Q&A with Glazers Beer and Beverage CFO Orman Anderson

Podcast Transcript

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Speaker 1 (00:00):

Hello, and welcome to the Beer Business Finance Podcast, where we combine beer with finance to help you create delicious profits in your beer business. I'm your host, Kary Shumway. I'm a certified public accountant, a former CFO for a beer distributor, and I love numbers. This podcast will provide you with useful financial guidance that you can implement right away in your beer business. To make more money in addition to this podcast, please visit beer business finance.com. Here you'll find free tools and resources information on upcoming courses, and you can sign up to receive the weekly Beer Business finance newsletter for free. Each week, we cover a specific financial topic to help you improve the financial results in your beer business. Let's get started.

Speaker 1 (00:51):

Today in the podcast, we hear from Orman Anderson, the CFO for Glazer's Beer and Beverage Orman and I talk all about financial planning, business planning, the financial review process, key metrics that they track, compensation plan, and how to structure it, and Orman's favorite industry publications and resources. So, very excited to share this conversation with you as we dig into all of these financial topics affecting the beer industry. So, for now, please enjoy my conversation with Orman Anderson, the CFO for Glazer's Beer and Beverage. Just a quick note and we'll be right back to the podcast. I wanna let you know about the Beer Business Finance Association. This is a network of financial pros, just like you looking to improve financial results, increase profitability, connect with your peers, and share best practices. Our mission is to help your beer business improve financial results through transformational financial training, support, and networking with your peers. If you'd like to learn more, please go to bbb f association.org or simply email me at ka@beerbusinessfinance.com. That's KAR y@beerbusinessfinance.com. Hey, Orman, welcome to the podcast,

Speaker 2 (02:07):

Thank you. My pleasure.

Speaker 1 (02:10):

It is great to have you here. I'm excited to have this conversation today. So, before we kind of dive into all the q and a, why don't you tell folks a little bit about yourself, your background, personally and professionally.

Speaker 2 (02:22):

Fantastic. Yeah. So I am the CFO for Glazer's Beer Beverage. I've been with Glazer's for over 10 years now. And I got my start my, my career in accounting. So I was in public accounting for three years. This is before Pricewaterhouse and Cooper's merged. And so it was just the Pricewaterhouse side back then. But I went into college knowing I wanted to do accounting. I had a I went to a rural, kind of a rural high school in the state of Oregon. And we had a lot of vocational programs, and one of those was for bookkeeping and accounting. So I like math, I like business. And that was one of the few classes that sort of combined the two skill sets. And I had a great teacher there named John Springer, who really kind of got me jazzed about that.

Speaker 2 (03:14):

And so I went and, and I'd seen a lot of people go to college and change majors, and before you know it, they've been there six or seven years. And I decided I wanna get through as quickly as I can. So I finished my undergraduate in three years and went to work for Pricewaterhouse. And I would tell you the first thing I noticed when I went to work for Pricewaterhouse the very first week, I realized this was not the job I really wanted to do. And I'm like, I, I, you know, I went to to, to all this college and, and, and, and really wanted to get into the accounting profession, and I really don't like what I'm doing. And later I kinda looked back on that and realized that what I didn't like is I was sort of preparing the financial statements or the financial information.

Speaker 2 (04:00):

So I was a generator of financial information. And what I really wanted to do was get into a situation where I was more of a user of financial information than just a generator of financial information. But I, I stuck it out for three years with Pricewaterhouse. Went to pursue an MBA and went to the University of Pennsylvania. And so I was there for two years, incredible experience. And from there, I, I was able to make that jump from being a generator of financial information to a user of financial information getting into investment banking. And I worked for Bear Stearns for 10 years. Fantastic organization. Lots of great people there. Obviously those who are familiar with the financial crisis may remember that Bear Stearns was one of the first to overextend themselves in the real estate finance market. And we ended up being purchased or by by JP Morgan.

