



A GUIDE TO GROWING YOUR WHOLESALE DISTRIBUTION BUSINESS



TABLE OF CONTENTS

INTRODUCTION	02
SALES	03
Segmenting Your Customers & Managing Territories	04
Working with Independent Reps	06
Building an Internal Sales Team	09
MARKETING	11
Building Your Brand	12
PR	15
Events & Trade Shows	17
TECHNOLOGY	19
Field Sales Applications	20
B2B eCommerce Technology	22
Enterprise Resource Planning Software	25
OPERATIONS	27
Managing Inventory	28
Shipping & Fulfillment	30

INTRODUCTION

No matter what products you sell, much of what it takes to run a successful wholesale distribution business today is the same across industries. From managing a sales operation to investing in the right technology, growing a wholesale distribution business involves optimization across a variety of functional areas, including sales, marketing, technology, and operations.

This guide offers tips, strategies, and actionable ideas for growing manufacturers and distributors to scale up their businesses, including:

Optimizing sales efforts, from working with independent reps and building a strong field sales team to customer segmentation and territory management strategies.

Building a strong B2B marketing machine with a clear brand identity behind it, and how to succeed at PR and trade show marketing.

Investing in the right kinds of technology that top wholesale distributors today are implementing to increase sales and operational efficiency.

Improving operations with more effective inventory management and faster fulfillment.

In today's environment, characterized by evolving customer preferences, increased market consolidation, and disruptive technologies, growing a small manufacturing or wholesale distribution business can be incredibly challenging. But with a thoughtful approach to each of the areas outlined in this guide, smart manufacturers and distributors can rise above competitors and scale their businesses into the future.

SALES

SALES

SEGMENTING YOUR CUSTOMERS & MANAGING TERRITORIES

For wholesalers, distributors, and manufacturers, territory management is key to making sure that sales reps are putting their time and energy where it will have the most impact, maximizing every in-person appointment and minimizing windshield time for low-return accounts.

The process involves effectively segmenting customers and prospects so that sales managers and reps can track sales, do better account planning, and improve sales prospecting strategies. Many sales teams, however, neglect to do this kind of planning or have trouble tracking sales performance to revise and re-optimize their plans as time goes on. As a result, they miss out on opportunities to increase both sales and efficiency.



Here are a few sales management best practices that growing wholesale distribution businesses need to know about:

01

Focus on the right appointments.

One of the best ways to go about segmenting your customers is to systematically categorize them, and develop a strategy for each category. Your first group of accounts is made up of your best customers—the ones that require little effort from your reps but generate steady revenue. The second group may be a bit more volatile, but potential revenue gains justify the extra effort required by reps. The third group are those accounts that require large amounts of effort with relatively little return.

By getting this clear understanding of your customer base, you'll be able to better position your reps for success and make sure that they're spending their time wisely.

02

Develop a customer segmentation plan.

Use your customer segmentation strategy to develop account objectives and a plan of attack. How often will your reps visit certain accounts? What looks feasible geographically, in terms of the travel time your reps will have to put in? Are there accounts that you can manage with fewer in-person appointments and a B2B eCommerce portal that allows them to place simple re-orders online?

SALES

03

Work closely with other customer-facing teams.

Think about who else in your organization regularly comes into contact with your key accounts. Are the goals of the sales, marketing, and customer service teams aligned? Figure out how to promote better collaboration between these teams to give customers a consistent experience across all touchpoints, drive your objectives forward, and eliminate any unnecessary calls/visits.

04

Think about timing.

Look at sales data over time to make sure you're in the right territories at the right time. Get a granular understanding of your B2B buyers' seasonal purchasing patterns. What are they buying when, and how much? This will help you set better sales goals and your reps will be more productive in the end. You can also align these insights directly with your product development and inventory management strategies.

05

Measure performance and results.

Key performance indicators (KPIs) are like the eyes in the back of your head. You can't always catch everything, so sometimes the raw data can tell you where your team shines and what areas could use improvement. You may be wondering at this point how to effectively track your sales reps' activities. One way that companies are managing to do this is by digitizing the order writing process.

Brands are arming their reps with mobile order writing software that allows them to access a digital product catalog, customer contact information, order history, and customer-specific pricing from a mobile device. They can write orders digitally, and all of the data can be automatically compiled into useful reports for managers to analyze. Writing orders and tracking sales digitally can help make the task of sales territory management much easier, allowing both managers and reps to concentrate on strategy, rather than administrative tasks.

SALES

WORKING WITH INDEPENDENT REPS

Often referred to as manufacturer's reps, independent sales reps are not employees; they are independent contractors paid on commission to represent your brand in a certain territory.

Independent reps are an important part of many growing wholesale companies' sales and marketing strategies.

For some, it's not cost-effective to employ in-house reps, or they simply need to get feet on the ground quickly without having to put resources into establishing a salaried team.

Others recognize the depth of the networks and relationships an independent rep may provide, which can open up new business opportunities in existing markets and provide access to new territories.

Hiring Independent Sales Reps to Represent Your Brand

If you've decided that you want independent reps to help sell your product, here's how to find a rep that's in the territory you want, with the domain experience needed to sell your product.

01

Find independent reps at trade shows.

