

Balance: A Critical Factor in Growing Component Sales through the Distribution Channel

By Ed Gomez, Distribution Sales Manager, NMB Technologies Corporation

When OEM's strategize on how to sell through a distribution network, developing a balanced approach is key. Increasingly, OEM's choose a successful market path by partnering with both large national and regional distributors. These relationships provide the end customer with varied options in the purchase of components. Several factors including number of distribution partners, national versus regional, location, and a dedicated distribution sales force, can create the balanced program necessary to grow sales and service customer requirements.

OEM's committed to growing sales and marketshare through the distribution channel can increase sales revenue without compromising service support to OEM customers, and distributors can grow their respective customer base with limited impact upon the internal resources of the OEM. To be successful, the company must commit resources both in technology and personnel to achieve distribution growth. A dedicated distribution sales force responsible solely to distribution business is one part of that commitment.

In addition, developing a user-friendly Web site incorporating virtually all pertinent information necessary will assist distribution partners in the sales acquisition process. To have this information available instantly reduces the amount of time spent on gathering material via phone calls, faxes, and e-mails. In today's competitive fast-paced market it is essential to respond to customer inquiries in a quick and timely manner. With secure passwords, each and every branch office and sales staff is equipped with the tools to provide the end customer useful data. The Web site often offers information on frequently asked questions, technical data sheets by part number, a cross-reference guide, and sample and literature request forms. The beauty of the Web site is that it allows for less experienced inside or outside sales personnel to become more proficient with the OEM products and the product characteristics essential to a customer's application. With limited resources and lean staffs, a user friendly Web site is a valuable asset to both the OEM and distributors.

The Web site by itself does not guarantee results of any kind. However, given the right distribution partners, a company can impact marketshare by arming its channel with quick updated information. The key question is how many distributors a manufacturer should have to move the greatest amount of product efficiently. Some products can be perceived as a commodity item. There is a school of thought that that anyone willing to distribute the product should be allowed to do so, the same way ketchup is sold at all supermarkets, convenience stores, and even gas stations. Some OEM's choose to disregard this commodity sales philosophy. Instead, they will commit to sell products with only a select few distribution partners. When employing this strategy, it is paramount that the distribution partners serve as demand creators rather than fulfillment houses. To successfully integrate the product with the customer's application requires skilled sales people, strong distributor customer service, and the support and backing of

the distributor corporate management. The intricacies of many products require distributor partners to have knowledge in a variety of fields such as electrical, thermal, or mechanical. The Web site aids in providing additional information when needed. By limiting the number of distributors, an OEM can assure a focused and streamlined channel dedicated to create demand, grow product sales and ensure customer satisfaction.

Many OEM's utilize a mixture of distributors with both large national publicly held companies and smaller regional privately held distributorships. Neither is better than the other, only different. Both types of distributors can be essential to the continued growth of product sales. The national distributors offer the customer several branch locations nationwide to service their accounts. This is vital when the customer has several manufacturing sites in the U.S. and abroad. The customer can consolidate their product requirements, reduce vendors, and conduct their business with only one or two suppliers. The national distributors provide a company with a means of attracting this business by offering common services to each manufacturing site. The regional distributor is quite smaller with fewer product offerings, but has a detailed knowledge of area businesses. The regionals are advantageous because of their ability to provide local stocking and customer service support for companies in their area. They are adept at dealing with JIT and KanBon programs because of their stock location proximity to the customer. OEM's that are a thrust line at the regional level offer distributors the ability to increase product sales and bolster the success of their company. Such distributors are loyal to the OEM and frequently have long-standing relationships.

Integrating both types of distributors can help an OEM achieve success in their overall sales strategy. The distributor's sales force combined with the OEM's dedicated distribution team enables the OEM to gain greater marketshare in the channel. More often than not, it is the customer's specific requirements and past relationships that dictate which distributor is chosen to support the OEM's business. Many OEM's choose to focus all their attention and resources on a select few distributors of both types to help grow their business. The success of distribution product sales is mutually beneficial to both companies.

At NMB Technologies, as the world leader in high volume manufacturing of innovative components such as axial fans, our goal is to increase distribution fan sales to compliment strong strategic OEM sales. With the pieces of the distribution puzzle carefully tied together, NMB has enjoyed remarkable growth in distribution fan sales over last year and is better prepared today to pursue the distribution channel business. In addition to its current operation, NMB is constantly refining and improving its processes to become a better partner to its distributors. The limited number of distributors, both regional and national, along with the tools available for sales acquisition, enables increased growth in our distribution sales. By making a commitment to its channel and distribution partners and maintaining a balanced distribution network in this way, an OEM can be confident of continued growth.