



KELLEY SCHOOL OF BUSINESS

CENTER FOR GLOBAL SALES LEADERSHIP
National Team Selling Competition

October 8, 2019

Congratulations on being selected to participate in the 13th Annual National Team Selling Competition hosted by Indiana University's Kelley School of Business. We're looking forward to meeting you on October 23rd.

The National Team Selling Competition provides an invaluable learning experience for you and your team members. We hope that you are not only challenged by the case, but also have fun working with your team, interacting with Altria and 3M, and meeting students from schools across the country.

As the corporate sponsors of the competition, we work closely with Indiana University's Center for Global Sales Leadership's faculty and staff to develop a case that will highlight your abilities. Our goal is to give you the opportunity to take your classroom knowledge and experience and apply those skills in a selling situation that is realistic and relevant in today's world.

Altria and 3M employees participating in the case competition have a wide range of sales and other career experiences. During your visit, we hope you'll take the opportunity to get to know us better.

On behalf of Altria and 3M, we wish you good luck and great selling!



Altria



2019 Case Overview and Objectives

Note: This case is a fictional situation.

The following case situation was developed for the Indiana University National Team Selling Competition presented by Altria and 3M. Although it reflects real-life conditions, both the company you are representing and the account you are selling to are fictitious. All similarities to actual companies are coincidental and unintended. Any actual trademarks used or mentioned are the property of their respective owners. In this case, you will find the use of actual and fictional market data to develop the case scenario. The market and volume data are not intended to reflect real life market data for companies mentioned. The market volume and pricing data for the account has been fabricated. Market information about the company you are representing was also fabricated.

Case Introduction

Your sales team works for Tech Spot and is representing a new product called OptimEYEz. You just secured an appointment to meet with a new prospective retail client, Fresh Take Market. The goal of your appointment will be to convince Fresh Take Market to purchase a package that includes your new inventory monitoring camera technology in their stores.

Your four-person student team represents the OptimEYEz sales team, and is comprised of the following roles:

1. Project Lead – Oversees product development and launch
2. Account Manager – Creates purposeful account strategy and leads the relationship with account
3. Lead Analyst – Analyzes business to identify opportunities and assists in creation of selling materials
4. Operations Lead – Aligns with account operational team and monitors the execution of product resources

Fresh Take Market is a chain of specialty food stores located in the Western region of the United States with recent expansion in the Midwest.

You have two appointments planned with Fresh Take Market. You will only have a third appointment if you are selected as one of the top three final teams competing for the overall first, second and third place finish in the case competition.

First Appointment - 20 Minutes

Your first appointment will be with Charlie, the CEO, and Casey, the Director of Operations, for Fresh Take Market. Your primary objective for this meeting is to gather information and discuss possible solutions that will help you prepare for your second appointment. There is important information that you will need to uncover during this meeting to be successful.

Second Appointment - 20 Minutes

During the second appointment, your team will have a selling conversation and presentation prepared for Charlie and Casey. Your objective for this meeting is to gain commitment to install your inventory monitoring camera technology in their stores.

Third Appointment TOP 3 FINALISTS ONLY – 10 Minutes

If selected as a top 3 finalist, your team will present a summary of your proposal at a Fresh Take Market Store Managers meeting. Your goal is to generate excitement and convince the Store Managers that your camera technology will greatly benefit them in their stores.





Jack had a love of two things growing up - video games and photography. While the two interests were very different, Jack was moved by both. He would often say both passions allowed him to keep his “eye” on the prize. Video games allowed him to escape from reality and engage with the virtual world. Whether he was racing, playing in combat or trying to make the last-minute shot, he had a fierce passion for online competition that led him to the leaderboards. He had thousands of young followers who would spend hours online just watching him blast his competition. As a high school senior, Jack was named the “Virtual Competitor of the Year” for his wins across multiple platforms.

Playing video games brought out Jack’s competitive nature, but his passion for photography allowed him to see the world through a different lens. He enjoyed taking photos of just about anything and was always the designated photographer at family functions. Jack grew up in a small, but affluent community on the West Coast, known for its amazing architecture, and home to one of the largest tech companies in the country. He loved photographing the structures and the coastline that surrounded his home - he couldn’t imagine living in a better place.