Trade shows can be great networking opportunities, not just for finding new customers, but also for finding sales representation. By attending high-traffic trade shows in your industry, you may come across independent reps or firms representing other brands at the show and/or looking for new lines to represent. Try to branch out at trade shows to develop relationships with these kinds of contacts.

02

Use a rep-matching service or database.

Services like RepHunter.net or RepRight.com specialize in matching independent sales representatives with wholesalers, manufacturers, and distributors who need their services. Sales reps go to these sites looking for new product lines to represent, while companies seek commission-only sales representation.

03

Take advantage of LinkedIn.

Social Media can also help. Try finding independent reps in your industry by joining relevant LinkedIn groups or conducting a quick search for independent reps working in the industry/territory you're looking for.

SALES

04

Ask existing retail customers for recommendations.

If you already have an existing list of customers, try asking them to recommend independent sales reps that they've met or worked with before. As B2B buyers, they have likely worked with many independent reps over the years, and this method can be a great way to find reps that customers already enjoy working with.

05

Post the position on online job search sites.

While this kind of approach may not yield many targeted results, it can't hurt to make it part of your search strategy. At the very least, doing this kind of exercise will force you to create a concrete job description that outlines the key qualifications you're looking for.

06

Place an ad or request in a trade publication or website.

This is a more targeted approach, as publications or websites dedicated to your industry or to the independent sales rep community will more likely get you connected with exactly the kind of people you're looking for. Note, however, that there are many organizations geared toward specific industries, so be sure to do your research.

Of course, in any of these scenarios, remember that despite the fact that these reps aren't working on a salaried basis, they're still going to be representing your brand to customers. Be sure to conduct a thorough interview process, get a good idea of their experience in the industry and the quality of their relationships with their existing customers, and seek referrals to validate what they've told you.

Determining Commission Structures for Your Independent Reps

The challenge in dealing with independent reps is figuring out how to motivate and compensate them. Independent sales reps generally work on a commission-only structure, which means hiring them is inexpensive—until they start closing deals.

Independent sales reps usually have several related manufacturers that they represent, promoting their products to a network of buyers in their territory or market area. Reps are hired based on the territory they cover and who they know within the territory. Those with the best networks of contacts are in high demand. Their commission accounts for the value of their network and their time, and also has to cover their business expenses. As you determine your commission structure, keep in mind that your line isn't the only one your reps may carry. In a sense, you are competing against that rep's other product lines to ensure that reps spend adequate time on your brand.

One of the biggest risks related to hiring independent sales reps happens when companies underestimate the effort it takes to sell their products, or over-estimate the attractiveness of the compensation package they are offering. The commission structure may be good enough to convince the rep to work with you initially, but if they perceive it to be more difficult to sell your products with less payoff, they may choose to spend more of their sales time with customers promoting products that pay better.

SALES

Commissions are usually figured as a percentage of sales--the challenge before you is figuring out what that percentage should be. It generally varies depending on what is required of the reps. Some questions to ask include:

- 01** How expensive are the products being sold? Higher priced items sometimes pay a lower commission, but it depends on the sales cycle and what is required of the rep--the more effort to sell the product, the higher the rate should be.
- 02** What is the rep's role? Do they provide leads that you close? Do they provide complete sales and service? If they are providing leads and you are doing the closing, that would typically mean a lower commission.
- 03** How much support will these reps need to provide to customers?
- 04** Who handles customer service and account management?
- 05** Will reps need to provide training to buyers?
- 06** Is this a one-time sale or will there be repeat business? How often do you expect re-orders to come through?

The general rule is, the more effort and time required on the part of the reps to sell and provide service, the higher the commissions should be to compensate them for their effort.

Commissions for independent sales reps can vary from as low as 5%, to as high as 40%. The industry average seems to be between 20%-30% of gross margins, or 7-15% of gross sales, with lower commissions being offered for "easy sales," i.e. manufactured products with a simple sales cycle and little or no service or training required and higher commissions being offered for sales that are more complex and have higher service requirements.

In addition to the level of effort required to sell your products, some of the other aspects to consider as you set your commission rates include:

What specific target markets or geographies are in the rep's territory? Costs of doing business in urban areas are higher than rural areas – but rural areas require more travel to move from customer to customer. Factor this variability into your commission structure.

What level are the target contacts? Selling to the C-level requires a more sophisticated, solution-oriented approach than selling to someone in the purchasing department; compensation should be higher to reflect this.

How will the rep approach potential customers? On the phone or in-person? Phone approaches would not need to pay as well as in-person sales since there is less of a time/travel component.

How will you compensate volume sales? Will you pay a bonus on top of the commission?

SALES

BUILDING AN INTERNAL SALES TEAM

For wholesale distributors thinking about building a sales team from scratch or transitioning from independent sales reps to an internal team, figuring out how to build a sales team that is going to scale your business can be daunting.

How can you know when it is the right time? A couple of signs include:

SIGN 01 Your product is already proving itself in the marketplace. You've probably been selling it yourself for a while, and you're getting good feedback from prospects and customers. If you're not selling it yourself, you may have independent sales reps that have been getting good results for you, but you'd like to start building a salaried team that can dedicate themselves entirely to your brand.