Speaker 2 (04:59):

And so I was able to then shift over, and I worked for JP Morgan for another five years doing regional investment banking for them. And one of the clients I had starting at Bear Stearns and later also at JP Morgan, was Glas and Glazer's at the time was a, i I would call them a super regional distributor of wine, spirits, and beer. And the company was based in Dallas and had operations from Texas and Louisiana all the way up to Ohio. And so we were in 14 or 15, maybe even 16 states. And very successful organization. The family had been in, in business for over a hundred years. They started out selling soda water, and then after prohibition got into beverage alcohol distribution. And but as, as a super regional distributor, we had a lot of pressure from suppliers, and we felt like we just needed to get bigger to sort of keep up with the consolidation that was happening.

Speaker 2 (06:06):

On the supplier side, we had some pretty big suppliers. And also on the, the customer side, there was a lot of retail consolidation, chain consolidation, and in the middle, we were just sort of getting stuck between two very large constituencies on the supplier side and on the customer side. And so we looked at alternatives. We ended up doing a transaction with Southern Wine and Spirits, and this is probably seven years ago now. And as a way to get that deal done, we decided that we didn't wanna contribute the beer to that joint venture. So we, we contributed our wine and spirits business to a joint venture with Southern Wine and Spirits. And that created the largest, by far wine and spirits distributor in the country. And to give the family control over part of the organization the ability to generate cash flow independent of their investment in this joint venture that they would no longer have control over, we carved out the beer business. And and we operate now in three states. We're in Texas, Louisiana, and Arkansas. The bulk of our business, probably 70, 75% of our business is in Texas. So Texas is our largest mar largest market, and it's been a great market to be in. There's a lot of just demographic growth here in Texas. And so we've been a beneficiary of that. We distribute products from Miller Cores from Constellation is our second largest supplier, Heineken, Diageo Beer, Boston Beer and many other great suppliers.

Speaker 1 (07:58):

That's fantastic. That's, that's a great history. Thanks for that. And we were, I remember you and I had a conversation previously talking a little bit offline about sort of what happened when you guys split the wine and spirits and the beer. Maybe maybe tell folks a little bit about how that went down.

Speaker 2 (08:12):

Yeah, yeah, exactly. So it was interesting because we were in the same warehouses with the wine and spirits. And so where we could, we separated and we, we either moved out of the wine and Spirits business moved out to have sort of a clear separation between those businesses. There were still three, two or three locations where we operate together and we sort of just split the warehouse. And wine and Spirits is on one side of the warehouse, and beer is on the other side of the warehouse, but we have our own employees, our own equipment, trucks and all that. And they have theirs. The, the accounting for Carve out is, is relatively complicated. And so that was that was sort of a challenge. It took us a long time to really be able to separate the two. And one of the, maybe it it was very fulfilling was to really just stand up the back office organization.

Speaker 2 (09:10):

And so Legacy Glazer's used SAP for as an ERP system and as a financial system. And we ended up implementing VIP as our route accounting solution. We ended up implementing NetSuite as our general ledger and then program called Ultimate, or UKG was our HR solution. And so and we also, Sherry picked from the the employees of the Legacy Glazer business, we were able to sort of pick who we wanted to come with us. And we were pretty selective and, and we feel like we got some of the better or some of the best talent in that in that transaction.

Speaker 1 (09:56):

So. Nice. And as far as, the other thing I think you had mentioned was relative to the focus, and you know, I think there's a lot of talk about the size of the portfolio, right? The number of SKUs and suppliers, and it's overwhelming, and particularly when you've got wine and spirits and beer and non-alcohol and you name it, this, that, and the other. Can you speak a little bit to how that happened when you kind of split beer and it was just beer on its own?

