



"Art or Science?"

Recently, I spoke to a group of Jan-San channel distributors about how to optimize the use of redistributors. Understanding and optimizing supply chain costs continues to be a hot topic in jan-san as it is in foodservice. And like their foodservice counterparts, jan-san manufacturers and distributors are working to figure out how best to use wholesaler redistribution to optimize supply chain costs and customer service.

While I have no hard data to back it up, my experience is that the jan-san channel has a much higher preponderance of small orders being shipped from manufacturers to distributors than the foodservice channel. I think it's also fair to say that many jan-san manufacturers and distributors have been slower to embrace the concept of wholesale redistribution than their foodservice brethren.

A few years ago, we worked with the Sanitary Supply Wholesaling Association (sswa.com) to create an Excel-based model that helps distributors calculate the impact of turns, inventory levels, and ROI as well as price when making their sourcing decisions. And we've showed distributors how to gather the pertinent data and use it to help answer the "direct or wholesaler" question.

But we also recognize that there is more to this question than just the numbers. A lot of non-financial factors including relationships, attitudes, tradition, and ego go into decisions about whether and how to use wholesaler redistribution. And it's a safe bet that in some cases, these factors even outweigh the financial considerations.

But it's not just distributors who are subject to these non-financial considerations. We find that many manufacturers still have hesitation about whether and how to use wholesalers. And they often admit to fears and concerns that are hard to articulate, but which get in the way of optimizing their supply chain via judicious use of wholesalers.

So the challenge for jan-san wholesalers is to market and sell to customers by appealing to both the financial/rational mind AND the emotional/irrational mind. And you need to do it both upstream, to your manufacturer suppliers, and downstream to your distributor customers. And you need to do it constantly and consistently, because people forget and they also change jobs.

But it's worth the effort because once they get it right, manufacturers and distributors understand, appreciate, and value the role that wholesalers play in their business success.

Dave DeWalt is President of Franklin Foodservice Solutions. His company works with manufacturers in the foodservice and jan-san channels to improve profitability by tightening the links between Supply Chain Realities and Sales and Marketing Decisions.

For much more on Price Structure, Redistribution Strategy, Product Line Optimization, and other services, please visit www.franklin-foodservice.com