SIGN 02 You're unable to keep up with demand. Your sales pipeline is looking great, but you can't close as many deals due to lack of ability to follow up with demand. The only thing holding you back from selling more is not having enough time in the day or feet on the ground.

SIGN 03 You have enough pipeline opportunity to afford a salesperson. Numbers might vary by company or product, but look at your pipeline numbers. What is the value of your sales pipeline vis-à-vis the cost of hiring a salesperson? This kind of analysis should give you a good indication of whether you have a sustainable business with enough margin to afford a sales rep.

Once you've determined that it's the right time, the next task is determining how to actually build the team. Here are some proven steps for building the kind of sales team that a wholesale distribution business needs to make it to the next level.

01 Determine the type of team you need.

Do you need inside sales, field sales or both? How many team members will it take to get to scale? What should their background and experience look like? What sort of processes will they be using, and how will you support them?

02 Develop a repeatable hiring process.

Especially in the early days, it is important to hire very carefully since each hire has huge potential to impact a smaller company. Using the right process will help to ensure that each hire is the right fit. For instance, you could hire an outside recruiting firm or headhunter to find a sales rep.

SALES

03

Hire the right kind of person.

Studies have shown that sales success isn't so much a result of a specific personality type, but a willingness to engage in and successfully perform the tasks of selling. In other words, the best way to identify a person who will be successful in selling your product is to find someone that has already shown that they know how to accomplish those tasks.

04

Develop a compensation plan.

The more tightly compensation is tied to performance through a commission or bonus system, the more incentive each sales rep has to perform at a high level. In the scale-up days of your business, there will likely be some lag time before reps can start earning those bonuses through closed business. You will need to find that sweet spot between minimizing your cost and risk, without exposing yourself to the even greater risk of being unable to attract the best talent.

05

Plan to train and motivate the team.

Once your team is on board, create a repeatable and scalable way to take your business's "institutional knowledge" out of your head, and get it into the heads of your new team members. You also need to keep your team motivated. One method is gamification, or introducing points systems and leaderboards, into your sales and training processes. Gamification can be used in many ways – to improve adoption of training tools by awarding points for using them, to motivate higher performance through sales contests, and more.

06

Give your team the tools to succeed.

Finally, it's important to remember that it's not just a matter of hiring the right people and making sure they know how to succeed. They also need the right tools to deliver the results you expect. Consider how they will interact with customers and close sales. Do they need access to inventory information? Are you giving them an efficient way to write and submit orders? Can you replace paper processes with a mobile order writing app?

Honestly evaluating your sales processes will help to ensure that your wholesale distribution business is positioned for maximum growth.

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MARKETING

MARKETING

BUILDING YOUR BRAND

Branding is defined as “the process of creating a unique name and image in a customer’s mind.”

B2B buyers are busy. They have to make a lot of decisions throughout the day. And, most of all, they’re human. They try to make decisions based on hard evidence. Sometimes, though, the choices are overwhelming, and they’re just seeking an easier way to make or justify their decisions. Brand building makes those decisions easier by communicating what makes your brand different or special.



Your brand communicates important attributes like:

01 Customer knowledge

One of the most important things your B2B branding can communicate is that your brand understands and responds to customer needs. This is especially important in B2B, where the vendor/customer relationship is often more of a partnership than a simple transactional relationship.

02 Passion and purpose

It’s not just what you do, but why you do what you do. Marketing expert Simon Sinek has written that too many companies communicate what they do and how they do it, but the most successful brands always communicate their “why.”

03 Culture and personality

Your company’s culture guides customer relationships. It determines how employees interact with customers and the “personality” your brand conveys. If your culture emphasizes caring for customers and sharing their values, that promotes a commitment to solving their problems and continuously improving your products or services. Customer perceptions create a more personal connection between your brand and its customers. This can pay off in real dollars. Research shows that companies with a strong culture and engaged workforce outperform their competition by 147%.

MARKETING

04

Consistency and quality

Especially in B2B, where large purchase decisions are on the line, brand consistency in the product itself and in the experience of buying and using it is important to customers. When your brand is consistent, how you communicate about that brand echoes across all your channels, materials, and conversations as well as in the customer's experience of using the product.

05

Uniqueness or differentiation

What makes you different than similar brands? What makes you better? Why should a customer choose your product versus those of a competitor? Differentiation is the factor that determines the value assigned to your brand. If your products/services are properly differentiated, you can charge more.

In short, B2B branding answers the simple question, "Why should your customers choose you?"

In B2B, buyers may have a variety of reasons for why they choose one brand over another. Sometimes it's tangible reasons like price, reliability of service or delivery, or product quality. But sometimes, it's intangibles like, "they know us" or simply, "we trust that brand." Creating those intangible perceptions is the goal of B2B branding. A successful branding strategy results in "brand equity," the value of a brand over and above the value of similar products. That's why a solid roadmap to develop and define your brand is so important in the B2B space.

When companies are first starting out, they're unknown: they're products, not brands. Any branding efforts tend to be ad-hoc and inconsistent. Over time, these efforts tend to be systematized and brought under the control of marketing departments, yet they may still only partially accomplish what could be achieved with a smart B2B branding strategy.

As companies grow, they must find ways to convey their brand attributes and values to ever larger audiences. Employees, including everyone from the newest customer service rep to the CEO, must become brand advocates. Customer knowledge and relationships must also be maintained even as the customer base grows.

