year.



DID YOU KNOW?
30% of food waste comes back from customers' plates?



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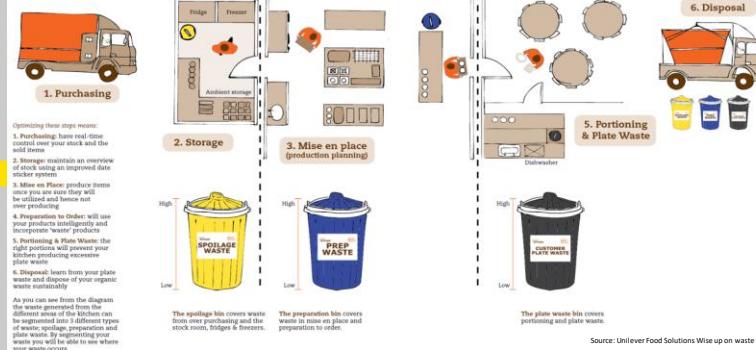
Food for thought:

Retailers	QSR	MEU	Independent	Distributor
<ul style="list-style-type: none"> Use category recommendations to ensure the range stocked is rotating at a sufficient pace to prevent product going out of date. Ensure store staff are replenishing freezers/fixtures at a speed that ensures stock isn't damaged or deteriorates between back of store and aisle. Review claims for damaged stock and the causal factors. 	<ul style="list-style-type: none"> Recommendations on the McCain categories and associated dish ingredients across the waste reduction chain including: <ul style="list-style-type: none"> Proper forecasting A well balanced menu using a limited set of ingredients Staff education in stock rotation and portion control. 	<ul style="list-style-type: none"> Recommendations on the McCain categories and associated dish ingredients across the waste reduction chain. (Hot topic in Deli/Deli-counters). 	<ul style="list-style-type: none"> Recommendations on the McCain categories and associated dish ingredients across the waste reduction chain including: 	<ul style="list-style-type: none"> Use category recommendations to ensure the range stocked is rotating at a sufficient pace to prevent product going out of date. Ensure store staff are picking orders at a speed that ensures stock isn't damaged or deteriorates in the supply chain from depots to customers. Review claims for damaged stock and the causal factors.

The waste reduction value chain

The essence of effective waste management can be found in the three R's: Reduce, Reuse and Recycle.

The three R's become evident in several stages of the value process. Wise up on waste focuses on reducing the waste margin across all areas of your business.



Description and scope:

- Identifying opportunities for all customers to improve the efficiency and effectiveness of labor.
- Coverage should be from goods in to goods out, BOH and FOH.

Key principles:

- Labor cost is typically the second highest cost pressure after cost of goods (although Supply Chain is higher in Distributors).
- It includes wages, bonuses, overtime, payroll taxes, health care, sick and vacation days. A Suppliers focus will be less on absolute cost and more on the deployment and usage of the labor resource to ensure a better return.
- Identifying opportunities requires a good understanding of where and how labor is used across the customers end to end value chain i.e. from goods received to goods sold (whether in OOH or IH customer environments).
- Time spent in the customer looking at their operations is a critical success factor to identifying opportunities.

