



1/3, 1/3, 1/3

Does your distributor network require a tune up? I have lost count of the times I've heard a vice president of international claim that their company has the best group of distributors in the world. Or trade show meetings when a global export manager states that his company sells to 60 countries and is not looking for any new distributors. These are the same executives that struggle every December to achieve their annual sales budget.



Every year, I am asked to analyze the global distributor network of at least ten manufacturers for independent feedback. The good news is that my conclusions are generally positive. Most companies maintain a solid network of international distributors, committed and capable of serving as good partners. However, the 1/3, 1/3, 1/3 rule always applies. Every company maintains a mix of distributors.

1/3 Leaders Best in class brand builders, delivering outstanding results

1/3 Performers Reliable and capable, normally meet expectations

1/3 Laggards Small, unsophisticated, players...sometimes diverters

The first step to transformational success is to admit that not all your distributors are a good fit. Management recognizes that you've created a strong overall team and will support your efforts to upgrade underperforming distributors. Some companies cling to laggards due to history or personal relationships. This loyalty is nice, but ultimately underachievers deprive you of your ability to reach your own personal business goals.

Each cluster of distributors requires a different level of engagement and support.

Leaders: Love them, reward them and recognize them. What characteristics of your leaders allow them to deliver superior results? Are your leaders all big or mid-sized? Category specialists or channel experts? Share best practices from your leaders with other markets. The best advice with leaders is to support them and deliver outstanding customer service so that your company is viewed as a preferred supplier.

Performers: Strong contributors to growth. Challenge them to become leaders. With some companies, a majority of their distributors are viewed as performers which is a positive indication.

Laggards: These distributors exist with every company and remain easy to identify. Clue: small shipments to a big country. Or in the case of diverters, big shipments to a small country. Shipment trends are one clear metric. Other scorecards include authorized distribution and shelf presence at major accounts, merchandising ideas, and new item launch success.

A strategic requirement for 2020 is to upgrade the bottom 1/3 (laggards) of your distributor network. A core responsibility is to secure top talent in every country. Export Solutions' distributor database tracks an average of 79 distributors per country, so plenty of options exist for strong brands. Who are your leaders? Who are your laggards? What will you do differently in 2020?

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