Distributor-Supplier Best Practices

Best Practices

Guidelines for Strengthening Trading Partner Relationships
These guidelines were developed by a task force of distributor and supplier volunteer leaders interested in exploring the vital components of a strong trading partner relationship. What does an ideal partnership look like? It has many facets and no parties can expect to excel at them all but there are core behaviors and commitments that create the foundation of a strong and healthy partnership. This guide is designed to get the conversation started and provide a roadmap for continuous improvement.

**Shared Expectations Baseline**

- Exhibit ethical conduct at all times
- Treat one another with integrity and respect
- Make a commitment to ongoing open and honest communication
- Set reasonable expectations
- Partner with companies with similar values
- Product risks identified and communicated
- Product launch timeline clearly communicated
- Product price increases communicated in a timely and coordinated fashion

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**Top Areas for Communication and Collaboration**

**Information Sharing & Mutual Business Plans**

*Of most importance is thorough and upfront planning to ensure all parties have a clear understanding of roles and responsibilities to deliver on their commitments.*

- Annual business planning to establish mutually agreed upon objectives, programs and support levels based on common goals
- Timely and complete delivery of product updates, purchase expectations, delivery expectations and trends in market conditions
- Access to and information from all management levels as needed
- Clear communication regarding performance expectations and market penetration
- Establish common identification of customer segments, rankings and focus
- Address competitive situations in direct, legal and mutually beneficial manner
- Mutual efforts to eliminate redundancies and improve efficiencies
- Updates on production planning or changes
- Scheduled plan reviews and updates

**Sales Support**

*Responsive to our mutual customers from product development through product delivery... world-class adherence in every step of the sales effort*

- Strong sales management that work effectively together to promote a common direction
- Partnered approach by both parties to actively pull-through sales in support of the customer
- Joint pursuit of new opportunities within a market
- Adequate frequency of joint sales calls
- Sufficient accessibility to sales teams
- Prompt follow-up on problems
- Timely information regarding new products, packaging, pricing
- Information on industry trends, market conditions
- Marketing and promotional elements ready and available to support sales efforts
- Willing and able to respond to special areas of focus

**Technical Support**

*Both parties working as one to create best practices and systems support*

- Mutually support internal procedures inherent to each business
- Systems supported for growth
- Responsive, timely assistance to reconcile issues and concerns

**Product**

*The right products, collateral, inventory, right on time*

- Products manufactured to meet expectations of customers
- Adherence to industry quality standards and certifications
- Continual progress towards optimal mix and profitability
- Ability to quickly respond to market demands
- Inventory planning policies that effectively respond to product seasonality
- Stock that adequately represents supplier’s line at appropriate levels

- Timely promotions
- Road shows; open houses
- Advertising support
- Merchandising in store & merchandising aids; POP/POS materials
- Mutual training in the field
- Sufficient return policy to meet customer expectations

**Customer Support**

*High level of mutual customer support*

- Timely responses
- Roadshows; open houses
- Advertising support
- Merchandising in store & merchandising aids; POP/POS materials
- Mutual training in the field
- Sufficient return policy to meet customer expectations
Service Levels: Logistics, Technology, Customer Service, Procurement

Ask for what you need, say what you can do and do it – no surprises.

• World class service exceeding expectations of our mutual customers
• Consistent, measurable and accountable
• Concise, timely resolution of complaints through a knowledgeable technical services staff
• Able to produce and ship appropriate quantities on time from supplier, and distribution able to inventory and maintain appropriate flow rate to customers
• Define agreed upon policies and terms: obsolescence, pricing, lead times, etc.
• Identify cost reductions in the supply chain
• On-time delivery of product
• Fill rates at industry averages
• Proper packaging
• Accessible and effective customer support staff
• Acceptable return policy

Training

Relevant and continuous product and application/installation training
• On-going and timely from manufacturer to distributor
• On-going and timely from distributor to customer

Financial Strength

Solid, consistent performance in support of sales
• Able to invest in customers and category to fund future growth
• Able to meet competitive situations as appropriate
• Price adjustments that are in keeping with the market and maintain a strong competitive stance

Best of Class

Pro-active in getting things done right, and staying ahead of the competition

• Both distributor and supplier must be well run, well trained, motivated, productive and cutting-edge
• Mutual commitment to “sell-through” vs “sell-to”
• Partnered approach to extraordinary requests/opportunities
• Active in industry associations to stay abreast of best-practices and benchmarks

Metrics & Measurements

Implements tools for measurement – “Plan what you’ll measure – Measure what you’ve planned”

• Mutually agreed upon metrics: logistics, procurement, marketing, direct sales
• Mutually agreed upon sales goals
• Identify corrective action expectations
• Address issues with fact based metrics, not emotions
• Establish up-front and specific test market parameters

Ease of Relationship

Easy to do business with each other; access to the right people to maintain timely information flow

• Continual commitment to an open and stable relationship based on mutual trust
• Commit and follow-through: product, promotions, collateral and support
• Prompt, accurate remittance of invoices
• Prompt, accurate remittance of claims for credit
• Strong, knowledgeable customer service on both ends
• Site visits between suppliers and distributors to strengthen relationship
• Up-front, thorough communication
• Accessibility of senior executives

Distributor-Oriented Market Approach

Policies and practices that support the distributor’s role in the channel.

• Primary focus is on serving customers via distributors
• Maintains a distribution network that allows for adequate market coverage without excessive distributor overlap
• Maintains price and margin programs that provide competitive market prices while allowing adequate margin for distributors
• Provides incentives and rewards for distributors to “grow the business”
• Products are available in quantities and order minimums that allow for adequate distributor ROI and service levels
• Assists distributor in product discontinuation and liquidation as well as new product introductions
• Open-minded to regional considerations related to product modifications, additional pricing considerations, and/or logistical needs in order for a distributor to sell a product in a particular region.