

Developed by the NPTA Alliance.

The NPTA Alliance (formerly the National Paper Trade Association, Inc.), founded in 1903, is the association for the \$60+ billion paper distribution industry.

The mission of NPTA is to actively support the success of its members through the delivery of networking, industry data and research, education and advocacy that focuses on the health of the distribution channel.

To learn more about NPTA or become a member, visit www.goNPTA.com.



Creating Successful Business-to-Business Relationships

PAPER MERCHANT AND MANUFACTURER
BEST PRACTICES GUIDELINES



NPTA Alliance Best & Worst Practices for Industry-leading Merchants and Manufacturers

As the only association focused on the relationship between printing paper merchants and manufacturers, NPTA Alliance offers the opportunity for member firms to discuss, collaborate and identify solutions to points of conflict that weaken relationships between paper merchants and manufacturers. NPTA's Paper Distribution Council (PDC) Annual Meeting serves as the primary forum for continuous reflection and proposed enhancements to the evolving strengths and weaknesses within partner relationships driven by the significant dynamics inherent in the paper industry.

It has been said that relationships and reputations can take years to build and only seconds to dash. The relationship between a merchant and a manufacturer is no different. A healthy collaboration between partners requires shared mutual trust, open communication and continuous effort.

About

J. Michael Marks of Indian River Consulting Group is recognized as a leading expert in the area of distribution management and has written extensively on the topic of managing conflict and improving relationships between distributors and manufacturers. Through the National Association of Wholesale-Distributors (NAW), Marks recently published a research project on the distributor/supplier relationship titled, *Working at Cross-Purposes: How Distributors and Manufacturers Can Manage Conflict Successfully*.

"It is really all about economic alignment. When distributors and suppliers understand the concepts of [how the other makes] money, when channel policies and practices are grounded in solid economics, and when relationships are aligned, that is when trading partners can thrive in an environment of trust, communication, and growth. Both sides are clear on performance expectations and responsibilities."

Working at Cross-Purposes: How Distributors and Manufacturers Can Manage Conflict Successfully
BY MIKE MARKS, TIM HORAN AND MIKE EMERSON

Paper merchants and manufacturers were introduced to the fundamentals of this research at the 52nd Annual Meeting of the Paper Distribution Council, held in January 2011. Marks facilitated discussion around the research findings' relevancy and importance within the printing paper distribution channel. Attendees were segregated into groups of merchants and manufacturers and asked to identify the common industry practices associated with strong and weak industry relationships.

The goal of the exercise was to develop a comprehensive list of industry practices that lead to strengthened or weakened trading partner relationships. All NPTA members had an opportunity to weigh-in on the findings and ultimately narrowed down the extensive list to what the majority believe are the best/worst practices of both paper merchants and manufacturers.

The end result is a tool developed by industry consensus to specifically identify the practices that either need to be replicated or eliminated by industry stakeholders in order to drive growth within the channel.

Methodology

The following methodology was used in generating the NPTA Alliance Best & Worst Practices for Industry-leading Merchants and Manufacturers.

Develop & Discuss

- Merchants and manufacturers are segregated into distinct groups and tables
- Each table generates a list of best and worst practices by the opposing side

Review & Analyze

- All lists are aggregated and grouped into functional areas
- NPTA members are surveyed to vote and rank the best and worst practices

Finalize & Report

- Survey data is compiled and finalized
- Data and results are shared

TOP 10 Merchant Best Practices

1. Merchant is transparent, open, frequent and proactive in communications relative to market strategy, priorities and plans.
2. Merchant's actions match their words.
3. Merchant's practices are supportive of Manufacturer's policies and goals.
4. Merchant invests in loyalty and long-term relationships.
5. Merchant views the Manufacturer's sales professionals as partners and includes them from the beginning of the sale.
6. Merchant makes a commitment to technology and integrates their technology with their suppliers.
7. Merchant senior management drives policy, practice and commitments throughout the organization.
8. Merchant sells the unique value of products and suppliers.
9. Merchant is able and willing to serve small customers.
10. Merchant honors commitments for volume and market share.

TOP 10 Merchant Worst Practices

1. Merchant's local pricing information is inaccurate or incomplete.
2. Merchant doesn't demonstrate loyalty to Manufacturer.
3. Merchant expects rebates or incentives, even for performance that is inconsistent with shared targets.
4. Merchant appears to use pricing strategy alone to sell the product and/or mill.
5. Merchant behavior is incompatible with shared goals.
6. Merchant provides insufficient information to Manufacturer to determine cost.
7. Merchant's sales do not meet agreed volume or shared targets.
8. Merchant organization does not act in accordance with industry best practices and processes.
9. Merchant pricing activities leave reduced profit margins to be shouldered solely by Manufacturer.
10. Merchant appears to advocate solely for the end-user and does not position Manufacturer as a partner.

TOP 10 Manufacturer Best Practices

1. Manufacturer empowers local sales representatives to make decisions.
2. Manufacturer honors pricing commitments to Merchant.
3. Manufacturer conducts joint planning with Merchant.
4. Manufacturer provides Merchant access to and encourages involvement with executive leadership.
5. Manufacturer invests in quality improvements, leading to fewer complaints.
6. Manufacturer offers advice and counsel to Merchant designed to strengthen the relationship and partnership agreements.
7. Manufacturer shares sales resources with Merchant.
8. Manufacturer establishes exclusive distribution policies.
9. Manufacturer actively supports NPTA and other merchant trade associations.
10. Manufacturer provides strong technical support for products and equipment.

TOP 10 Manufacturer Worst Practices

1. Manufacturer's price increases are implemented without sufficient lead time.
2. Manufacturer makes policy changes without input from Merchant.
3. Manufacturer appears not to fully understand Merchant costs.
4. Manufacturer doesn't involve Merchant on calls with end-users.
5. Manufacturer does not demonstrate an understanding of the value of limited or exclusive distribution.
6. Manufacturer sales representatives are not empowered to solve Merchant's concerns.
7. Manufacturer establishes a direct relationship with end-users and does not involve Merchant in negotiating pricing, terms and specifications.
8. Manufacturer is inconsistent with internal policy enforcement.
9. Manufacturer does not initiate formal joint planning with Merchant.
10. Manufacturer is slow to resolve complaints.