

# THE MONTH END

EPISODE 28



JULI LASSOW

## SHOW NOTES



### SPEAKER BIO

Juli Lassow is the owner of [JHL Solutions](#), a retail consulting firm that connects the dots between mass retailers, suppliers, and private label products. She supports retailers and their suppliers in finding, developing products, and better negotiating with each other.

### TAKEAWAYS

#### On negotiation:

The process for me really starts with understanding what the impact and the value is that the retailer because often they're my client wants to drive in that business. What are their strategies, priorities, interests? What do they really want to get to? With that retailer, also ask to have a perspective on what does the supplier want to get out of the partnership; what are their interests? Using those priorities and interests as a framework, think through: How do we want to approach this negotiation? What are the key pieces of measurement we want to be looking at every so often? That's going to be sales margin turnover, market share, etc. Looking at it again, from the retailer perspective and also the supplier partnership perspective, and then structuring the conversation. We build out that approach of how we want to have this conversation, and how we want to structure creating value. The best conversations, in my opinion, are the ones that are more collaborative. They're looking for more creative ways to drive value, and you're not just focused on one or two really key measurements that determine the success of the conversation.

## TAKEAWAYS (Cont'd)

### On something to think about before outreach:

A couple of things that I will say, though, from a "watch out" perspective, is before you start to make some of those outreaches or think about who you're trying to scale with, consider these items: What is your operational runway? What does that start look like? How many stores can you realistically support? The flexibility of Target is that you're not going from zero to 2,000 stores anymore. You can start small with the regionality. If you are successful, and if your product sells well, and it makes sense, there could be very quick conversations about how quickly you want to expand. So that's also something that Target is going to want to understand is what's your operational ability to scale. Sometimes it takes a while to hit and sometimes it goes really, really quickly. So just being really nimble and candid with that to start off the conversation in a very direct way is also something that I encourage.

### On asking the right questions:

If you're given a form, read it very carefully. If you have an online input template that you're being asked to use, I would read that incredibly carefully. Make sure you understand what each of those cells are that you are filling out. To a certain extent, you are then stepping into their process. I mean, you've got a perspective, you're an owner, you've really worked to build out what your brand means and how you go to market. At this point, you're stepping into someone else's space. Again, if you're doing it for the first time, or with a certain client for the first time, you are moving into their turf in a new way. So how are you really making sure that you understand the way that they're setting up that approach.

## TAKEAWAYS (Cont'd)

### On own brands and private label:

Own brands and private label really started out as a compare-to space, so it was the same as a national brand equivalent. It's basically the knockoff or generics, if you want to call it that. Over the years, the space has become much broader, and I would say has a lot more depth to it now. It's become more of a competitive advantage. It's not just about the value play, it's about "how can I offer something as a retailer that I can protect against the competition?", something that Amazon isn't going to be able to show up with, but it helps me deepen my brand loyalty with my Target consumers—my Target guests to put a specific name on it. There are certain businesses that do this beautifully, like Trader Joe's really stands out. As you know, when you walk in the store, it's a high percent of products you aren't going to find anywhere else. If you're a Trader Joe's loyalist, you will be going for the Greek yogurt, or their Gronola, or my family really likes some of the frozen meals that are there. Those are our go-to's, and we can't get those when we were shop elsewhere. So for a consideration set, it's a fast growing part of the business. The retailer is able to protect the flavor profiles and they're able to separate the product diversity in an impactful way. They're often able to build it in so it's margin and creative to their mix. There's also a profitability play, but you need to start hitting scale; you need to be able to hit a certain balance of your assortment and meet the expectations of your customer if they're looking for a certain set of CPG products. How do you surprise and delight them with additional own-brand products?

### Another benefit of partnering with a retailer:

You get to outsource some of the the work; marketing and brand building. Your formulation or your assortment expansion priorities, that can be most of your effort, you then don't need to focus as much on selling. You can also then focus on the operational side; how are you scaling? What is the supply in the production capacity that you are then building out? It frees up resources within your organization to maybe scale more quickly, when you don't have to be delivering everything on behalf of your brand.

## TAKEAWAYS (Cont'd)

### On the supply chain:

I think a lesson that many organizations learned in the COVID response era is that you can't have a very brittle supply chain. You need to build some flex into your supply chain and understand what the key pressure points are for you. Is it securing a specific raw material? Is it securing a specific packaging based on how your product goes to market? What are those key pressure points? What are your backup solutions? That's true in many parts of your business supply chain and production. Those are places that I know best. That's the same from a social media perspective and a marketing perspective. I think there is more risk planning than ever before, but I find it's opening up opportunities to create value as well. Often when you're operating with constraints, you can come up with a different approach. So it's not to say that you can't find upside in some of those backup partnerships as well. It doesn't always have to be doom and gloom. It's more of "how can we be really creative to make sure we can continue to find solutions to get products in the hands of the consumers that we're connecting with?"

## CPG BUSINESS DO'S AND DON'TS

### CPG Business Do:

I touched on it earlier, but it bears repeating. It's ask a lot of questions. Just coming to this business space, entrepreneurs are excited about their idea, they're curious about creating something new. Make sure you're bringing that curiosity to the partners that you're working with. It absolutely applies with with retailers. I find that suppliers that don't ask a lot of questions often don't understand the full agreement that they're reaching. So that's that's a must do for me.

### CPG Business Don't:

Don't forget to focus on the other party's perspective. Try to anticipate what's going to be most important to them in framing the conversation. What are they hoping to get out of the agreement, whatever type of agreement you're trying to reach. I think that's a way to help create some more value and find solutions that aren't so you-focused but that ultimately are creating a bigger slice of the pie again (pick your euphemism). Don't forget that other perspective.

## NOTABLE SHOW QUOTES

### Juli on smaller brands getting into Target:

"You don't need to be a Procter and Gamble, you don't need to be a General Mills to get your product on the shelves at Target anymore, but you do need to have a specific point of view."

### Brad on how much opportunity is available for small brands:

"The opportunity has probably never been bigger than where it's been the last couple of decades."

### Juli on asking the right questions:

"You need to be your own advocate in asking questions, and doing a lot of the research before the negotiation even begins, to understand what's the standard way of working with this retailer or partner for the first time."

### Juli on the benefits of own brand partnerships:

"There's a bit of high risk, high reward when it comes to those partnerships. They can be incredibly beneficial if it's a really great overlay of the priority of the consumer that the retailer is trying to connect with, and the brand expertise that a brand can come to the table with"

### Juli on partnering too early:

"Too early on, it's one of those things: be careful what you wish for. Because when the gods want to punish us, they grant us our wishes--is that the phrase?"

### Juli on partnering with big brands:

"When that--if the door shuts, it usually doesn't reopen."



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