MARKETING

PR

Publicity is a hugely important factor in getting your wholesale brand in front of buyers, promoting your products, and making sales. Among younger and smaller brands, many believe that only well-established brands are featured, but that is simply not the case. Open the pages of any trade or consumer magazine, and you'll see smaller brands featured right alongside national brands.

The key to getting your brand featured in the media is contacting the right person at the right time with the right story. Whether you're sell food, flooring, baby toys, or apparel, the media is interested in one thing: your story. More specifically, they're interested in how your story fits with their readers' interests.

This is true of publications that cover the trade industry, but also of publications geared towards the general consumer population. B2B buyers read consumer magazines in addition to trade magazines, so making them both a part of your publicity efforts is ideal.

Often, people think only of press releases. But if this is your only strategy, you won't be able to compete with the sheer number of other brands vying for the media's attention. The old model of writing a press release and using a wire to distribute it is no longer as effective as it once used to be. So what can you do to get your brand's story featured?

01

Make a list.

Your first step is to make a list of media outlets you want to see your products in this year. What kind of magazines might your brand fit into? Think about both trade magazines and consumer magazines that your end customer might read. Find the publications that are relevant for your business. It's important to note that while trade magazines have lower circulation rates, they often land directly in the hands of your target market.

02

Look at editorial calendars.

After you have your list of publications, it's time to get a hold of their editorial calendar. Many magazines publish their editorial calendars on their websites for advertisers, and they can be easily downloaded. These are a wealth of information, as they often describe the publication's ideal reader, themes for each issue and publishing deadlines.

One thing to note about magazines is that they work around "lead times." Usually, consumer magazines work about 3-6 months in advance of the issue publication date, while trade magazines work about 2-4 months in advance. That means that in January, an editor could be working on anything from their March to their July issue, which is why the key to publicity is planning ahead.

MARKETING

03

Get contact information for the right editor/writer.

Once you decide which media outlets feature stories that your wholesale brand is a good fit for, it's time to find out who is working on those particular kinds of stories. Smaller publications usually have one Editor-in-Chief, an Associate or Senior Editor and a Writer/Researcher who writes most of the content for each issue. Larger publications have many editors who write/edit the different sections of each magazine. If you have a lifestyle product, then the Lifestyle Editor would probably be your best bet. If it's a fashion product, then the Fashion editor would be the right contact for you, and so on.

Their name and title are listed in the magazine's masthead (the list of employees at the front of the issue) or on the publication's website (try the "About Us" and "Contact Us" sections). When in doubt, simply call the magazine and ask. Once you have their name and title, there are a few things you can do to get their contact information. You can call and ask, visit their website to see if it's listed, connect with them on LinkedIn or other social media outlets, or purchase access to a media list or database.

04

Pitch your story at the right time to the right person.

Think of your pitch as your opportunity to connect and help, not just as a way to get your brand on their radar. Reaching out via email is your best bet, rather than calling by phone. Keep your email short (about 3-4 paragraphs of 2-3 sentences each), and use a compelling subject line. The more targeted and personalized

your pitch is to the publication's needs, the more likely you are to receive coverage. If you enjoyed a previous article that the editor wrote, mention this in your email. If you share a common interest, let them know. If you were at a trade show that they recently attended, tell them. The more personal you get, the better.

05

Follow up.

While your research and pitch are important steps to getting coverage, this last one may be the most important. So many brands assume that if they don't hear back from the editor immediately, it means that they are not interested. This simply isn't the case. One of the most important lessons you can learn is that following up is crucial to any business contact you want to make, whether you're contacting a magazine or a potential retail buyer.

About a week after you send your initial pitch, send a quick follow up email referencing your previous pitch. If you still don't get a response when you follow up, that doesn't mean that the editor is not interested in your brand. It can mean that they are not interested right now or they may be able to pass on your info to an editor who is working on a story that might be a better fit. It makes sense to reach out to them again a few months later, but this time with a different story idea and pitch. Persistence and follow up are key!

MARKETING

EVENTS & TRADE SHOWS

Companies in wholesale distribution attend trade shows to generate leads, learn what is happening in their industries, gain brand recognition, and sell products. Without a strong trade show marketing strategy, however, the success of these efforts is not guaranteed.

So how can growing companies improve their trade show marketing strategies to ensure success? Here are some of the best practices you should consider when developing your winning strategy.

01

Decide on your why.

Marketing guru Simon Sinek says that the biggest question that every company needs to answer in order to be successful is: Why are we doing what we're doing? According to Sinek, your "Why?" is all about your purpose, and purpose determines everything else. The answer to your company's "why?" should drive every other decision you make.

Sinek's model for decision-making recommends that companies start with asking why they do what they do, answer questions about how they will do it, and then determine what it is that they will do. Working outwards, start with the general purpose of your actions or decisions, and then work towards the specifics that will help you achieve those goals. Just be sure to involve all of your stakeholders, to ensure that everyone agrees on the goals for your trade show presence.

02

Set up appointments in advance.

Trade shows aren't just about gathering new leads. They can be a great opportunity to keep in touch with customers or meet with people who can be influential to your business. To ensure your trade show investment will be as effective as possible, establish meetings ahead of time. Doing this during low traffic times can be a great way to make sure that your time is spent wisely.