Jack was in the top 5 percent of his high school class, but he really had no idea what he wanted to pursue in a career. When it came time to apply for colleges, he told his parents that his ideal job was something that included both of his passions - video games and photography. Not attending college was never an option; however, his mom would tell him to be creative and think of a business or product he could create to combine his passions. Jack researched colleges that would help strengthen his technology and entrepreneurship skills. He was thrilled when he found the perfect college in the Midwest.

While the weather in the Midwest hardly compared to the West Coast, Jack adjusted quickly to the winters and soon realized that photographing the snow was an amazing experience. As a college freshman, he lived in the Technology Living and Learning Center and quickly connected with students who shared his passion for gaming and all-things-technology. Many students told Jack they had spent hours watching him play online to win the “Virtual Competitor of the Year” that previous year. What Jack didn’t realize was that he would also discover a new passion in his first year at college - sales. He stumbled upon the Sales Club call-out meeting and decided to join. Jack’s competitive nature thrived when he competed in the sales competitions hosted by the club, and soon found himself again in the leaderboards.

The summer before Jack’s senior year of college, he was thrilled to receive an offer to intern at Tech Spot, a technology company near home on the West Coast. He was even more excited after he attended his intern orientation meeting during the first week on the job. There he learned that all interns would have the opportunity to create and pitch a tech product that would help address a need in the retail industry. The winning product pitch could potentially be launched and marketed by the company. Jack was confident he could take the win and was even more grateful for the selling skills he had learned in the Sales Club.

Jack quickly went to work researching what technology needs existed in the retail industry. He also tried to remember what his mom had told him about creating a business or product that combined his passions. His first step was to secure meetings with various retailers to discuss their most common problems. During the meeting, he made sure to ask good questions and listen to the retailer’s struggles. At the completion of nearly a dozen



meetings with large retailers, Jack identified one common and glaring problem that plagued the retail industry - inventory management. For years, many retailers from multiple trade classes including, supermarkets, groceries, mass merchandisers, drug and convenience stores have battled with maintaining proper inventory levels. From automatic replenishment systems, to weekly product counts, to assigning inventory managers, nothing seemed to work. Inventory management was hugely affected by human error. The big question for Jack was, "How can I create a winning product idea that will address inventory management?"

Jack spent many sleepless nights drinking coffee and eating Starbursts to stay awake while coming up with his product idea. He also found he was more focused while wearing his gaming headset and listening to music. Finally, after a week of drawing a blank, Jack had a breakthrough. What if he could pitch a product that would use cameras, photographs, and augmented reality to assist retailers with inventory management? Jack was confident he could create a prototype product that could solve the inventory management problem. He was determined to succeed by incorporating his own passions, and lo and behold, that is exactly what he did!

Jack's pitch included product features and benefits that catered to all retailers. The product allows for cameras to monitor store shelf inventory conditions and alert category/department managers of inventory opportunities. The technology uses images gathered from the in-store cameras and compares them to the provided retailer's specific shelf planograms (diagram that shows where specific items are to be placed on retailer shelves) to identify where there is low or no product in inventory. The camera technology is so sophisticated that it can view how many of each monitored item remains on the shelf. Jack's prototype was ready to pitch, and all he had to do was create a name. He narrowed it down to a few choices. With his mom's feedback, he was excited to pitch OptimEYEz.

The executives of Tech Spot were impressed with all the intern product pitches, except one really stood above the rest. Jack was thrilled to learn his pitch won and was happily surprised to learn that it would also come with a full-time job offer to join Tech Spot after graduation. The Chief Technology Officer (CTO) called Jack to share the great news and communicated that if he accepted the full-time offer, he would be the Project Lead responsible for the development and launch of OptimEYEz. How could Jack refuse? He quickly accepted the offer and couldn't graduate fast enough.

Graduation was bittersweet, but Jack was ready for his next adventure. While going to work for Tech Spot was not starting his own business, he soon realized that he was still able to follow his passion and lead the development and launch of a product he created - OptimEYEz. Jack had a team of developers to support the final product creation. He also engaged with manufacturing, finance and marketing as the product approached its launch. Almost one year to the day after Jack joined Tech Spot, OptimEYEz was ready to launch. With the support from Jack, the sales team had secured multiple local retailers who agreed to test the technology. Many were the same retailers who Jack interviewed when he was an intern and uncovered the common inventory management problem. The tests were wildly successful, and 100 percent of the retailers experienced a decrease in their out of stock conditions. With these great test results, Jack was excited to take the sales team to meet with their largest retail prospect to date, Fresh Take Market.



