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# PROFITABLE STRATEGIES IN VENDING AND REFRESHMENT SERVICES

# Sales

- ⦿ Recommend 4/4/5 accounting vs. calendar
- ⦿ Weekly analyze sales vs. prior year
- ⦿ Graphs (visual vs. numeric)
- ⦿ Trailing thirteen month chart's sales as well as all cost categories
- ⦿ Annually analyze same location sales develop action plans

# Pricing

- ⦿ 2-4% annualized revenue increases to offset inflation
- ⦿ NO NICKELS Dimes/Quarters
- ⦿ Commission reductions based on sales decline
- ⦿ Evaluate equipment sales on location, pull low volume
- ⦿ Provide incentives for staff to achieve pricing
- ⦿ Analyze planogram selections trade up/down  
Based on top sellers and portions
- ⦿ Credit Card up charge, Industry issue, “All In”

# Pricing

- ⦿ Secure price increase on what sells/units
- ⦿ Provide client with a “WIN” when requesting pricing
- ⦿ Price increase bottles/maintain price on cans?
- ⦿ Communicate when last price inc if more than two years,
- ⦿ When compiling letters: Suggest Snack machine .10 vs. listing individual items such as candy , pastry ,salty snacks , gum

# Labor

- ⦿ Weekly monitor sales vs. total labor cost dollars
- ⦿ Monitor overtime weekly
- ⦿ Analyze attendant hours vs. sales
- ⦿ Routes vs. support labor 1-1?
- ⦿ Review service calls per tech, goal 10-15 daily. 10/3 ratio
- ⦿ Review schedules ongoing, consider Wed-Sun schedule

# New/Lost Business

- ⦿ Pro forma all new business
- ⦿ ROI-Gross Margin: Vending 1-3 yrs, OCS and Markets 1 yr
- ⦿ Monitor new and lost, retention rate 96-98%. Set goals
- ⦿ Coupons/catering/healthy options.  
Funny Money
- ⦿ Leave on positive note

# Misc

- ⦿ Accounts Receivable: assign to one individual
- ⦿ Collection is everyone's responsibility
- ⦿ Review daily, nothing past 30 days w/o call
- ⦿ Project: review every invoice
  - Instant profits
  - Pricing issues
  - Clerical mistakes
  - Under pricing

# Misc

- Assign one management staff to accountability, review daily
- Verify inventories monthly, handheld issues
- Verify receipts
- Customer visitation schedule
- Cafeteria price increases annually all items
- OCS re price items 12 count cases vs. 24 count. See more and more



# Misc

- ⦿ Gas vs. Diesel
- ⦿ Monitor gas receipts
- ⦿ Everyone sells in the organization
- ⦿ Review PL Monthly
- ⦿ New vehicles: fuel efficient i.e. Transit

# Micro Markets

- ⦿ Industry biggest profit potential WASTED
- ⦿ Weekly monitor Sales/COGS/Labor/Waste
- ⦿ ROI Gross margin 1year or less
- ⦿ Require OCS, Catering, Unilateral Pricing
- ⦿ Require waste protection/minimal sales
- ⦿ Treat like “cafeteria” vs. vending
- ⦿ No commissions

# Key Performance Indicators

- ◎ COGS 46% <
- ◎ Labor 24%<
- ◎ Rent 1%<
- ◎ O/S/ 1.0%<
- ◎ Inventory 15 turns> per year
- ◎ Waste 6%<
- ◎ Profit 8%>
- ◎ EBITDA 10%>

# Most profitable actions

- ⦿ Ask questions of staff daily
- ⦿ Research
- ⦿ Inspect vs. expect
- ⦿ High standards
- ⦿ Value staff/show appreciation
- ⦿ Customer/customer/customer/customer

# Bottom Line

- ⦿ **Don't ask for financial relief unless your organization is delivering a quality product and service. If you are delivering a quality product and service "negotiate" for what your company and employees deserve**
- ⦿ **These methods have produced over 6 million dollars in revenue improvements from 2009-2011 covering 16 vending companies**

Questions?

Thank you!