Best-of-Breed Strategy Supports Innovation

Innovation is the fuel that can take a new venture in an established market and create a more formidable presence in a short period of time. Pepsi Bottling Ventures, based in Raleigh, North Carolina has taken business intelligence, married it with creative management, and created a marketing and sales powerhouse.

In 1999, Pepsi Bottling Ventures (PBV), a manufacturing and direct store distribution company, was formed. The new initiative merged teams and territories from two successful entities: a piece of PepsiCo-owned territory and a territory formerly serviced by PepCom, a subsidiary of the Japanese owned company Suntory.

PBV was charged with providing beverage manufacturing, local marketing, sales and distribution for the Pepsi Cola territory covering much of North Carolina and Long Island, east of New York City. PBV handles 50M cases per year and has 1700 employees. They represent Pepsi, Mountain Dew, Dr. Pepper, Sierra Mist, AquaFina, Gatorade, SoBe and other brands.

As the new venture was being formed and the company was beginning to take shape, senior managers were ready to find ways to fine-tune and amplify the effectiveness of two very effective sales teams that had to learn to work together very quickly. The management team also wanted to position the company for future growth and possible acquisitions.

The management team was committed to innovation and they found a business intelligence solution that solved their immediate needs, molded to their future growth model, and created opportunities that helped drive their business toward even greater success. Pepsi Bottling Ventures selected Margin Minder® by Salient Corporation as their business intelligence solution for profit and sales management.
Challenges

- Amplify sales effectiveness in a merger environment
- Combine two separate sales teams into one cohesive team
- Re-define sales roles and commission structures in a competitive environment
- Develop a disciplined price-setting process

One of the first challenges that PBV had as a merged company was to create an environment where all sales information was available through one system. As separate companies, PBG and PepCom were using two very different systems to manage pricing and profitability for the sales force. One company was using a customized application; the other was using an ERP solution. One system, although customized for the bottling business, was expensive and wasn’t positioned for future growth. The other system was out-dated and could not meet future requirements.

In today’s beverage marketplace, everything is moving quickly. PBV wanted to ensure that profits continued to grow and they wanted to find a cost-effective way to create price consistency in a fast-paced environment. At the same time, the senior managers theorized that the traditional method of sales and delivery in a DSD business - where route drivers provide both sales expertise and distribution/delivery - created overhead costs and inefficiencies that could be trimmed without sacrificing customer satisfaction. The team needed a business intelligence solution that would support their vision of the new sales model.

Solution

- Focus on a best-of-breed technology strategy and unify the sales information into one business intelligence solution
- Realign the sales and distribution functions
- Improve distribution by implementing dynamic routing
- Introduce a price-setting process known as “deal creation”

PBV management team trusted that the only solution to meet their business intelligence needs was Margin Minder® by Salient Corporation. By selecting a best-of-breed solution, the sales team was quickly equipped with a critical selling tool and the company was able to equalize the technology gap between the two sales teams. The granularity and finger-tip control of the information presented by Margin Minder allowed the sales team to understand market behavior and react accordingly to the needs of their individual accounts.

The PBV team used the information from Margin Minder to separate the sales function from the delivery function. This created an incremental gain in profitability and a bigger gain in sales execution. The field sales team is responsible for calling on customers and using their hand-held computers and their cell phones to automatically transmit orders to the distribution facilities. The delivery team is responsible for fulfilling the orders as quickly as possible. This means that every delivery is maximized for efficiency and the waste of energy, time, human resources and vehicle maintenance are limited.

“We have integrated the Margin Minder system into our business and have seen significant improvements in our operating margins and efficiency with the way we conduct our business.”

Derek Hill, V.P. of Corporate Planning
Pepsi Bottling Ventures
Client Success

Pepsi Bottling Ventures

Because sales information is readily available through Margin Minder, the sales management team is able to enforce pricing discipline. They can monitor information to ensure that deals are occurring as planned. Using pricing and volume history from Margin Minder they can plan future pricing strategies in a process known as Deal Creation. This process allows PBV to be disciplined in analyzing price and volume trends and maximize profitability.

Another important benefit of the intelligence provided by Margin Minder is the ability to track new product penetration and sales execution. Before Margin Minder, it would take the sales management team up to 6 weeks to ensure that every customer was fully equipped with product and promotional materials to launch a new product. Using Margin Minder, the sales team can set targets and monitor sales execution quickly and easily. Now sales execution can be measured in about 2 weeks.

Results

- Delivered over $1.25M straight to the bottom line by reducing sales and delivery costs
- Reduced the new product sales execution cycle from 6 weeks to about 2 weeks
- Company is positioned for more growth through mergers and acquisitions

About Salient

Salient Corporation makes very large scale in-memory intelligence technology for ad hoc data interrogation, visualization and root cause analysis. The company provides continuous audit, performance monitoring and forensic applications for business, health care, education and government.