Speaker 2 (10:20):

Yeah, yeah. I would say the biggest difference was it's hard to have a system that works for wine, spirits, and beer. And so we were predominantly wine and spirits and our systems, thus were set up predominantly to sell wine and spirits. And while they were serviceable for beer, they certainly were not focused on beer. And some of the differences you know, beer is a perishable product. It is pulled through the market. You can't go stuff the channel with beer, it is a terrible idea. But with wine and spirits, there is a little bit more month in selling and selling larger quantities because the shelf lives of those products are measured in years and in some cases decades as opposed to months as in beer. And so when we separated we were able to, and I really credit this to, to a route accounting software. We were able to, by virtue of the focus on just the beer side, significantly improve our operating efficiencies and be able to put tools in our people's hands that were really focused on selling beer and receiving in beer and rotating beer in the warehouse. And so that focus, I think from a margin perspective added several points to our operating margin just by having systems that were focused specifically on that narrower niche of, of beer.

Speaker 1 (11:57):

Hmm. Yeah, I think that's really interesting. 'cause You know, sometimes there's a tendency to just wanna fill the truck, right? Like, ah, I got a truck, it's going there anyway, let's fill it with every single thing. And yeah. Well, I think that makes some sense. You know, your point of focus and focus on, you know, a specific product line and using a route accounting that's, you know, allows you to kind of make the most of that does, can have some real benefits.

Speaker 2 (12:21):

Mm-Hmm. <affirmative>. Yeah, certainly we <crosstalk> that Terry just with non a as well. And so in order to just drive further growth, we've, we've beefed up our non a business and made it more of a priority. And, and it's, it's interesting. It's sort of we have missed mixed success with that. Last year our non out sales growth accounted for almost half of our overall growth in the company, so it was an important growth driver. But we do try to be very disciplined about the products that we take on, and we try to stay with products that have a beer like margin to them. And so we try, we, we, we avoid anything, you know, like a sort of a commodity water that is where you're only making a couple of ca couple of dollars a case. We try to focus only on the non out products where we can get a gross profit margin comparable to what we can get in beer.

Speaker 1 (13:23):

Okay. And do you look at, because there's all sorts of different ways to measure, you know, the margin. Do you look at it as a percentage? Do you look at it as a dollar per ce? Both. How does that, how do you approach? Yeah,

Speaker 2 (13:33):

So we, we, we certainly look at it as both, I would say in that non elk realm though, what we're looking at is dollars per case. So we wanna get in the four to $6 a case on that product to be comparable with our, with our beer margins.

Speaker 1 (13:51):

Gotcha.

Speaker 2 (13:52):

So that we're not diluting that now because it <laugh> you still, those, those cases still need to get picked. They need to get on the truck. They they're their weight on the truck, so they're gonna burn fuel and requires a lot of people to move 'em around.

Speaker 1 (14:06):

So Absolutely, and depending on the type of brand for non elk, you're, you may not necessarily be moving the type of volume that you would build with MillerCoors Constellation or, or others. So, right. Yeah. That can, that can get very labor intensive very quickly.

Speaker 2 (14:20):

Yeah. You're also in different parts of the store, right? You're merchandising in different areas. The back office is different for non out than it is for beer. And so there's a lot of complexity to consider there. And then maybe the biggest thing, and, and I mentioned hits and misses, one of the misses is that some of the brands that have been most successful for us are things like bang Celsius and C four and bang, obviously going away going to monster C four went to curate Dr. Pepper and Celsius is with Pepsi. And so we spent a lot of effort building those brands up, and unfortunately, reward was those sold to, or, or, or, or cut deals with, with the soda companies. And we lost that business. And right now we've been very fortunate. We have, Congo Brands is, I think our largest non a supplier, and their prime brands in particular right now are very, very hot. And so every time we've, we've lost a brand like that, it seems like there's something in the background that comes along and takes its place. And that's happened to us a couple times, but it, it is just one of those businesses. It's, there's some uncertainty there because of that lack of franchise protection.