03

Establish a clear call to action.

In order to track your success, you need a clear call to action and a metric that will help you determine whether your efforts are successful. These tactics are often focused on lead generation, and they can be easily tracked. Here are a few examples:

- Set up a landing page on your website that you will promote in your booth. Encourage people to visit and download information.
- Run a contest in the booth, and encourage attendees to enter to win.
- Create a hashtag for use on social media and encourage people to use it.

MARKETING

04

Put the right people in the booth.

If lead generation is your “WHY,” consider putting a marketing person in the booth, in addition to customer service or salespeople. Keep in mind that the priorities and skillsets of salespeople (cultivating prospects and converting them to customers), and those of marketing people (generating leads) are often quite different. Having multiple skill sets available allows you to better manage your booth traffic. Marketing people can focus on gathering leads, customer service or salespeople can focus on qualifying prospects, and salespeople can work with customers who are ready to buy.

05

Follow up promptly.

Strike while the iron is hot. The sooner you are able to follow up with leads after a show, the better. This ensures that they still remember you, and are likely to respond more favorably to your follow-up offer. Many companies do this by uploading customer lists to the home office at the end of each day and sending a follow up email to thank visitors for stopping by. If same-day follow up isn't possible, then be sure to follow up within 5 days.

06

Limit giveaways.

Limit giveaways to those who give you their contact information. In other words, try to avoid giving marketing collateral to unqualified leads. More generally, it's important to quickly qualify any attendees coming into your booth, so you can spend your time wisely.

07

Do a Post-Mortem.

At the end of the show, go over the show results with the entire team. What worked well, what didn't, and what should be done differently next time? Will you attend again in the future? Document this information, and use it when creating your trade show strategies for next year.



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FIELD SALES APPLICATIONS

In today's wholesale environment, manufacturers and distributors are witnessing an innovation boom. With the advent of eCommerce, mobile field sales applications, and other B2B technologies, retailers are beginning to expect a much more seamless ordering experience than that of years past.

Many sales reps in wholesale distribution are still writing orders using paper order forms and other old-school order entry systems like fillable PDFs and Excel Spreadsheets. Reliance on these manual order writing methods is becoming increasingly problematic in today's digital, on-demand environment.

These traditional order entry systems invariably run the risk of human-error. Typos, illegibility, and misplaced order forms are just some of the risks inherent to manual order entry. Moreover, these order entry methods cost an enormous amount of time and money. When sales reps are in the field or at a trade show, handwriting orders on a form can be a tedious and time-consuming task. Printing paper product catalogs is expensive, and they quickly become outdated. These shortcomings preclude sales reps from providing superior customer service, a key differentiator for B2B companies.

Luckily, manufacturers and distributors now have access to a suite of new field sales applications for this new era of wholesale sales. These field sales apps are empowering field reps to write orders on mobile devices, whether on the road or at a trade show. Easy-to-use interfaces include digital catalogs, an order writing interface, and customer information—all in one place.

Perhaps one of the biggest benefits to these field sales applications is the ability to sync orders back to a web order management hub, where admins can track orders and disseminate information to sales reps operating outside the office.

In the past, sales reps may or may not have been on the same page with headquarters. If, for, instance, a new product was added or an old one was discontinued, the company would have to have new product catalogs printed up or (in a more likely scenario), an email update would be sent out to reps letting them know of the change. If a sales rep missed the email or forgot about the change, they could end up selling a product that was no longer available or miss out on possible sales of new products.

Field sales apps remove that headache. By syncing information between sales reps and the back office, manufacturers and distributors can seamlessly update any information regarding customers, prices, products and more, to close that communication gap. The following are specific examples as to how a field sales application can synchronize your teams.

01

Creating a fluid product catalog

As already mentioned, the admin of a field sales and order management system can add new products to their catalogs or remove products if necessary. The new version of the catalog will automatically sync with the field sales app used by reps in the field, so their version of the catalog is always up-to-date.

TECHNOLOGY

If a new product variant is available, admins can introduce these options to the digital catalog as well, and sales reps can immediately begin selling them to customers. In addition, if a brand chooses to modify product descriptions in the catalog, admins can execute the changes, which will instantly appear on the sales reps' mobile devices in the app.

02 Storing customer-specific pricing

Wholesalers can institute advanced pricing systems that adjust depending on the customer, so that reps always have the right pricing on hand in their field sales app. Through customer-specific price lists and discounting capabilities, sales teams never have to check with the back office for pricing again.

03 Informing sales reps of inventory availability

Beyond delivering a personal buying experience to customers, field sales applications also benefit sales reps by keeping them informed. For manufacturers and distributors with reps on the road, it is crucial for them to be conscious of current stock levels. A field sales application permits the admin to upload inventory data from an ERP or inventory management system, painting an accurate picture of what's in the warehouse.

04 Streamlining a scattered sales team

Field sales applications also enable admins to better manage their sales team's territory. By assigning customers to specific sales reps, they can coordinate what information is disseminated to certain reps. For example, if a new customer is added to the client-base, or if a customer has changed addresses, admins can remodel the customer network and the information will be sent only to the relevant sales rep. Each rep can see only their customers and the product lines relevant to them.

