
From: Darren A. Smith MCM [mailto:das@makingbusinessmatter.co.uk]
Sent: 12 August 2014 09:43
To: das@makingcountersmatter.co.uk
Subject: Tendering the Dog Food Supply base

Hi and I hope you are well.

As you know we have invested in huge price reductions in the dog food category over the last few months and this doesn't look like ending. Our highly successful pricing campaign, 'Roll-over', is continuing and we are still the country's cheapest retailer and intend to remain so.

I am tendering the supply of our own label dog food and ask that you submit your best costs by 19th August and also confirm your agreement to:

- A dedicated category team consisting of an account manager, analyst and product developer.
- Point of sale £1.5k
- Quality measure at 90% - a penalty of 1% added to the ORD if not achieved.
- Overrider of 3%.
- Service level at 98% - a penalty of 0.5% added to the ORD if not achieved.

I look forward to receiving your response by the 19th.

Regards
Carl Evans

From:
Sent: 20 August 2014 09:43
To: carl.evans@petfoods.co.uk
Subject: re: Tendering the Dog Food Supply base

Hi Carl, I am very well and I hope that you are having a productive week.

It's good to hear that the "roll-over" campaign is proving successful and good to hear that you are still the country's cheapest retailer, no mean feat and I can imagine how tough that is to maintain in this climate. I believe that we have played a part in making that so and we certainly know how tough it is to maintain.

Many thanks for the opportunity to tender for your own label dog food range – I hope our performance over the last few years puts us in a strong position and that we can continue to build business together in the future.

I'm sure you're aware that the market is already highly competitive and that margins are at the lowest we've ever seen them, so volume growth has become a KPI for us. In this current climate, your proposal is very challenging for us.

I propose the following:

- We have a category team for each of our main product areas and have been working in this way for over 10 years. With our extensive experience, we would like to bid for 'lead supplier' status. If awarded, I can provide a dedicated account manager, analyst and product developer and would require that a Supply Chain implant join your logistics department to ensure best service.
- If you are able to guarantee 3 extra promotions each year, I can agree to £1.5k pos support.
- We have a number of new dog grooming products about to be launched, reflecting the growing trend in small dog care. If you can agree to listing 4 new products in 100 stores, I will ensure, through the category developer, that quality remains above 90%, reviewing complaints before agreeing to penalty charges.
- As mentioned above, volume growth is key to us. If you can guarantee x% increase in volume over the next 3 quarters, I will consider the 3% overrider. I feel confident this can be achieved with the proposed dedicated category team outlined above.
- Our service levels are consistently high (average 99.01%), due mainly to our experienced logistics team. If you can provide accurate ordering forecasts to within +/- .5%, I will agree to the 0.5% penalty if not met. The Supply Chain implant will work hard to ensure this is met.

I hope this proposal shows our desire to continue to provide you with the best service your leading brand deserves because we work very hard to deliver the KPI's that we have agreed and I know that the team would be very happy to continue to 'fight' to keep our preferred supplier position.

Please can we meet w/c 17th August 2014 because my team and I would be keen to present the above proposal properly and share some exciting plans that we have to further demonstrate that we should continue to be the preferred supplier. I will call you on Tuesday to see when you are available that week.

Regards,

Fred.