Speaker 1 (15:42):

Yeah. I, I've been fascinated my whole career with non alk really sort of growing up with Vitamin Water and seeing Red Bull come down the pike, and then there's any, every time you think it's done, oh, there's, they've kind of done everything. Then something new comes down the pike and you're like, you, I never saw that come. And, you know, so it is, I I, I'm really interested in it. I I, to your point, it was half, you know, I think you said it was about half of your, your volume growth last year was the non ALK side of Yeah. Got it. So I think for folks listening, I mean, it's, it's an obvious statement, but you know, it, it's still one of those categories that continues to have innovation and expansion and, you know, kind of draws different consumers in. I Yep. The cautionary tale of, you know, you don't have franchise protection. So there may be, you know, some fancy stuff you can do from a contractual standpoint or other, other things. We could get into it another time, I suppose. But yeah, there's definitely a, a kind of comes with that, that caveat, but a very interesting way to, and that's, and, and maybe just to kind of double back and underscore, so do you feel like beer and non elk are work well together? They're complimentary. They, they can kind of exist and, and, and, and work well with one another?

Speaker 2 (16:59):

I think you could make them that way. And we have honestly struggled to really make that pairing smooth. And again, it, it is everywhere from the front of the house where where you're selling and you're merchandising and getting that product on the shelf and the right places to the back office depletion allowance processes are different. And so there's, there's just a lot to try to integrate. It's, it's a little bit different than taking on your next beer supplier where their procedures are pretty similar. They're in the same place in the store. And so it's something that we believe we can get better at, but we're still relatively early in in this push.

Speaker 1 (17:47):

Yep, yep. Absolutely. I mean, that, that's one of the things that I think I personally intend to dig in on more and, you know, speak with different people about, is how to really get good systems around the non elk side of the portfolio. 'cause You're right, it can become a nightmare very fast, you know, in all those ways you've just described. So. Well, let's shift gears a little and get, I want to get kind of granular with you. I wanna talk like sort of your financial planning process, a little bit of your financial review process, some key metrics and maybe some, a little bit on, on how you guys work your compensation structure. So, you know, financial planning first, you know, maybe just kind of take us through how that works at Glazer's, how you guys, you know, what your team looks like, what tools you use, you know, who's involved your timing to start and finish. How, how do you guys approach financial planning?

Speaker 2 (18:38):

Yeah, so the, the bulk of that we do as an annual financial planning. And we typically will start that in the fall. And we have, we already have our meeting scheduled, we'll get all of our general managers and sales managers together. So we operate, we have 11 branches. And so we'll get everyone together the end of November, beginning of December, pretty close after Thanksgiving, and we will align on a volume goal for the following year. And that gives our teams time to meet with their supplier reps and to understand the innovation that's coming from the suppliers and where they see business going. And then we we again align on a branch by branch basis on where volume is going to be. The way we plan that is each branch will project their top five to eight suppliers, and then we sort of lump everything else in an all other category for for planning purposes.

Speaker 2 (19:50):

And then we will use, typically, and, and, and this is different in years when there's a gi when and, and when there is a gi but we will use the revenue per case, gross profit margin from late in the year so that we're capturing the most recent recent pricing trends, and then try to triangulate where we think those sales dollars per case and the gross profit's going to be. And then we have a a sort of a separate planning phase where we do the expense side of that. And so we break up our general ledger or expense categories into branch budgeted expenses and into corporate budgeting expenses. And so there are some things like compensation is actually done at the corporate level. We know what all those benefit costs are. And, and you know, one of the things we actually, that we also agree on in that late November, early December planning session is the head count for the following year.

Speaker 2 (20:59):

And so each branch will make their case for whether they need new heads or that they wanna redeploy people in their organization. And so that goes into some of those branch led or corporate led expense categories. And that typically takes us most of the month of December. And so by early January we have a sales plan that's pretty well baked. There are some accounts that are pretty hard to project though until you're able to close out that, that prior year. And those are things like insurance in particular, our vehicle insurance and workers' comp insurance. And so some of those we have to close out and we finalize those sometime in February, but we have sort of a preliminary plan early in January. And then we, we also look at that plan. That plan is built up month to month to month.

Speaker 1 (22:01):

Okay. That's great. And do you do any kind of like capital budgeting, your fixed assets, your big purchases as well?