All in all, field sales applications are giving sales reps the product and customer information they need right at their fingertips, allowing them to transcend the traditional sales role and become trusted advisors to their customers. Instead of having reps and back office personnel dedicate valuable time to verifying a product's price or confirm inventory availability, these systems allow that information to flow freely, eliminating unnecessary back-and-forth communication. Because orders are entered into smartphones and tablets and synced automatically to the back office, growing businesses are also eliminating the costs associated with manual order entry and re-entry.

The adoption of field sales applications tells customers and competition alike that your brand is relevant and modern. By enabling faster order writing, reduced order processing costs, and faster fulfillment, it increases efficiency and helps growing businesses scale their sales operations.

TECHNOLOGY

B2B ECOMMERCE TECHNOLOGY

Think about how often you're seeing your customers--the number of times your sales reps are out in the field visiting each retail store. Now think about how often your retailers are placing orders.

It's likely that those timelines are pretty closely correlated. When your primary sales channel is field sales, your customers' ordering cadence is largely determined by the frequency with which reps go out to see them. You may give customers the ability to call in orders or send emails, but it's not the most efficient way for orders to come in, nor is it a great experience for your customers.

This kind of strategy creates natural lulls in the time when your reps are away from that customer, creating peaks and troughs of ordering activity that are dictated by your reps' schedules or events like trade shows.

But what if there was a way to stay constantly connected with customers so that they could place reorders on a more consistent basis? This is the power of B2B eCommerce technology.

During a typical meeting between a sales rep and a retailer, the result of that direct interaction may be a large order. But between sales call, the story is lost. That connection between the retailer and your brand/company goes dormant, and you may not get another reorder until your rep is able to return, resulting in empty shelf space or opportunities for competitors to move in.

B2B eCommerce technology changes all that. By giving retailers 24/7 access to place orders, what was previously considered "down time" becomes a time for reorders. Instead of waiting to place a call to your customer service team, retailers can go online any time of day and find what they need. Some brands, manufacturers, and distributors are even equipping their retailers with mobile eCommerce, so that a retailer can see an empty shelf and place an order on their phone while they're standing in a store aisle.

How Do B2B eCommerce Solutions Increase Order Frequency?

B2B eCommerce is fundamentally changing how retailers place orders. Brands using this technology are seeing higher reorder frequency and are winning business from competitors who may have less convenient ordering processes. Here's how:

01 | Making the ordering experience easier + more convenient.

Customers will place orders more often when making a B2B purchase is as simple as shopping online at any B2C eCommerce site.

02 | Allowing retailers to place orders on the go.

Timing is also critical. By giving customers the ability to place orders with a B2B eCommerce solution on a mobile device, they can place that order anywhere, any time--immediately upon seeing an empty shelf.

03 | Enabling better marketing.

With an online destination for customers to place orders, doors open for all kinds of online marketing strategies, like email campaigns to drive customer traffic to your B2B eCommerce site more often.

TECHNOLOGY

7 Powerful B2B eCommerce Features

As your business goes about vetting B2B eCommerce solutions and implementing your online ordering portal, a key question that will inevitably come up is, exactly what kinds of B2B eCommerce features should your portal have in place? After all, not all B2B eCommerce solutions are created equal.

Let's take a closer look at some of the key B2B eCommerce features your solution should offer you and your customers.

01 A customer-specific, personalized experience

Unlike B2C eCommerce, a B2B eCommerce portal should allow manufacturers and distributors to create a personalized experience at the customer level. Individual customer login access should ensure that you're providing the exact information you want to provide to each of your retailers, including customer-specific catalogs and pricing. With greater control over who accesses your online ordering portal, you can keep any exclusive information for each retailer confidential, while also providing the kind of tailored experience that your customers are looking for.

02 Seller review

Seller review is a great way to ensure that orders submitted by your customers online meet all of your requirements, including order minimums, ship date restrictions, etc. In a nutshell, when a customer submits an order, an admin or sales rep can go in and review that order before manually confirming it. This also gives reps a chance to reopen the conversation with customers, answer any questions they might have about a product, and upsell new products.

03 Real-time inventory updates

If you are working with a just-in-time inventory strategy, and you frequently have products that need to be backordered, including real-time inventory data on your B2B eCommerce portal can be a great way to reduce those backorders by allowing customers to see what's in stock and find alternatives if a certain product isn't available.

04 Promotional messaging and brand collateral

B2B eCommerce can unlock many new opportunities when it comes to B2B marketing. While in the past, it may have been difficult to keep your brand front-of-mind among your customers, including promotional messaging on your B2B eCommerce portal can keep them engaged year-round. Your B2B eCommerce solution should have customizable messaging blocks that allow you to call attention to any relevant promotions. You should also be able to provide easy access to key brand collateral, from PDFs of your catalog to product training videos and merchandising guidelines.

TECHNOLOGY

05

Order history and one-click reordering

Giving your customers full visibility into their order history is key, especially when it comes to placing reorders. By giving them the ability to simply pull up a past order, duplicate it, and place it as a reorder, you'll be making it incredibly easy for them to do business with your brand and place orders more often. This is especially important for manufacturers and distributors in industries that must accommodate frequent reordering.

