

10 Tips: Mandatory Distributor Warehouse Visit

How often do you visit your distributor's warehouse? Brand owners should inspect their distributor's warehouse at least once per year and always before the start of a new business partnership. Warehouses serve as the nurseries/creches for where our precious new products are stored while the commercial team generates sales. Warehouse managers are custodians of our sales inventory and companies need to insure that their brands are in good hands while awaiting sales.

Listed below are 10 Tips on productive distributor warehouse visits.

1. Confirm Accurate Stock Levels for Your Brands

Does warehouse inventory reconcile with distributor stock reports? How many cases are there versus agreed to weeks supply targets? Six to eight weeks of stock is typical for overseas brands. Walk down every aisle and check every one of your SKU's.

2. Identify Problems

A warehouse visit may reveal overstock or understock conditions. Similarly, you may spot a case of poor sales rotation or goods approaching expiration date. A common problem is the discovery that a warehouse may not adhere to a "first in, first out" method of stock rotation. Examine cases to look for damaged goods.

3. Warehouse = Window Into Distributor's Real Business

Warehouse inventory levels paint an accurate picture of the distributor's real business profile, not what the pretty PowerPoint presentation tells you. What brands are stocked? What are they selling? I remember one distributor interview included bold claims about representation of famous companies. The warehouse revealed one pallet of one small SKU from the famous manufacturer. Another interview for a distributor claimed representation of fifty world famous brands. The warehouse check showed that 50% of business was on a local commodity item and most of the foreign brands had only 20-30 cases of stock.

4. Outsourced Logistics Providers

In certain countries, distributors outsource logistics to another third-party provider. This is a mixed message for a manufacturer. From one standpoint, this frees up distributor management time to focus on brand building. Also, there are excellent logistics providers that specialize in "best in class" practices. On the other hand, the distributor has sold his logistics contract, sourcing a fat fee for his business. Also the external logistics provider needs to make a profit, so you wind up with another margin line item in your calculation. Request a warehouse inspection, even if it is managed by a third party.

5. Get to Know the Warehouse Manager

Every business runs into supply chain problems at some point in time and its positive to know the person in charge. Bring him a shirt or other gift with your company logo and he will be your friend for life (or at least until the next problem!).



6. What are Distributor's Service Levels?

Most buyer's first concern is sales rotation. Their second metric is service levels such as stock levels, fill rate, and inventory turns. Your distributor's adherence to retailer's supply chain scorecard objectives reflects on your brand, sales performance, and distributor's reliability as a provider. What are the distributor's KPI's? Are they tracked automatically or manually? How are they doing?

7. Appearances Count!

Is the warehouse clean or dirty? Does it appear to be logically organized? Is it busy or "asleep?" These clues send an important message on the overall status and culture of your distributor partner.

8. Understand Distributor Value Added Services

Many distributors provide value added services in their warehouse. This may include creation of promotion packs, stickering or special pack displays. You may discover distributor capabilities that you were not aware of.

9. The Heat Is On?

Products require different storage conditions. Obviously frozen and chilled items require temperature control. Confectionery products require different climate standards. Health and personal care items may ship in units versus cases. In other situations products like insecticides cannot be stored (or shipped) with food products. What is the compliance level versus the storage standards for your products?

10. Alignment With Expectations

Ultimately, a successful warehouse visit should match your business and expectations. If business is good, the visit demonstrates your interest in the distributor's total company and team. Request a visit just to say "thanks." If your business is declining, the warehouse is a perfect place to dig into what the real situation is at the distributor. Sales to the customer begin the moment your brand leaves the distributor warehouse floor. A periodic inspection will insure that your brand looks its best in transit to the store shelf.