Speaker 2 (22:09):

Absolutely. Yeah. That's another part of that planning phase. It's it's done sort of almost independent of the p and l planning, but we do have a, a plan where we, we look at our rolling stock and what trucks do we have that we need to replace and, and what capital improvements can we make in our warehouses. And there we typically have a sort of approved and then on hold and defer. And so approved is, this is something that needs to get done and we all agree that it needs to be done. The on hold are this is authorized, but let's wait until something breaks and then we'll, we'll move on that. And then defer is typically that's something that's out there. It's a nice to have, but we're going to wait a little bit longer before we decide to move forward with that.

Speaker 1 ([23:06](#)):

And since you mentioned rolling stock, it's a question that comes up a lot. Like how do you, I guess a two-parter here, do you have an, a completely owned fleet leased fleet? Some combination, and then how do you, what, what are your thoughts on how to configure?

Speaker 2 ([23:19](#)):

That's a good question. So we really like to keep the profit within the family, and, and we don't have the, the family's very generous in terms of the amount of cash that they reinvest in business. And so we have a philosophy here in, in the past we have leased vehicles. It was a somewhat a more advantageous in the past to lease vehicles, I think, than it is currently. And really last year we bought out all of our lease vehicles. And one of the reasons for that, we we're audited, our financial statements are audited by KPMG and we had to implement this past year, this new lease accounting standard. And Carrie, I listened to your first podcast episode where you talked about how accounting sometimes is just not in touch with what real business needs. And, and this is certainly a case in point, this new lease accounting standard, I can't see who it benefits. It costs us a lot to implement. And to me it makes our financial statements even more complex and more confusing. And so as part of the implementing that new lease accounting standard, we've tried to minimize the number of leases we had, and we paid off or bought out all of our lease vehicles last year so that it would reduce the amount of work we have to do in implementing this new new lease <inaudible>.

Speaker 1 ([24:47](#)):

Yeah, I love that. Yeah, it's funny, like I, when I get the question, my, my knee jerk response is, 'cause PE most people wanna know like, well, what, which, which is better? And I'm like, well, there's a lot of questions you have to ask to get to that answer. But usually from a financial perspective, I say, you know, you're gonna be better if you buy it if you just have your owned own owned fleet. You just are, 'cause the map works, and you're right, the pro, where's the profit? These leasing companies? That's why they exist because they make money leasing these trucks back. You. However, there is a pretty good size convenience factor, and you have to think about a, what happens if that truck breaks down on the side? I don't have an, you know, I, I'm just sitting on a spare. Whereas a lease company will, will, depending on the terms of your, they'll come in and they'll, they'll help you out with that, yeah. Maintenance and blah, blah, blah. It goes on and on. But that's, that's great. I appreciate that answer and how you guys approach it. I want to go back to, you know, what you had said you have 11 branches and you bring folks together. What, what is the makeup of the people? Like, who's involved? Where do you guys draw the line? Because I would imagine there's, there's many, many, many employees. How do you determine like who's at the table, who are the stakeholders and decision makers there?

Speaker 2 ([25:55](#)):

Yeah, so it depends on the meeting. So, so for that part of our leadership meeting or that, that part of the financial plan, the, the key people are the sales managers and the general managers of our branches. But we will opt in last year as an example. We will bring in and we'll, we'll make it a broader meeting than just the financial plan and we'll do some training. And so last year we actually brought in an external consultant and we had our office managers and our operations managers there in addition to those general managers and sales manager. And so, and we had some, you know, just broader discussions about how we wanted to be as a company, the culture we wanna carry in back in each of our operations. And so it was a fantastic session.

Speaker 1 (26:51):

That's great. How do you, you know, I'm a big advocate of, and I can't remember if we've talked about this before, but like open, open book management or some, you know, variation of it, right? So, so the, the concept is kind of this, you know, how do you kind of build the best plan? How do you do it in an organized way and in include a lot of people? 'cause Ultimately you know, when we build these financial plans, they're really only as good as the numbers on a page, right? And it's now it's like, how do I push this down to the organization and get buy-in and get people to actually agree, where'd this number come from? You know, how, how do you think about that part of it? So the plan is, is kind of built and now you're ready to, to roll it out. How do you communicate it? Get buy-in, execute on it?