06

Custom branding

Your B2B eCommerce solution should allow you to customize the look and feel of the portal according to your brand's own design elements. You should be able to easily customize your logo, colors, backgrounds, and other imagery throughout the experience to ensure that even though you've implemented a ready-out-of-the-box B2B eCommerce solution, it stays consistent with your brand's aesthetic.

07

Intuitive user experience

This seems like a relatively obvious point to bring up, and it isn't exactly a "feature" per se, but its importance cannot be overstated. Providing an intuitive experience that mirrors familiar B2C eCommerce experiences is key to the success of your B2B portal. You must make it incredibly easy for customers to independently login, browse the catalog, educate themselves about your products, add products to an order, and check out with their payment and shipping details already in the system.

08

Native mobile ordering

Native mobile commerce apps are the next frontier for companies who've prioritized B2B eCommerce. As buyers grow accustomed to making B2B purchases online and increasingly make a habit of shopping on their mobile devices in their consumer lives, having a strong mobile commerce app—one that not only allows customers to place orders whenever they like, but also allows brands to build a direct line of communication to their buyers—is going to be a key differentiator.

TECHNOLOGY

ENTERPRISE RESOURCE PLANNING SOFTWARE

For growing wholesale distribution businesses, finding the right enterprise resource planning (ERP) system can be an arduous process. ERP vendors offer businesses a software platform to manage a wide variety of business functions, including warehousing, invoicing, payroll, and more, and on a field of varied, customizable options, choosing the right one for your business is no easy task. It doesn't help that major vendors like Oracle, SAP, Sage, NetSuite, and others each offer a wide variety of ERP solutions to pick from.

Making the right decision the first time is critical, however. ERPs often require a large initial investment, and you don't want to lock yourself into a solution that doesn't quite fit your needs or can't be scaled later on if your needs change. Growing wholesale distributors should consider the following questions when selecting an ERP.

01

What are the upfront and ongoing costs of the solution?

Not only must you think about the initial investment in the solution and the cost of implementation, ERP vendors also generate more sales and revenue by charging annual maintenance fees. After the first year of purchase, you will most likely expect to pay anywhere from 10% to 25% of the cost of the initial license, sometimes for services you don't even need. Be sure you're getting a clear understanding of the Total Cost of Ownership (TCO), which can include licensing fees, consulting fees, cost of integration with other systems, etc.

02

What type of support can you expect?

Consider the terms of service the ERP vendor provides when you have to submit an issue. Many ERP providers use a help desk support system. A good ERP vendor's support staff should be experienced to handle any issues that come in, have the ability to walk someone through an issue over the phone, and always be available during business hours.

03

What modules are included?

Be sure to understand exactly what tools you need, and what the ERP vendor offers—for instance, do their Financial Management modules include accounting, budgeting, cash flow management, and banking tools? Does the solution meet your needs for warehouse and inventory tracking?

04

Are you looking for a cloud or on-premise solution?

When searching for the best ERP solution for your wholesale distribution business, you should also consider if a cloud or on-premise solution is right for you. There are several factors to consider with each type and they each have their own pros and cons.

TECHNOLOGY

On-premise solutions require a large up-front investment in both the software license and the infrastructure required to host it. You'll also need an in-house IT staff to maintain the system. Cloud-based ERP solutions involve a lower up-front investment, as the software is hosted by the vendor and paid for in a subscription model. Maintenance and upgrades are also performed by the vendor.

It's possible to customize your on-premise software solution, but those customizations may make upgrades difficult. Cloud-based ERP solutions, on the other hand, are updated in the background so you don't have to worry about having to reconfigure your system.

In summary, your wholesale distribution business can benefit greatly with the right ERP solution. If you are currently using SMB accounting software like Xero or Quickbooks, an ERP can give you more control and visibility over your operations and transactions.



OPERATIONS

OPERATIONS

OPERATIONS

OPERATIONS

OPERATIONS

MANAGING INVENTORY

Though it may seem obvious that effective inventory management techniques are vital to a growing wholesale distribution business, many companies large and small still struggle with the process of preventing stock-outs and overages, achieving maximum throughput, and keeping costs down.

Indeed, according to a survey conducted by the Aberdeen Research Group, 56% of supply chain professionals participating reported that improving inventory management was a top priority. The process of determining which items to stock, how many to keep in each warehouse, and when to order more from suppliers involves several functions, including physical inventories and effective inventory planning and optimization.

There's no one-size-fits-all approach, and therein lies the challenge. There are, however, common inventory management techniques to build from.

Inventory Counting

Whether it's as simple as doing periodic inventory counts in a small warehouse or as complex as digitally tracking the real-time receiving, stocking, and moving of inventory, conducting physical inventory counts is a crucial component of any inventory management workflow.

01

Perpetual inventory counts

Common among larger companies, perpetual inventory counting is exactly what it sounds like. Inventory numbers are constantly tracked as products come in and are shipped out every day.

02

Cycle counting

Cycle counting is often used in conjunction with perpetual systems to maintain inventory accuracy. It involves specifying a subset of inventory to physically count each day and reconciling the results against existing records. Any discrepancies can be further investigated, new procedures can be put in place if needed, and the system can be updated with numbers from the physical count.