OptimEYEz Product and Package Overview



Initial Product Set-up:

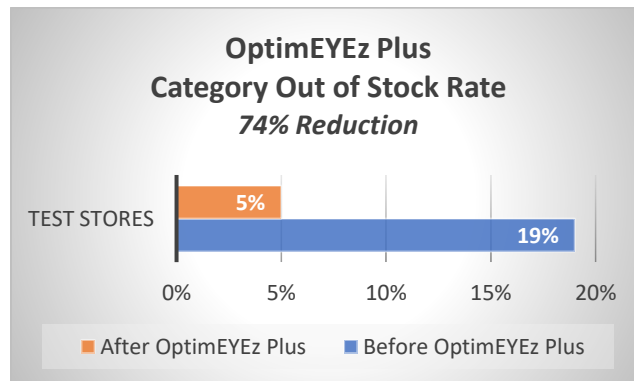
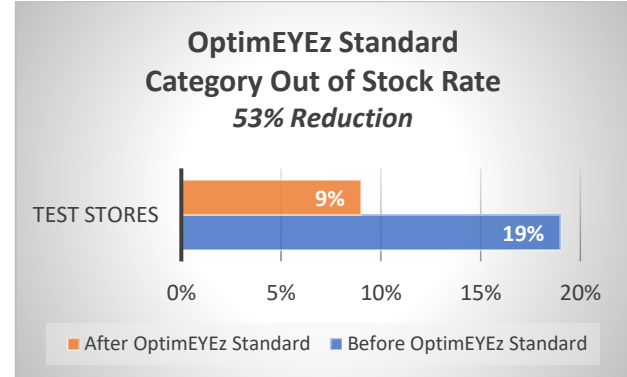
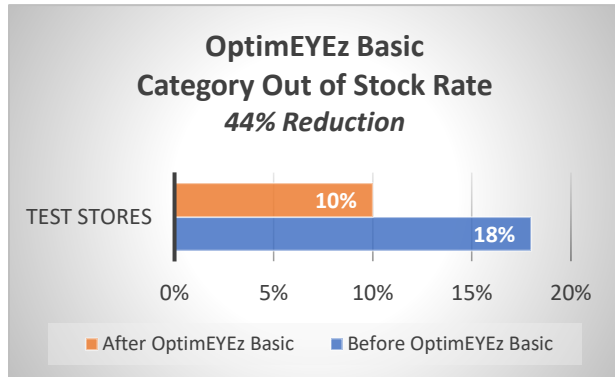
- Camera installation by category completed in two weeks
- Category Lead to be assigned prior to in-store activation
- If opting into OptimEYEz Plus Package, it will require a data linkage between OptimEYEz, store level register scan data and automatic replenishment system

| OptimEYEz Package | Features | Set-up Cost | Monthly Fee |
|-------------------|---|-------------------------------|---------------------------------|
| Basic | Includes wireless cameras positioned within identified categories to monitor inventory levels. Low inventory and out of stock alerts are immediately sent to category/department leads. | \$20,000 per aisle/ per store | N/A |
| Standard | Includes OptimEYEz Basic features, plus provides a weekly inventory report of each monitored category. The report can be customized by retailer. | \$20,000 per aisle/ per store | \$20.00 per category/ per store |
| Plus | Includes OptimEYEz Standard features, plus technology that links to the store level register scan data and automatic replenishment systems, allowing for automatic orders of out of stock products. | \$20,000 per aisle/ per store | \$50.00 per category/ per store |



Retail Test Data

OptimEYEz Basic, Standard and Plus were each tested in retail chains for a period of six months.



Consumer Insights

- Approximately 50% of consumers will leave a store when they experience an out of stock
- 75% of consumers would switch stores for an in-stock product guarantee
- The average U.S. grocery basket size in dollars is \$41.29
- Grocery shoppers on average make 1.5 trips per week and spend 41 minutes shopping
- On average, a grocery store will see 800 shoppers per day
- A well-managed category has an out of stock rate of less than 8% on an average day





Charlie grew up in the grocery business. His grandfather started the family business, West Coast Market, nearly 100 years ago on the West Coast. The first West Coast Market store opened in 1930 in Fresno, California, and within 20 years, the business expanded to nearly 260 stores. Charlie loved spending his summers helping in the stores and hoped one day to have the opportunity to impact the future of the grocery business. After his grandfather passed away, Charlie's father became CEO and made very few changes to the business model; however, he did expand the store count to nearly 300 stores.

