

Choosing a Distributor for Your Product

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Below are checklists you can use to help find and evaluate a distributor for your product and a checklist of what to expect from a distributor.

Checklist 1 - Finding a Potential Distributor Partner

- Ask the end users of your products what distributors they prefer to buy from.
- Ask current distributors if they're interested in expanding their territories or know of other distributors who might be available.
- Find out what distributors your competitors are using.
- Identify distributors of allied products.
- Consult directories published by distributor associations by doing a Web or library search.
- Attend meetings and trade shows sponsored by industry associations.
- Place ads in industry trade and association publications.
- Post messages to news groups available on the Internet.

Checklist 2 - Evaluating Potential Distributors

- Financial stability - credit history, timeliness of payments, etc.
- Sales and marketing capabilities - size of outside and inside sales force, ability to generate leads, selling skills, technical competence, etc.
- Sales performance - past sales history for same or similar products
- Knowledge of the local market - ability to accurately forecast future sales and identify changes in customer needs and expectations
- Product mix - types of products carried, including competitive, supplementary and complimentary items
- Growth potential - capability of distributor to keep pace with any anticipated growth in the local market
- Inventory handling capabilities - warehouse space, ability to track turnover rates and other important statistics
- Technology capabilities - possession of and familiarity with the technology required to do business together most efficiently
- Management ability - viewpoint of distributor on human resources, planning, training, financial management, communication, etc.
- Succession planning - arrangements in place to continue the distributorship in case of retirement or death of distributor principal
- Overall fit - how well your goals, operating philosophies and business practices mesh with those of the distributor

Checklist 3 - What to Expect from a Distributor

- Maintenance of a well-qualified and well-trained sales force that is familiar with the manufacturer's products and is skilled in demonstrating the advantages of those products to the customer
- Commitment of sufficient resources required for aggressive sales and marketing of the manufacturer's products
- The best efforts to achieve market share and other sales goals in a specific geographical or other area of responsibility

- A commitment to stock recommended inventories of products based on the needs of the local market
- Prompt payment of all financial obligations
- Prompt communication with the manufacturer regarding changes in the local market and/or distributor's own business (e.g., changes in management and other personnel, and/or operating policies)
- A level of service that encourages long-term loyalty on the part of the customer toward the manufacturer and its products
- Physical facilities and technology necessary to consistently perform the above functions

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