



Brothers Rob (left) and Jerry Powers are co-presidents of Powers Distributing Company, the beer distributor their grandfather founded in 1939.

THE POWER OF ADDED VALUE

With a focus on sales and marketing training and execution, Powers Distributing Company is poised for exponential growth.

By William Atkinson

For Powers Distributing Company (Lake Orion, MI, USA), meeting today's challenges in beer distribution is all about growth through sales and marketing excellence.

The company was established in 1939 by the grandfather of Gerald and Robert Powers, who are currently co-presidents. Today, some 67 years later, the 200-employee company serves 4,400 customers in two counties (Oakland and Macomb) just north of Detroit and sales in 2005 reached US\$80 million, on sales of 5.25 million case equivalents. Powers focuses on distributing select, high-image brands and features some of the finest domestic, import and craft brews. It distributes over 135 brands.

"The beer business is going through some convulsive changes," explains Gary Thompson, executive vice president. "Wholesalers are right in the middle of that. What has been driving us for the last three years is the importance of making sure that we are providing economic value-added activities for suppliers and retailers. These include merchandising at the account level, doing promotions and features and handling product rotation and product distribution."

At the top level of the organization, strategies are set with the help of the company's outside advisory board. "We are a closely-held corporation, so we don't have a board of directors," says Thompson. "As such, about 14 years ago, we created an advisory board which meets about four times a year.

beer business is doing overall, and then talk about our performance," he notes. "We then solicit their input to make improvements in the way we operate."

One new focus the company has adopted as a result of interaction with the advisory board is the way it relates to and works with customers. "It used to be everything was done on relationships," recalls Thompson. "But this industry has to get away from relationship-based ways of operating to a more professional, broader outlook."

That's not to say that relationships are not important to Powers, but Thompson knew the company had to take them deeper and take things beyond "who you know and how you get them to buy something from you."

"In some cases, salespeople would tell retailers that they were involved in contests and ask the retailers to buy beer from them so they—the salespeople—could win the contests," he recalls. Powers realized that it needed to get to the point where salespeople could explain to their retail customers why it made sense for THEM—the retailers—to take certain products. "Retailers have a tremendous investment in inventory that they need to make a profit on," Thompson reasons. The key was to get the Powers sales force thinking and talking that way as well.

In fact, according to Thompson, one reason wine sales have been exploding in recent years, while beer sales have remained

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relatively stagnant, is that beer distributors often don't do a good enough job of educating retailers about beer. "As such, we make sure that our salespeople have a strong knowledge of beer, a strong knowledge of selling and a strong knowl-

edge of what retailers need and want," he says.

To achieve this, the company has a strong emphasis on sales and marketing strategies, programs and training, as well as customer service training. For example, the company's sales representatives have a lower number of sales calls per day when compared to the industry, allowing them more time to make effective sales presentations.

SALES: DIVIDED TO CONQUER

Powers has split its sales force into on- and off-premise divisions. Its dedicated on-premise sales force serves more than 1,400 accounts in the two counties. The department consists of 12 customer service representatives (full service drivers), six account managers and one tel-sell representative. The department is managed by three managers and an on-premise sales manager. The on-premise team calls on over 60 percent of its accounts weekly or bi-weekly to ensure proper account maintenance.

The team specializes in new brand introduction via one-day team blitz techniques. "We set aside a week to target specific customers for blitzes," Thompson explains. Management identifies new brands that it thinks will be a fit for those customers, and the team makes specialized calls on those customers. The team utilizes a customized draft van that is also set up to show DVDs about the products. The company recently rolled out Heineken Premium Light using this strategy, and within a month, it had the highest distribution in its region for the beer.

The off-premise sales department, meanwhile, consists of 34 salespeople, 11 merchandisers, seven area managers, one chain manager and a sales manager. There are two teams within the department. One team sells to and manages the grocery chains. The other sells to and manages the independent liquor

stores and drug chains, such as CVS and Duane Reade. Each team

hood class of trade to increase marketshare.

To back it all up, the company provides training to customer service representatives in order to provide customers with the most up-to-date information regarding service, pricing, new product arrivals and promotions.

As a result, Powers consistently exceeds its competitors in its annual Customer Satisfaction Survey. "This is an idea we got from Miller Brewing Company," says Thompson. "We do a survey every fall. A portion of each supervisor and above's annual bonus is paid on the basis of whether we have an increase in rating by a customer on satisfaction."

In fact, the company spends a lot of time training everyone in the company. "We think that, in order for us to compete effectively, our sales representatives need to be the best," says Thompson. "They have to do a good job representing all of our brands to all of our customers."

New salespeople go through a 10- to 14-day sales orientation program, which includes learning from a set of DVDs that management created for the company. "We also use supplier training programs," he adds. Salespeople then go out on routes with other salespeople. Once they have their own route, they spend the first two weeks on that route with their supervisor—who travels with them full-time the first week and part-time the second week.

"We also provide on-going training on what our customers need and want, so the salespeople can match this up with the brands we have," Thompson continues. "In other words, rather than forcing brands on our customers in order to meet our goals, we want to target the right customers with the right products in the right way."

Powers also arranges for sales training from an outside sales consultant two to four times a year. And one very innovative program: "We have also brought people in from department stores to talk about how to catch the consumer's eye, so we can target our display activities and shelves in such a way that they grab the consumer's attention," he reports.

While the company's painstaking attention to sales and marketing strategies and training have been paying off in terms of building its business, management also is looking for other ways to grow. "We always want to grow, and consolidation is a