Charlie made the decision to attend college near home, which allowed him to continue to work in the family business. His father was his mentor and took great pride in teaching Charlie the ins and outs of the grocery store business. Having received a perfect score on his SAT, Charlie knew his future was filled with many options. He only had one goal, though, and it was to ensure his grandfather's business flourished and stayed abreast with the modern changes in the industry. He would spend hours reading, researching and visiting competitive stores to stay current with the trends. Charlie quickly learned that the West Coast Market stores needed to make some drastic changes.

After college graduation, Charlie and his father created a succession plan for Charlie to eventually take over the CEO role for the family business. He shared with his father his ideas for moving the stores into the future, and he identified some key opportunities.

- First, the stores needed to add a section of fresh foodservice meals that their customers could purchase. His research showed that nearly 60% of millennials purchased freshly prepared meals at their preferred grocery stores.
- Second, they needed to adopt a more competitive pricing strategy on select items in their stores, offering promotions to their consumers. His research also indicated that 87% of grocery store consumers view price as the most important attribute.
- Lastly, Charlie felt strongly that they should re-brand their store name and image to reflect a more modern grocery atmosphere, allowing for expansion into different markets.

After six months of evaluating Charlie's ideas for the future, he and his father came to an agreement. They both agreed that adding a fresh foodservice area was imperative. In addition, they worked tirelessly to connect with their top vendors to create monthly promotional plans for key items in the stores to offer reduced prices for their customers. Charlie's re-branding idea was a bit of a tougher sell; however, after discussion and input from a consultant, West Coast Markets were officially re-branded as Fresh Take Markets. All signage and images in the stores were updated within six months. In addition, Charlie felt it was past time to allow employees a more casual everyday attire. He immediately issued all employees Fresh Take Market t-shirts in their favorite color.

Fast forward, 5 years later, and today Fresh Take Markets have experienced year over year growth and have expanded into the Midwest with 350 total stores with average per store annual sales of \$18 million. The addition of fresh foodservice options and lower prices have proven to be beneficial for the business. In the last year, Fresh Take Markets has also added the ability to place online orders for pick-up and delivery. Charlie was proud of the



changes he has made, and his father was too. His father was also ready to retire and pass the CEO torch to Charlie who was officially named CEO this past January.

The rapid growth that Fresh Take Market is experiencing has not come without problems. Charlie has a highly capable executive team he empowers to make critical decisions. He hosts weekly leadership team meetings to discuss store overall performance and operations. In March, Fresh Take Market experienced the first decline in their per store sales average compared to the same month the year before. Charlie tasked all department heads and his Director of Operations, Casey, to analyze their business and conduct store visits to lead discussions with store personnel. He asked all to report their findings during the first weekly meeting in May.

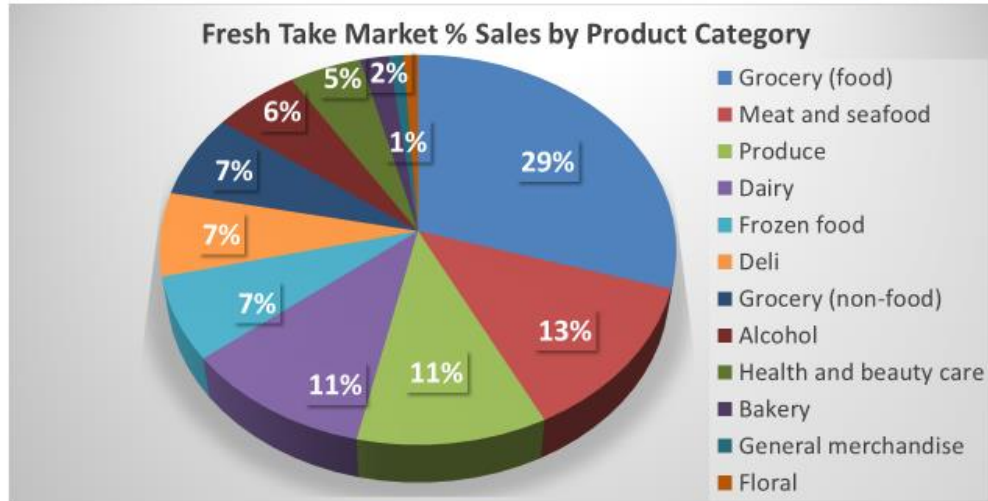
During the May meeting, everyone had the opportunity to share their learnings from their business analysis and store visits. The key takeaways from the meeting were summarized and distributed to all leaders. Below is a snapshot of the summary.

