

## Are you planning to trump your competition?

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### ***2003 Planning, More Important than Ever***

It's that time of year again. Planning time. Time to discuss what you and your company will achieve in 2003. Time to involve your manufacturers / reps in joint planning initiatives and to complete your joint/mutual marketing plans.

But this year your planning is more important than ever!

With many distributors losing money (I have heard of 20-40%) and companies having made reductions in people, inventory, marketing and other areas of their business, the key to success in 2003 is working more effectively and focusing on market share taking strategies. To do this, you need a plan – for your company and with joint initiatives with manufacturers.

Over the years distributors' expectations of manufacturers have been discussed. And the process has improved. Both parties want more, and for the quality of planning to become more consistent across the channel.

### ***Quality Proportional to Level***

In talking with distributors, the quality of their supplier planning is directly proportional to:

- ◆ Who drives the process
- ◆ The local sales force's understanding of their company, marketing and planning
- ◆ The level of involvement from the manufacturer.

### ***What manufacturers should expect from distributors?***

Bob Compagna, President of CLS, Hartford, CT, spent considerable time on the purchasing side of the business, negotiating with suppliers. He believes that **distributors need to "think of the supplier as a 'customer' (okay, for only one day)".** This is important as planning must be a win-win process. The supplier's/salesperson's

ROI for doing planning with the distributor needs to be more than completing a form and delivering on management's expectation. It needs to be a vehicle for increasing sales and market share...

Additionally, courtesy counts. The basics:

- ◆ Start meetings on time
- ◆ Have a mutually agreed upon agenda
- ◆ Take notes during the meeting
- ◆ Assign timelines and responsibilities for follow-up
- ◆ Have the right people (sales, marketing, purchasing, senior management) in the meeting.

David Lowenstein, Director of Marketing for Billows Electric, believes that distributors need to **deliver on their commitments** and be accountable for implementing an agreed upon plan. This includes providing manufacturers with **results** from marketing initiatives whenever possible.

Prior to meeting with manufacturers, Lowenstein and the Billows management staff determine what they want to achieve in their markets. The next step is involving the manufacturer.

He has also developed a comprehensive joint planning process with his manufacturers that he starts by first sending them a 7 page planning guide, to be completed prior to a planning session. Additionally, he expects manufacturers to actively participate in the planning process by:

- ◆ Asking "what do you want to do in the marketplace this year?"
- ◆ And bringing 3 new ideas on how to market/promote their product.

His rationale – they see more and have their goals which need to be achieved.

Recently, Minnesota Electric took their planning process to the next level. According to Renee Cool, Director of Marketing/Communications, they conducted an extensive market research analysis, complete with **market share and growth projections** for each of their markets. This information was shared in their joint planning process.

While information helps drive Minnesota Electric's direction, Cool was disappointed that most manufacturers did not use this information in developing local plans. To Cool, 'one-size-fits-all' plans are destined to fail. To her, manufacturers should expect:

- ◆ Local market share information
- ◆ The distributor's market mix and focus
- ◆ Feedback on local market growth and dynamics
- ◆ A presentation of the distributor's marketing plan
- ◆ A 2002 review
- ◆ An open discussion of support needed to achieve agreed upon goals
- ◆ Accountability and performance
- ◆ Quarterly reviews

### ***More information needed***

Steve Helle, President of Granite City Electric, and Steve Van Brocklin, Vice President Sales of Electrical Engineering and Equipment Company, would like manufacturers to **share more** information. More **benchmarking information** would enable distributors to focus their marketing efforts. Information such as:

- ◆ Market breakdown sales information to enable distributors to determine their local market share in their product lines. This would impact the distributor's marketing strategy for the product line.
- ◆ National and regional statistics on the manufacturers GMROI to their distributors. This is important for major lines for distributors to evaluate themselves and review their line performance.
- ◆ Local market potential for their line
- ◆ Instances where the manufacturer has experienced promotional and training successes – resulting in increased business for all.

And to make the plan become reality – it takes commitment, accountability and training.

### ***Making your plan reality***

Everyone needs to know their role. Which is why at Billows an individual from the manufacturer with authority to approve the plan must sign it prior to implementation of the plan.

Is this approach for everyone? No. It is unrealistic to expect every distributor to do quality planning with all of his manufacturers. To be successful, distributors **should identify their top 10-15 suppliers** (typically 1 per product category) and **focus their planning efforts**. These lines drive 50-70% of sales, and a greater percentage of profitability. Further, other products typically follow these leaders (and perhaps you can give these other manufacturers a streamlined version of planning, to make their management happy).

In the game of planning, quality trumps quantity.

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