

North American Management Briefs

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You Should Know...

The Empire Strikes Back

The Week magazine reports that a man disguised as Darth Vader robbed a Long Island, NY bank and got away with thousands of dollars.

The Point: He was armed with a pistol, not a lightsaber and thus was not the real "Darth Vader."

Jumbo Hail

In July the town of Vivian, SD was pummeled by massive hailstones, some 18" in circumference weighing 1.5 to 2 pounds, a world record. Some punched fist-size holes in roofs and cars.

The Point: The worst recession in 80 years and now the plagues begin.

That's Too Much!

Shoppers have filed a lawsuit against the "99 Cents Only Store" chain for raising the price of its items to \$0.9999. The plaintiffs claim prices should not exceed \$0.99. It produced an extra \$12 million in sales last year for the chain

The Point: Pricing lesson anyone?

Lights Out?

MSNBC reports about 25% of the world's population, or 1.6 billion people, do not have electricity in their homes.

The Point: These people probably did not see this on MSNBC.

September's Quote

"My greatest concern is not whether you failed, but whether you are content with your failure."

Abraham Lincoln

Go Direct Redux?

You've heard the assertions before. "Our distributors are just order takers." "They promote competitive products and just use our name to attract prospects." "They make more profit on our products than we do." "They won't stock our complete product line."

Usually this sparks a spirited debate on whether a manufacturer of B2B products should sell directly or employ distribution channels.

First, a word about sales growth. Growing in a recession requires seizing market share from your competitors. Distributors will rarely help you do this because they don't "sell" your products they "distribute" them. What they sell is their own services. They are essentially outsourced purchasing departments for their customers, not a surrogate sales force for the manufacturers. Switching their customers from one brand to another is not an effective use of their resources.

So to capture share do you need to sell directly? Well sometimes, but certainly not to everyone. First consider the following:

- *Identify your competitors' largest accounts* (the 80/20 rule) regardless of whom they are purchasing from.
- *Identify those geographic regions/metro areas or industries where your competitors are strongest.* Again, regardless of whom they are purchasing from.
- *Compile a list of both, present it to your channel partners, and explain your dilemma.* You need to compete in those accounts/geographic areas to grow.

- *They will either:*
 - ◇ Present a plan to help
 - ◇ Tell you they are not interested in assisting you
 - ◇ Object to your interference in "their" business
- *Develop a functional or performance-based compensation plan* (preferably quarterly) to reward them for acquiring new accounts and selling new products.
- *If they are unwilling or unable to participate/assist you, you need a supplementary solution* perhaps a direct sales initiative in those accounts/geographic areas.

Your approach must be pragmatic and based upon facts. The accounts/territories you need to capture to increase your market share must be clearly identified and communicated.

The Point: The question isn't "direct or distributor." It's what channel vehicles will most profitably accomplish your sales objectives. Yes, you should avoid competing with your channel partners; however, you also need to seize market share to grow. A channel partner – manufacturer relationship that restricts your ability to capture share needs to be re-examined.

Countries With the Most Gold Reserves - Tons

Country	Gold Reserves
USA	8,133.5
Germany	3,417.5
France	2,586.9
Italy	2,451.8
Switzerland	1,133.9
China	1,023.3
Japan	765.2
Netherlands	621.4
Russia	450.9
Portugal	382.5

Source: World Gold Council, as at March 2008