Speaker 2 (27:38):

Yeah, so we, we use it, and this is something that actually came out of this planning meeting we had last year and the training we did there, we have a mantra that we're highly aligned, but loosely coupled. And what we mean by that is we're aligned on our values as an organization, how we wanna show up for suppliers, how we wanna show up for customers, how we wanna show up for our employees. And so that is the culture that we want, but we also want to be loosely coupled so that someone in McAllen can make a decision and somebody in El Paso or Little Rock can make a decision that is best for their market, their employees their suppliers. And so we roll that out and make that the responsibility. We treat our general managers as business owners, and they own the profit and loss, they own the income statement for each of their operations, and then they are responsible to get the buy-in of their teams on, you know, here's what we have, we've been authorized this headcount, we've been authorized to buy these or invest in these capital expenditure and we've made these commitments to our suppliers, and this is the business plan we're, we're delivering.

Speaker 1 (28:56):

I love that. Maybe one more question before we leave the planning processes. We talked about your, but you're doing a capital budget, your fixed assets so that, you know, that lives on the balance sheet. Do you budget the balance sheet? Are there other areas, I guess from a may, maybe it's a different question, might be, do you, do you do a cashflow plan? Yeah. So maybe is a one in one A there?

Speaker 2 (29:22):

Yeah, so we, we don't budget the the balance sheet, but we do forecast the balance sheet. And the reason we forecast that balance sheet is to be able to forecast cash flows. So the balance sheet in and of itself I'm actually sometimes surprised at how close we get in our balance sheet forecast. And, and one of the nice things, one of the things that makes our business particularly or easier than most to forecast the balance sheet is we sell everything on COD and we have relatively stable inventory levels. And so those are the biggest drivers of our cash flow is how close I can get to forecasting what our accounts receivable are gonna be. And for us, that's literally, you know, maybe three or four days worth of sales because we sell in all of our markets we're selling COG, and so you, you know, it'll take a day or two for those deposits to make it into our account. And and then the rest is our vendor accounts receivable that we try to stay on top of and, and make sure we're getting that money in. So we have little invested in the balance sheet on accounts receivable and, and then again, inventory we're relatively consistent, obviously the last year or two. It's a, it's a little bit harder because of supply chain chain constraints, but it, it seems to always be somewhere between 25 and 40 days. 30 and 40 days, somewhere in there.

Speaker 1 (30:56):

That number is hard to move, isn't it? It's stubborn. Yeah. It doesn't go down easy. What, what tools are you guys using to, or maybe a two-parter here as well. Where are you getting the data from, and then what tools are you using to kind of manipulate it into your financial plan?

Speaker 2 (31:12):

Right, so, so the data we're, we're using our historical actual data and then we'll, we'll overlay that, you know, if, if we know there's innovation company coming, if there's, you know, a new Topo Chico product or you know, XY, Z supplier product, that's that Heineken Silver's another one. So we'll, we'll over when there are new product introductions, we will try to incorporate that into the plan. But by and large it is for the, our mainstay brands, it is what are the, what are the current trends in those brands and how do we see those playing out in in the future?

Speaker 1 (31:53):

So, so a lot of VIP data, sales data,

Speaker 2 (31:56):

That's exactly right. Yep. A lot of VIP sales data is, is where we, where we get all of that. And then in terms of tools, like anybody, we use Excel a lot. Two or three years ago we looked at other tools to help us with the forecasting, and we found a project or a product called bji, or we pronounce it bji, it's spelled budget, but instead of an ET, it's a YT on the end, and it's a relatively simplistic tool, but we found it helps us be a little bit more agile in the way that we forecast. And so we've used that for a few years, and we actually have a, a very sharp individual who's an analyst for us who is working on enhancing that by using Power bi, which is a Microsoft product that is sort of a database product. And so he's sort of replicating some of the functionality that we get from this budget tool in Power bi. And so we'll either incorporate that or we somehow in the future.