KEY TAKEAWAYS



- Items with rapid sales growth are experiencing a higher percentage of out of stocks
(An out of stock (OOS) occurs every time an item is not available when a customer is ready to buy)
- Online orders have recently increased sales, resulting in more out of stocks
- Departments with higher promotional activity are experiencing higher out of stock rates
- Low unemployment rate is making it difficult to hire and retain competent employees

SALES BY PRODUCT CATEGORY



SALES GROWTH & OUT OF STOCK RATES



| Category | Prior Full Year Units Sold | Prior Full Year Sales Growth | Prior Full Year OOS Rate |
|------------------------|----------------------------|------------------------------|--------------------------|
| Grocery (food) | 2,713,098 | 15% | 12% |
| Meat and seafood | 453,445 | 2% | 2% |
| Produce | 649,706 | 3% | 2% |
| Dairy | 958,575 | 9% | 10% |
| Frozen food | 667,236 | 3% | 3% |
| Deli | 255,287 | 5% | 4% |
| Grocery (non-food) | 237,995 | 12% | 11% |
| Alcohol | 103,957 | 2% | 3% |
| Health and beauty care | 169,436 | 9% | 8% |
| Bakery | 82,879 | 4% | 2% |
| General merchandise | 46,395 | 3% | 3% |
| Floral | 13,289 | 2% | 1% |

Source: Out of stock (OOS) rates were determined by monthly store level audits

Above data reflects a per store average



The leadership team quickly realized that Fresh Take Market has a big opportunity with inventory management. They discussed ways to update their automatic replenishment system; however, there are key components that dramatically affect inventory: Fresh Take Market does not have adequately trained staff or the hours to monitor inventory. Earlier in the year they had hosted a training session with all in-store department leads on their automatic replenishment system and how to maximize efficiencies; however, during the store visits, many departments admitted that they simply don't have the time to complete the manual on-hand inventory product counts their system requires. Some even said they have employees who are completing the inventory product counts, but not with a high level of accuracy.

As the meeting was wrapping up, Charlie challenged his team to think outside of the box and to research ways in the next 48 hours to address the problem. He even called an emergency meeting on Friday to discuss. Casey, the Director of Operations, burst into the Friday meeting looking like he had swallowed his tongue, while the other leaders seemed hesitant to enter. Charlie optimistically kicked off the meeting and looked to Casey first. Casey immediately shared with the group that he had found a potential option for solving their inventory problems. Through his research, he found an established tech company located near their headquarters called Tech Spot. They were just launching a new inventory monitoring camera technology system called OptimEYEz that was intended to assist retail customers with inventory management problems. He took the initiative to check Charlie's calendar and scheduled an appointment with the OptimEYEz team to meet next Thursday. Charlie was excited on one hand, but a bit skeptical about the technology on the other hand. He did agree to join Casey for the meeting thinking, "At this point, what do I have to lose?"

Appendix:

Fresh Take Market Automatic Replenishment System Overview

The replenishment system reads historical sales data for the most recent 13 weeks to determine how much product should be ordered weekly. It requires store personnel to have a physical count total of what is currently on-hand in the store to calculate the units to be ordered.

$$\text{Projected product units to order} - \text{physical on-hand unit count} = \text{actual product units to order}$$

Store personnel can customize the system's parameters to best suit their ordering needs. When a longer historical sales period is evaluated, the system is less reactive. When evaluating a shorter sales period, it is more reactive.

The Below Assumptions Were Made for Case Simplicity

- The Fresh Take Market stores are identical in size and layout
- The aisles are the same size in every Fresh Take Market store