**Food for thought:**

Click here to go back to previous slide

Retailers	QSR	MEU	Independent	Distributor
<ul style="list-style-type: none"> Recommendations could cover: <ul style="list-style-type: none"> Depot handling of frozen goods received. Picking of orders for store or customer on-line delivery through different format types (dark stores, in-store etc.). Pallet/case handling or breaking down. Handling of waste packaging/pallets. Impact in depot of how products are being ordered (quantity and timings). Handling/amount of queries generated relating to McCain orders/products. Handling and time of replenishment (back of store to fixture). Handling and time required to rotate product. Employee absenteeism rates in Frozen vs. other store areas. 	<ul style="list-style-type: none"> Recommendations could cover labor adjustments at outlet level based on: <ul style="list-style-type: none"> Traffic flows (peak vs. slow times). Patterns of wait times through the day. Disruption and BOH systems for home delivery. Patterns of complaints (what about, when e.g. timing). Ability to find/take ingredients from cold storage. Equipment breakdowns e.g. Fryers. Fryer oil changeovers. Training new staff. Staff turnover levels. Disruption from special menu items. Popularity of LTO's vs standard menu's. Recommendations could cover labor adjustments at depot based on e.g. <ul style="list-style-type: none"> Ordering patterns. Stock held. Handling (inbound and outbound). 	<ul style="list-style-type: none"> Recommendations could cover labor adjustments based on: <ul style="list-style-type: none"> Traffic flows (peak vs. slow times). Patterns of wait times through the day. Disruption and BOH systems for home delivery. Using convenience ingredients vs. scratch made. Patterns of complaints (what about, when e.g. timing). Guest reaction to service levels. Ability to find/take ingredients from cold storage. Equipment breakdowns e.g. Fryers. Fryer oil changeovers. Training new staff. Staff turnover levels. Disruption from special menu items. Popularity of LTO's vs standard menu's. 	<ul style="list-style-type: none"> Recommendations could cover labor adjustments based on: <ul style="list-style-type: none"> Ingredient buying (methods and frequency). Traffic flows (peak vs. slow times). Disruption and BOH systems for home delivery. Using convenience ingredients vs. scratch made. Patterns of complaints (what about, when e.g. timing). Ability to find/take ingredients from cold storage. Ingredient and meal preparation. Breadth and depth of the menu. Equipment breakdowns e.g. Fryers. Fryer oil changeovers. Disruption from special menu items/daily specials. Time and effectiveness spent on Marketing vs. BOH. 	<ul style="list-style-type: none"> Recommendations could cover: <ul style="list-style-type: none"> Depot handling of frozen goods received. Picking of orders for customer delivery. Pallet/case handling or breaking down. Handling of waste packaging/pallets. Impact in depot of how products are being ordered (quantity and timings). Health and safety relating to Frozen. Telesales ordering conversion. Handling/amount of queries generated relating to McCain orders/products. Briefing of Sales Reps. Sales Rep interface with outlets opened by McCain. Sales Rep time in call. Sales Rep accessibility to relevant info. on McCain products/solutions. Ensuring a seamless interface between McCain field sales and Distributor/Broker reps and the value that this creates is a powerful commercial currency.

**Description and scope:**

- Mutually working with customers to explore opportunities for savings.

Key principles:

- A shared, industry wide, cost pressure point for Customers and Suppliers that all are challenged to pass on or absorb.
- Anticipated to become a larger share of overall costs, notably for Distributors.
- Goes beyond the McCain – Customer Buyer interface to work collaboratively across McCain and Customer Supply Chain teams.
- It can often be improved through small, simple changes that requires analysis.

Food for thought:**Sysco : Company Costs Are Rising, but Getting Shoppers to Pay More is Hard**

Sysco Corp., the world's largest food-service distributor, said this week that higher freight costs from a year earlier were pressuring profits. The Houston-based company is trying to pass along those expenses to customers, but isn't always able to. A robust economy and last-mile delivery has fueled pressure for more trucks and drivers. "The more freight on the road obviously creates pressure for everybody. There's driver challenges and there's obviously just capacity challenges," Sysco chief executive Thomas Bene told investors.

Freight costs have shot up as a result of driver shortages, enforcing licensing mandates and the strong economy fueling truck shortages, said Jim Lemke, president of the Robinson Fresh food supply and logistics arm of C.H. Robinson Worldwide Inc. Costs for some refrigerated trucks hit 40 year highs last year and trucking shortages were widespread, Agriculture Department research shows.

The situation isn't slated to improve anytime soon, and suppliers and retailers are now grappling with how to budget for the additional transportation costs, said Mr. Lemke, who consults for major food companies.

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Retailers	QSR	MEU	Independent	Distributor
<ul style="list-style-type: none"> Solutions should be developed with Supply Chain to explore all aspects from Order to Goods In DC, movement to stores and Goods Out of the store across e.g. <ul style="list-style-type: none"> Order patterns/frequencies/timings. Route planning to DC locations. Route planning from DC to stores. Picking and delivering e-comm orders. Use of technology for replenishment. Back-hauling etc. 	<ul style="list-style-type: none"> Solutions should be developed with Supply Chain to explore all aspects from Order to Goods In DC, movement to stores and Goods Out of the store across e.g. <ul style="list-style-type: none"> Order patterns/frequencies/timings. Route planning to DC locations. Route planning from DC to stores. Use of technology for ordering from depot. Back-hauling etc. 	<ul style="list-style-type: none"> Solutions should be developed with Supply Chain to explore all aspects from Order to Goods In DC, movement to stores and Goods Out of the store across e.g. <ul style="list-style-type: none"> Order patterns/frequencies/timings. Route planning to central locations. Route planning from DC to Outlets. Use of technology for ordering from depot. Back-hauling etc. 	<ul style="list-style-type: none"> Recommendations can include suggestions on ordering behavior to minimize Owner trips and optimize Distributor services. 	<ul style="list-style-type: none"> Solutions should be developed with Supply Chain to explore all aspects from Order to Goods In DC, movement to stores and Goods Out of the store across e.g. <ul style="list-style-type: none"> Order patterns/frequencies/timings. Operator minimum order quantities. Route planning to DC locations. Route planning from DC to Operators. Use of technology for ordering from suppliers. Picking and delivering orders. Back-hauling etc.