Speaker 1 (33:06):

I love that. Yeah, because I'm an, I'm an Excel addict myself and, you know, it's, it's, it's very flexible, but it also breaks very easy and it gets very frustrating and I can't seem to wean off of it because, ah, it works, you know, budgeting can be complex and you're dealing with different data coming from different places. So that's interesting. I'll have to take a look at at that budget.

Speaker 2 (33:27):

Yeah. Yeah. I'm not very artistic, but when I can put together a good spreadsheet, I feel like an artist, I feel like I've really created something that's, that's really kind of beautiful and functional and it's, it is my expression of art, I guess.

Speaker 1 (33:43):

<Laugh>. I love that. So let's talk about your financial review process. So now you've got the plan, you know, you've communicated it, you've got people that, that own the plan and now it's time to kind of track against what's actually happening versus what your expectation, you know. So what does your financial process look like? Do you do it monthly? What's your timing to close and, you know, how do you, what kind of reports are you running?

Speaker 2 (34:06):

Yeah, absolutely. So it's primarily income statement based. We do, we, we produce all the financial statements every month, but our focus is on the income statement each month. And we close our branch level p and l by the 10th business day of the month. And so by, by that point, the branch p and l is locked down. There are some corporate entries that take longer that we will do after that, but the branch p and l is locked down by the 10th day of the month. And then the general managers have access to that information and anyone can run a budget to actual report and see exactly where they are through the most recent month end close.

Speaker 1 (34:53):

Okay. And are you asking them to do sort of variance analysis like, Hey, I see, you know, this is off, or that's off, or are they kind of doing that analysis? So

Speaker 2 (35:02):

Yeah, so they're very interested in that. They're paid off of that, they're, they're area of responsibility, and so they're keen on what's what's in there. So we get lots of questions from them. And then we have a a very, a very small financial planning and analysis team. It's really one person and and one of our VPs that they report to, and they'll look at at things and look for trends across branches and look at where things are coming out. We also have an operate a corporate operations team, and they built some pretty sophisticated dashboards in Power BI that takes operating information from VIP and combines it with expense information out of our general ledger. And they post a scorecard every month that shows exactly where everyone is relative to plan, and our operations people in the branch are paid based on their performance relative to that operations dashboard.

Speaker 1 (36:08):

Oh, that's great. So let's, let's talk about that a little bit. What, what's on the dashboard in terms of, and do you use the word like key metrics or other metrics on there?

Speaker 2 (36:18):

So let me see if I can pull it up. It's not something that I spend a lot of time with, but I, I, I'm more just on the financial pieces, but, so I'll just pull up the summary here. And on the summary, we have ops error rate cases per hour, cost per case inventory adjustment costs. And then we have A-A-K-P-I called delivery KPIs, which has three components to it. One is geocode let's see, I can find this,

Speaker 2 (37:03):

I just drill down on this. Oh, here we go. Geocode accuracy camera help and VIP plan versus actual. And so I'm not exactly sure what, how each of those are measured. But I'll sidetrack here for just a minute. One of the important tools that we implemented in the last two years is we put Samsara cameras in each of our vehicles, all of our merchandiser vehicles, all of our delivery vehicles now have a Samsara camera, which allows us to get lots of data about how much time a vehicle is at a given location, which helps us measure merchandising efficiency, delivery efficiency. And it has, you know, really helped us reduce our accident accidentally. It's been phenomenal in terms of it, it actually uses artificial intelligence to monitor the driver. And when a driver is distracted or does something that's, that's programmed into look for, it provides us a note, a notification, and we can go coach that driver on that behavior and try to really enforce safety with our team. And, and, and I can't emphasize enough, our, our, I think our accident rate decreased by 50% last year, and I think it, it's in the 20 to 40% this year from implementing that tool.

Speaker 1 ([38:32]()):

That's amazing. That's amazing. Yeah. I mean, you, you're always looking for, you know, ways that you can kind of reduce costs, cut costs. Sometimes it's, you know, adding a new tool like that. Do you, do you have the name of that? How do you spell that? Samsara

Speaker 2 ([38:45]()):

Samsara, S-A-N-S-A-R-A.