03

Annual physical inventory counts

Companies may also choose to conduct an annual physical inventory in order to validate existing numbers. These full physical inventories are much more disruptive than cycle counts, as they involve shutting down daily operations while all items are being counted.

OPERATIONS

Planning & Optimization

In addition to regular counts, there are also techniques that involve planning and optimization procedures that coordinate with fluctuations in demand. Rather than just gaining an accurate understanding of how much stock is in the warehouse, these procedures are about leveraging that data to make sure the right products (in the right quantities) are in that warehouse to avoid stock-outs and overages.

01

Maintaining minimum stock levels

One of the most basic forms of control, this process involves ordering new stock when existing inventory has reached a predetermined minimum level. This works well for smaller businesses. Say, for instance, a boutique brand selling candles sets a minimum stock level of 50 case packs for their lavender candles, and those particular candles sell at an average rate of 125 case packs every five days. If at the end of day three, inventory reaches 50 case packs, the warehouse would get new stock.

02

Keeping safety stock

Keeping safety stock is another basic method of inventory control, which involves carrying an additional amount of inventory over normal levels to protect against uncertainties in consumer demand, supplier delivery, or product availability. The downsides to this method are the carrying costs associated with excess inventory, as well as the risk of being unable to sell it through. It can actually do more harm than good for smaller businesses.

03

“Just In Time” (JIT)

The “Just In Time” method of inventory management involves delivering items “just in time” for production and/or shipment to the buyer. The item may be ordered some days in advance, depending on the lead time specified by the supplier. This method, while common, is extremely dependent upon a supplier’s ability to make good on their promises. It’s important to consider the distance between the supplier’s manufacturing facility and the warehouse, and the potential risks of delivery delays.

04

Accurate response

The accurate response method involves more intense demand forecasting—using data analytics to make more accurate predictions of how much stock you’ll need at a particular point in time. Certain products can also be classified as more volatile in terms of demand, and can thus be managed separately. It’s important to remember with all of these techniques that effective inventory control can involve multiple methods in use at the same time.

OPERATIONS

SHIPPING & FULFILLMENT

The order fulfillment process refers to all the steps companies must take from the moment they receive an order until the items land in customers' hands. For many wholesale distribution companies, an order fulfillment process might look like this:

- 01 | Order is received, either in person, on the phone, via email, etc.
- 02 | Order must be entered into back office systems (like an ERP or accounting platform)
- 03 | Customer is notified that the order has been received.
- 04 | Order is sent to the warehouse. A paper order might be taken to the warehouse as part of a batch, or it is sent directly from an invoicing or sales order management application.
- 05 | Order is picked: a worker goes into the warehouse, finds the items in the order, and picks them off the shelf.
- 06 | Order is packed to prepare for shipping.
- 07 | Order is shipped.
- 08 | Customer is notified that the order is on its way.
- 09 | Order arrives.

Businesses face several challenges throughout this order fulfillment process. These include challenges related to demand planning, inventory management, supply chain optimization, logistics planning, and several other complex concerns.

Let's break the problem down into its different parts:

01 Demand planning

Demand planning involves knowing in advance what demand for a product will be, as well as demand shaping, or a company's efforts to try to generate demand, like marketing and promotions.

02 Inventory management

Order fulfillment is all about meeting customer expectations, and it's hard to do that if you are out of stock on the items customers want. Knowing what's in stock and being able to provide visibility on stock levels as the order is placed prevents customers from being disappointed with backorders and delays.

03 Supply chain execution

When items are low or out of stock, how quickly can you get them back in stock? How quickly can your manufacturers produce more product? From there, how long will it take to get to your warehouses? These are supply chain execution questions that can also impact order fulfillment.

OPERATIONS

02

Integrate systems for more visibility into all aspects of order fulfillment.

In order to quickly fulfill an order, you need visibility into several areas--demand forecasting, sales, inventory, and logistics just to name a few. At a minimum, this requires some level of integration between the sales order management system where the order is placed, and the ERP system that maintains financial data, as well as the inventory and logistics systems that handle the processes for picking, packing and shipping.

03

Automate processes.

After your systems are able to provide more visibility into all aspects of the process, you should also look at how the processes themselves can be sped up. Automation doesn't necessarily mean investing in robotics or conveyors, it can be as simple as investing in scanners to more easily enter inventory into the system as it arrives in your warehouse, or scanning it out as it leaves.

It can also mean automating the order writing and submission process, with mobile order writing and field sales applications to sync orders to the back office for processing without the extra step of having the manually enter that order into the system. For smaller businesses, the investment doesn't have to be huge. There are Software-as-a-Service applications that can be downloaded to a smartphone or tablet to automate these processes inexpensively.

Each of these methods has a dual benefit. Reclassifying inventory from fastest moving to slowest will not only help save time in the order fulfillment process, it will also save money in terms of labor costs in the warehouse. Systems integration will help to improve the order fulfillment process but also provide better reporting and analytics that can aid decision-making and profitability. And automating processes speeds order fulfillment but also provides more accurate data for future orders.



ABOUT HANDSHAKE

Handshake provides the B2B Commerce platform for manufacturers and distributors that powers standout ordering experiences both in-person and on-line. Companies using Handshake transform their sales effectiveness and drive operational efficiency, delighting customers and growing lasting relationships.

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