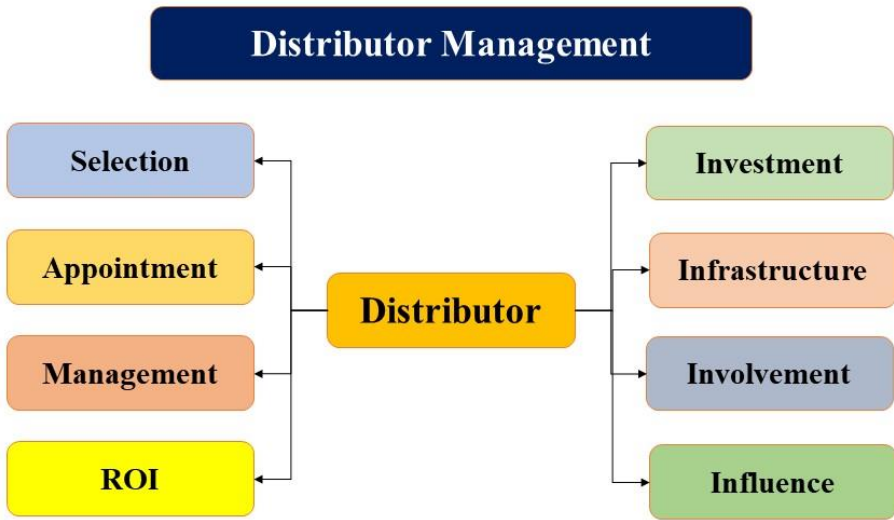


# **Distributor Appointment**

**Simplified with my**

**4 “I”**

**Formula**



## **Criteria for Selecting a Distributor.**

A simple 4 “I” formula.

**1. Investment.**

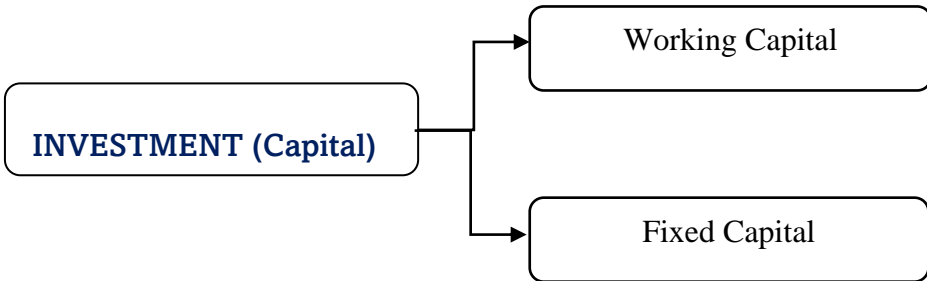
**2. Infrastructure.**

**3. Involvement.**

**4. Influence.**

The 4 “I” formula is not the complete criteria but the main things to see to select.

# 1<sup>st</sup> Requirement Investment



## Fixed Capital

- Warehouse.
- Office.
- Furniture.
- Racks.
- Shelves.
- Distribution Units.
- Computers, Printers
- Office Automation Etc.

## Determinants of working capital.

- Nature of Business.
- Size of Business.
- Fluctuations in Business.
- Rotations.
- Turnover.
- Minimum Stock norms.
- Average market credit.
- New products launch.
- Terms of invoicing.
- Discounts.
- Growth rate.
- Profit Margin.
- Payment terms.

- Company plans.

The investment is the first step for selecting a distributor.

**Note: The investment is the top conflict issue with distributors. Need to explain the investment required to start the business. Future and investment requirement. New products launch plans investment required. Product promotions and investment required.**

## 2<sup>nd</sup> Requirement Infrastructure

Infrastructure is in other words is the facilities required for smooth running of a business.

**The infrastructure includes:**

- Warehouse Space
- Office Space
- Furniture Tables -Chairs
- Files and Racks
- Computers, printer
- Shelves -Pallets
- Mechanized Units Autos, Vans. Non-Mechanized Units Rickshaws, Tricycles, Cycles
- Personnel Sales Reps, Delivery boys, Supervisors, Accountants, Managers, warehouse in charge.
- Office equipment Phone, Fax, Computer, Printers, ERP. Etc.

Depends on the above points the infrastructure requirement can be decided.

In case of high-volume products, more warehouse facility required.

In case of low volume, the minimum warehouse required.

Some products need airconditioned warehouse, airconditioned delivery units required. In case of more area coverage, more delivery units and more personnel required.

**Note: Infrastructure is the 2<sup>nd</sup> conflict issue with distributors. Need to explain in detail about area coverage, outlets coverage and distribution units required. Stock levels and warehouse size requirement. Office space requirement. Future plans of new products, product promotions, area and outlets coverage and requirements.**

### **3<sup>rd</sup> Requirement Involvement**

The Owner involvement in the distribution business is particularly important. Because the investment invested in the business and the infrastructure must be maintained properly.

The right use of investment and infra-structure will give fruitful results. The distributor should know the stock levels in the warehouse, order booked with the company, C&FA, damage stocks in the warehouse etc.

He should know the market credit, good payers, and bad pay masters etc. The distributor should know the claims to be raised, claims already raised to be submitted, already submitted but not cleared etc.

The distributor should know the proper usage of infrastructure also.

Keeping business in manager's hand or some employee is very risky for distributor as well as for a company. Stocks stolen, outstanding collected from market but not deposited, fake invoices made etc will affect the distributor's business and company performance also. owner or partners must look at the figures regularly to ensure healthy running of business.

**Note: This is 3<sup>rd</sup> area of conflict. Need to explain the distributors availability in distribution point from time to time to discuss about business plan, product promotions, product launches, market outstanding, bad debts, cheques issue for stocks, bank drafts for stocks, company plans etc.**

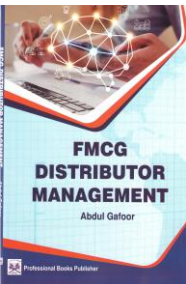
# 4<sup>th</sup> Requirement Influence

In distributor business with the involvement, the influence in the town also an especially important point. To get more profits, business must grow and leads to increase in turnover and profits. The distributor must be known person in the area the business is operated.

Because the distributor can use influence to collect bad debts and tough pay masters.

- Getting government approvals etc Road shows, trade offers any promotions etc.
- To stop infiltration of same products from other towns/states etc.
- To use influence to increase the sale to increase stock pressure.
- To bargain shelf space for products displays, brand image windows etc.
- To solve any issues with government departments like, weight & measurements, consumer courts etc.
- To borrow funds when required for special activities.
- information, to borrow the money in peak times etc.

**Note: This is 4<sup>th</sup> conflict issue with distributor. Need to explain about his influence to use to get approvals, collecting bad debts, to collect competition information etc. Distributor normally says that his people will manage. But distributor direct influence is very much useful and fast to get the results.**



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