Speaker 1 ([38:48]()):

Okay. Kind of like

Speaker 2 ([38:49]()):

Company out of California. And there are a few others. Samsara is is not the only one that does those, those families.

Speaker 1 ([38:58]()):

Great. So your ops people, your GMs are compensated on those metrics that you spoke to there. Do you, how do you pay your, I mean, I guess generally speaking, do you have a sales compensation structure? Mm-Hmm, <affirmative> that kind of, that, that you've had and, and how's it working for you? Yeah,

Speaker 2 ([39:17]()):

So our sales compensation structure is primarily based on a sort of a base salary plus a PFP. And we do also pay commission for those non out products that we sell. And those are the primary levers for our sales force.

Speaker 1 ([39:39]()):

Okay. And

Speaker 2 ([39:39]()):

Are sometimes we'll we'll have incentives as well on top of those pbs.

Speaker 1 ([39:46]()):

And are those tracked kind of in a manual way, meaning someone's sort of aggregating, you know, the, the results and so forth?

Speaker 2 ([39:54]()):

Yeah, the, so they, historically they've been tracked manually, and in the last year we have implemented a PFP automation tool from VIP that has helped us automate some of that process. And we continue to look for ways to ways improve the efficiency in the way that we can one, write better PFPs and two, measure them and, and, and get them into our payroll system more efficiently.

Speaker 1 (40:20):

That's great. So Orman, we've covered a lot of ground here. I think as we, as we wind down, maybe just one more question from me and then I'll ask you where, where people can connect with you online or otherwise. Are you, are there any industry publications, resources that you turn to? Like, where do you kind of turn to for information? Any favorite websites or newsletters or anything like that? Yeah,

Speaker 2 (40:44):

Yeah. So I would say one, and this is one that I got started on back in my wine and spirits days with Legacy Blazers is there's a guy named Mark Brown in the industry, and he puts out a daily email that is a summary of almost every news article you could think of that has anything to do with beverage alcohol. And he will a lot of times have excerpts from Beer Business daily in there and from some of the other beer marketers as well. And so I find that to be something I have to look at every day. I feel like it, it, it stays really on top of, of, of what's happening in all of beverage alcohol, not just beer, but there is a fair amount, even though he is associated with, with the spirit business. He has a lot of beer information in his publication.

Speaker 1 (41:39):

That's great. It's Mark Brown.

Speaker 2 (41:41):

Yeah, Mark Brown. And I don't know how to get added on his his email list. I, I think some, one of somebody forwarded me his email and I just emailed him and he graciously added me to his list. So it's it's, it's, it has to be the most important thing I, I look at.

Speaker 1 (41:59):

That's great. All right. We'll track, we'll track that down and if we can do so, I'll get it in the show notes. People can check it out.

Speaker 2 (42:04):

Yeah.

Speaker 1 (42:05):

Cool. Orma, this has been awesome. So if people wanna learn more about you, your business, I mean, what's the best way for folks to connect?

Speaker 2 (42:11):

Perfect. So, well, we have a website, so it's glazer beer.com and that is that has all sorts of information on our company. I, I can't emphasize enough how much I enjoy working for the Glazer family. Like I mentioned earlier, the family has been in the beverage business for over a hundred years. They are incredibly generous and gracious people. And and so there's there's a little bit of information about the history of the family on the website as well. And so that, that's a good place to go for all things glaciers and the, me personally, I don't do much social media, but I am on LinkedIn.

Speaker 1 (42:50):

Okay. So just use Orman, O-R-M-A-N, Anderson one s

Speaker 2 (42:55):

That's right. One SSON.

Speaker 1 (42:57):

You should pop right up there. Excellent. All right, Orman, thanks so much. Great information. I really enjoyed our conversation. Thanks so much for the time.

Speaker 2 (43:04):

Awesome. Thank you, Kary.

Speaker 1 (43:06):

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