**Description and scope:**

- Ensuring that ingredients/stock is turned quickly so that cash is generated from them before the customer has to pay for them.

Key principles:

- Working capital (cashflow) is a pressure points for customers so any opportunities to eliminate slow moving items from the range or store cupboard will be welcomed **IF** they are easily substitutable (so the customer does not lose sales).
- Challenging profitability objections from customers with rate of sale argumentation e.g. Private Label may be a higher profit \$ per case but not sell as fast as a branded item. Investigating rate of sale can demonstrate a higher total \$ profit which improves working capital.
- For National Accounts - Understand the customers working capital cycle on McCain products to identify the stock rotation before payment and the cash value that this generates for the customer. If significant, use appropriately in business conversations.
- BOLT and PROS may be a possible input source to review ordering patterns.

Food for thought:**EXAMPLE - FMCG Product**

- Average days to collect (paying CCEP): 54 days.
- Average deduction days (CMA invoice): 14 days.
- Average days to raise a CMA invoice: 5 days.
- Sainsbury stock holding: 14 days.
- Stock rotation before payment: 3.9 times.
- Customer revenue generated pre-payment \$13m.



Click here to go back to previous slide

Retailers	QSR	MEU	Independent	Distributor
<ul style="list-style-type: none"> Recommendations could cover: <ul style="list-style-type: none"> Category analysis to identify slow moving lines and recommending delists. Reviewing rate of sale and total \$ profit of products being threatened with delist from the McCain portfolio. Activity that focusses on slower lines to reignite their relevance to Shoppers. Changes to ordering patterns/ quantities and stock holding (providing they're not detrimental to McCain). Reducing damages. Rewarding or incentivizing customer's "good behavior" to avoid deduction/ claims as a way of managing their working capital 	<ul style="list-style-type: none"> Make recommendations using BOH operational understanding and menu analysis to: <ul style="list-style-type: none"> Identify slower selling menu items and whether they can be taken off the menu/replaced with a faster selling alternative. Benchmark rates of sale for menu items vs. similar outlets to identify real under-performers that could be nudged through inclusion in a promotion e.g. meal deal/LTO. Identify new menu items that would improve the speed of ingredient conversion to cash. Rewarding or incentivizing customer's "good behavior" to avoid deductions/ claims as a way of managing their working capital. 	<ul style="list-style-type: none"> Make recommendations using BOH operational understanding and menu analysis to: <ul style="list-style-type: none"> Identify slower selling menu items and whether they can be taken off the menu/replaced with a faster selling alternative. Benchmark rates of sale for menu items vs. similar outlets to identify real under-performers that could be nudged through inclusion in a promotion e.g. meal deal/LTO. Identify new menu items that would improve the speed of ingredient conversion to cash. Rewarding or incentivizing customer's "good behavior" to avoid deductions/ claims as a way of managing their working capital. 	<ul style="list-style-type: none"> Make recommendations using BOH operational understanding and menu analysis to: <ul style="list-style-type: none"> Identify slower selling menu items and whether they can be taken off the menu/replaced with a faster selling alternative. Benchmark rates of sale for menu items vs. similar outlets to identify real under-performers that could be nudged through inclusion in a promotion e.g. meal deal/LTO. Identify new menu items that would improve the speed of ingredient conversion to cash. Advise on different ordering patterns/quantities to take in to account peak service days/times so that ingredients are turned in to cash quickly. 	<ul style="list-style-type: none"> Recommendations could cover: <ul style="list-style-type: none"> Category analysis to identify slow moving lines and recommending delists. Reviewing rate of sale and total \$ profit of products being threatened with delist from the McCain portfolio. Activity that focusses on slower lines to reignite their relevance to Operators. Changes to ordering patterns/ quantities and stock holding (providing they're not detrimental to McCain). Reducing damages. Rewarding or incentivizing customer's "good behavior" to avoid deductions/ claims as a way of managing their working capital.

**Description and scope:**

- Mitigating reasons/causes for customers to disrupt agreements relating to the orders to cash process (mainly because it favors their working capital).

