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The Changing Ways That Distributors Are Doing Business – In the Eyes of a Rep

The response to my recent article entitled “The Distribution Paradigm Shift in the Eyes of a Rep” was so overwhelming that it prompted me to revisit one of my favorite subjects – DISTRIBUTION. If you thought that catalog houses represented a major change, you are D.A.M.N. (Digi-Key, Allied, Mouser & Newark) right. Read on to learn of other changes and trends.

Why Distribution Is So Important

For manufacturers and their representatives, distribution is the gateway to new business because they are chartered to provide prototypes and pre-production quantities for new products engineered and developed here in the USA. Hopefully this will always be the case, but in light of the fact that this country is graduating fewer engineers than in the past, it's somewhat debatable. Astute suppliers have found the D.A.M.N. team excels at this market niche while other distributors are reportedly rushing to find the right formula.

Is It Really A Partnership?

Of course, the Distributor/Supplier/Rep troika is a partnership as long as all three respect each other and conduct their businesses in an ethical manner. More importantly all three must be unselfish when it comes to sharing the transactional profits. Fortunately, this appears to be the case. Thankfully our industry has greatly matured in the most positive of ways. In a perfect world, we all maintain the attitude that we win or lose as a team, and when an order is lost, we don't point fingers or become accusatorial.

Leads and Referrals

Both leads and referrals appear to be faded words in today's industry jargon. Most distributors are operating too lean to request leads, and truly follow up on the majority of those they receive. Yes there are some, but those are few and far between. Why?

Because in the past most leads came from bingo cards for literature, but today engineering data is easily found on the internet. Here is another paradigm – leads are fewer, but more important. Hence, it's reported that reps and direct people are keeping them and following up themselves. When it comes to referrals, buyers are much smarter and so are their computers. If they do not know which distributor to go to, they simply Google® or go to a search engine. What makes matters easier is the greatly diminished number of distributors compared to the recent past. Don't get me wrong, referrals are still prevalent, but they are directed to distribution partners who best support the line with inventory – which still drives sales! Hence, that's another reason why the D.A.M.N. catalog team has grown so rapidly, especially in the I/P/E product sector.

New Franchise Opportunities

During EDS '07, many suppliers were surveyed about the ease of doing business with catalog houses. One of the frequent comments was related to new franchise opportunities.

Traditional distributors appear to take a different approach to new line/franchise opportunities compared to the D.A.M.N. team. The global guys often responded to new line opportunities with, “How much business will you turn over to us?” or, in some cases, the large distributors have been known to ask, “If we take on the line, who will you terminate?”

Apparently the catalog houses do not talk or react that way! These questions appear to offend some lines – Is there any wonder why?

Sales Meetings

Are distributor sales meetings really effective? Are they truly valuable? If so, why do so many reps and direct salespeople find it so difficult to schedule one? Do today's distributors have too many lines? Aren't well trained salespeople the most successful? Lots of questions and here is another one. Who is doing all the sales/product training

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at the rapidly growing catalog houses, especially in Thief River Falls, MN – the remote home of Digi-Key? One last question – when was the last time a distributor invited a rep/factory guy to grace their conference room, especially if it was considered a tier two or three line, for a meeting? Is this being discriminatory? Aren't all sales meetings designed to increase sales?

Buddy Calls

Are buddy calls important - absolutely! Buddy calls accomplish several things. They reinforce the partnership, serve as product training opportunity and often lead the way to registrations. Buddy calls are one of the things catalog houses like Digi-Key and Mouser don't have the pleasure of making, yet they are the two fastest growing distributors – what's that all about? Again the question – Are buddy calls important?

Line/Supplier Status

If you are not familiar with line status, it does exist with the global distributors.

They are referred to as 'thrust' or 'focus' lines. There are other synonyms as well, but most importantly they are

lines with a budget or quota attached. Typically these are tier one lines, and the P.M. (Product Manager) has a financial incentive to drive them profitably.

These are also the lines that get allocated sales meeting time. Catalog houses do not differentiate one line from another, all are treated equally.

The Quarterly Review

This is a great tool to set goals and target accounts. Unfortunately, most suppliers do not enjoy Tier One status. They have to grovel and beg for mind/time share to have the forms completed. Many GM's and PM's claim they are overwhelmed with reviews, stating they have over 50 per quarter and can't do justice to all of them. Nonetheless they try.

Incidentally, who is doing them with the two fastest growing distributors – Digi-Key and Mouser?

Summary

The world of electronic distribution is fascinating and ever changing. There is ample room for Globals, Nationals, Regionals, Locals, Specialists as well as the best D.A.M.N. catalog team: Digi-Key, Allied, Mouser & Newark.

