

# Tactical steps to build a more successful supplier-distributor partnership

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In our recent article, as published in the December member newsletter, we discussed the overall importance of having a successful supplier-distributor partnership in today's competitive environment. Below are some tactical steps you can take to achieve this collaboration.

**Asset support:** It's easier to be successful if you can focus and manage what's on your plate. Let's start with the obvious — you have an asset but is it supported correctly? Supplier partners should have a strong understanding of the sales channel, but most do not because of their limited interactions with retailers across any given market. Distributors that are highly trained and knowledgeable in these areas should help close this knowledge gap for their supplier partners.

- **Business intelligence with analytics:** Supplier partners should have a reasonable degree of data acumen and the ability to articulate it with distributors and retailers. Distributors should spend little time with their supplier partners discussing historical data. Bottom-line: Both partners should come to the party analytically prepared.
- **Growth strategy:** Full understanding of the vision is important to meet expectations for both the distributor and supplier. Rate of sale is a great measure of brand health and can signal permission to expand into new territories. The plan and methodology shouldn't be a secret among partners.
- **Business planning:** Suppliers and distributors must have an agreed-upon, documented plan that's worth talking about with each engagement. This is a working document that requires on-going tactical review to drive actions that accelerate performance. Those on the front line "selling" should be held accountable for what they agreed to achieve. If realistic goals are not met, there should be reasonable solutions, adjustments and/or support added to the plan.
- **Sales team structure:** Utilize data to route reps and encourage collaboration between supplier and distributor while avoiding redundancy. Reps should have a good CRM, be objective on every call, consistent in their approach, take detailed notes and follow-up with distributor partners at least once a week.
- **Performance compensation:** Goals/KPI's should be tied to the annual business plan and linked to their distributors targets (if they have any). Supplier reps should be compensated to achieve those defined targets that drive the business plan. Any new supplier reps should be compensated heavily on following their weekly and monthly routines to ensure they become habit.
- **Pricing/revenue management:** Scheduled surveys help suppliers maintain a solid understanding of the competitive pricing landscape, consumer thresholds and whether potential adjustments are needed to achieve a targeted PTC (price to consumer).

- **Retail / quality standards:** As the saying goes, pictures are worth a thousand words and suppliers that clearly define how they want their brands represented at retail will ensure their team and their distributor partners understand how to execute a consistent look that can appeal to consumers.
- **Distributor engagement:** Scheduled meetings with clearly outlined agendas, proper preparation and objectives will help safeguard against missed opportunities. Be open-minded, know your data, have some understanding of competitive performance as a benchmark and jointly offer solutions that are not one sided.
- **Retail strategy:** The retail landscape is just as volatile as the craft beer industry. Suppliers and distributors that proactively collaborate on the most effective and efficient use of their cooperative assets will be the preferred partners of key accounts and get the opportunities as they arise.

**Portfolio focus:** Another solution is to review what's working in the portfolio and limit the focus to the most successful brands and SKU's in select geographies. This strategy encourages distributors to focus their attention and simplify the pitch while amplifying sales volume. Driving supplier brand equity is critical for your long-term investment. Avoid the inch deep and mile-wide approach as that is usually short-sighted and unproven to achieve long-term growth.

**Ride-with planning:** A common point of contention is the ride-with. Distributors with a large number of suppliers have difficulty juggling schedules and meeting the demands on their sales reps, particularly those that manage key retail accounts. There has to be balance between working with your supplier partners and getting the job accomplished. Supplier and distributor reps need to plan their day in advance with mutually agreed-upon objectives by account and a pitch approach that encourages both reps to be a part of the conversation.

**Investment reviews:** Distributors should consistently reevaluate their investment strategy for their suppliers by brand. Velocity and gross profit per case are both important metrics to consider in these decisions. Large macro brewers provide unbelievable support via TV, radio, sponsorships, retail programming, best practices and large point of connection material to drive their brands in the market. When calculating margins on these brands, distributors should always consider the CPC spend and their team's time commitment for providing ongoing market intelligence to the macro field sales team.



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