Key principles:

- Ensuring admin accuracy at McCain to prevent opportunities for the customer to challenge any step in the value chain from order to payment.
- Rewarding/incentivizing behavior that's "to or better than" agreed terms.
- Working with the Finance teams in McCain and the customer to identify creative solutions that solve for any cashflow pressures in their business without negatively impacting on McCain's cashflow/working capital.
- BOLT and PROS may be a possible input source to review order to cash compliance and behavior.

Food for thought:

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Retailers	QSR	MEU	Independent	Distributor
<ul style="list-style-type: none"> Solutions should start at McCain to ensure accurate administration details are in place so that customers can take advantage of incentives to pay to/better than terms (and have NO credible reasons to behave badly). Work with Finance to proactively explore opportunities, if prompted by the customer, to creatively self-finance and share any cashflow improvements. Typically these will be found in the Orders to Cash process. 	<ul style="list-style-type: none"> Solutions should start at McCain to ensure accurate administration details are in place so that customers can take advantage of incentives to pay to/better than terms (and have NO credible reasons to behave badly). Work with Finance to proactively explore opportunities, if prompted by the customer, to creatively self-finance and share any cashflow improvements. Typically these will be found in the Orders to Cash process. 	<ul style="list-style-type: none"> Solutions should start at McCain to ensure accurate administration details are in place so that customers can take advantage of incentives to pay to/better than terms (and have NO credible reasons to behave badly). Work with Finance to proactively explore opportunities, if prompted by the customer, to creatively self-finance and share any cashflow improvements. Typically these will be found in the Orders to Cash process. 	<ul style="list-style-type: none"> N/a. 	<ul style="list-style-type: none"> Solutions should start at McCain to ensure accurate administration details are in place so that customers can take advantage of incentives to pay to/better than terms (and have NO credible reasons to behave badly). Work with Finance to proactively explore opportunities, if prompted by the customer, to creatively self-finance and share any cashflow improvements. Typically these will be found in the Orders to Cash process.

Description and scope:

- Improving planning and forecast accuracy through a structured approach.

Key principles:

- Cover base, promotional and event planning through to stock holding.
- Minimize opportunities for out of stocks and maximize availability in line with the flow of demand.
- BOLT and PROS may be a possible input source to improve forecast accuracy (based on any patterns of previous issues).

WE ARE PULLING FORWARD COST IMPROVEMENT INITIATIVES AND IMPLEMENTING ADDITIONAL ACTIONS TO DRIVE ADJUSTED OPERATING INCOME GROWTH

Administrative
Expense

Focused on improving efficiency, while continuing to drive productivity

... expect to see increased benefits from initiatives in 2H FY19

S/

Food for thought:

Click here to go back to previous slide

Retailers	QSR	MEU	Independent	Distributor
<ul style="list-style-type: none"> Solutions should be developed with Supply Chain and Finance to explore all opportunities to improve accuracy and identify the financial impact to the customer and McCain. 	<ul style="list-style-type: none"> Solutions should be developed with Supply Chain and Finance to explore all opportunities to improve accuracy and identify the financial impact to the customer and McCain. 	<ul style="list-style-type: none"> Solutions should be developed with Supply Chain and Finance to explore all opportunities to improve accuracy and identify the financial impact to the customer and McCain. 	<ul style="list-style-type: none"> N/a. 	<ul style="list-style-type: none"> Solutions should be developed with Supply Chain and Finance to explore all opportunities to improve accuracy and identify the financial impact to the customer and McCain.



Take some time to reflect

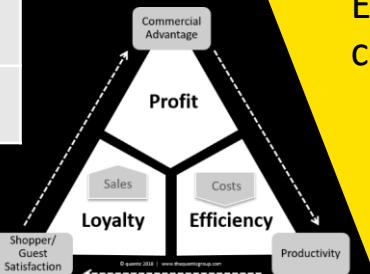


1. How many of the customers metrics are you actively supporting?
2. How often do you default to lead with a product based conversation?
3. How can you shift the conversation to demonstrate value beyond product in your next customer meeting?
Which metric and solution can you start will you choose?

In summary

The component parts	The math
Sales	\$ Revenue in
Cost of Goods	
Waste/Shrinkage	
Labor	
Supply Chain	
Utilities/Occupancy	
Marketing	
Net Profit	(=) \$ Profit remaining

(-) \$ Costs out



- Customers want to work and favour with Suppliers who:
 - “Get” their business and it’s pressures.
 - Work with them across the full value chain to impact their P&L.
 - Engage them in business conversations.
- In a highly competitive environment using the full set of “new currencies” in Growth, Efficiency and Engagement is a way to drive competitive advantage for McCain.