

# The Changing Sales Dynamic

How the role of sales has increased in complexity for distributors and suppliers

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It is fascinating to see how much “sales” as a profession has changed and evolved in just the last 5 years. Not to mention, the impact of advances in technology, ever-changing customer expectations, and the economy – all colliding at once. Growth Dynamics sees every type of sales organization in today’s industry – whether a supplier, distributor, integrator, or service company. There is no question – the role of sales has grown in complexity and importance.

By now, hopefully, you have all seen MHEDA’s 2020 Material Handling Business Trends defining the complexities of the material handling marketplace that are impacting businesses today.

**The overall issue is this:** Advances in technology, increased customer expectations and price pressures are changing the complexity of sales at the distributor and supplier level.

**The question is,** “How will you arm your sales team with the tools and resources to adapt to these changes and win?”

**Why the Change in Sales?** Simply put, your customers have realized they must modify their businesses to be competitive and profitable. This has changed how they do business and what they expect... changing how you must sell.

**MHEDA trend #4:** “Buying preferences continue to change. (Factory direct sales, third party providers, competitive dealer selling processes, online sales, advances in technology and customer demands for single source purchasing.)

Members must be forward thinking as to **how their organization will evolve and provide service/value to the end user.**”

## What Has Changed for Distributors and Suppliers?

The functions of distributors and suppliers have evolved sharply since the economic downturn. In fact, many of those that survived this economically challenging time came out of the other end leaner, more profitable, and more strategically focused in order to differentiate themselves in the marketplace.

Leading suppliers are looking carefully at the FIT and performance of their sales team, as well as the FIT and capability of their distributors. They are re-aligning their go-to-market strategies to optimize their distribution channel and are restructuring their sales force to meet customers changing needs and expectations.

And leading distributors are looking carefully at the number of suppliers they support and how their products, services, and sales organizations are supporting their success. They are making strategic decisions to focus on the best suppliers that align with their business goals. They asked themselves, “How do our product lines support our target customers, can our sales team sell these products, and does it add to our profitability? Or, are we just carrying a product line because we always have?” Hard questions leading to hard decisions.

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As both suppliers and distributors focus on the growth of their businesses, they are making sound, strategic decisions to grow in the “new” economy, enhance their ability to meet customer requirements, and create differentiation through the value proposition they bring to customers.

### **The Industry Today – Suppliers, Distributors, and the Customer**

Advancements in technology and manufacturing processes have heightened customers’ needs for solutions that fit their specific requirements, making the role of the sales professional (both distributor and supplier) more difficult. As customers have become more sophisticated, knowledgeable and demanding, sales professionals must be better at discerning the buying process and the value proposition the customer seeks.

### **Suppliers & Distributors – A Partnership**

For success in developing new business and growing customer accounts, many top performing distributors and suppliers are joining forces so both can win in the marketplace. A distributor may agree to carry a supplier’s line as a Tier 1 offering, committing to specific revenue or sales growth. A supplier may agree to support the distributor as a primary regional partner and not provide product access to competitive distributors in their area. They partner together to develop sales plans that complement and optimize the efforts of both sales teams to support customer expectations and

requirements to achieve their mutual business goals.

Company leadership of both organizations is directing this shift in partnership agreements to create a more effective, accountable and partnered sales approach, driving the sales teams to work together to achieve mutual success at the customer level. This type of partnership often establishes transparency in the sales process and increases the effectiveness of partnered selling. Successful sales teams can now count on each other to develop or target new business and work together to secure new accounts.

Suppliers and distributors that work together to build trusted partnerships to sell, develop and retain customers that are aligned with their business offerings experience greater success in assuring customer needs and expectations are met...AND new business is generated...creating a win-win for both organizations.

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Let’s take a look at the role of sales at a supplier and a distributor. While many times the role of a “sales guy” is generalized, the fact is, the role of a *sales professional* is very different in a supplier organization versus a distributor organization.

### **The Role of Sales at the Supplier**

Generally, sales professionals with supplier organizations manage

multi-state territories consisting of end user customers and distributor channel partners. The role is two-fold, requiring the ability, knowledge and expertise to engage and develop business with end user decision makers such as engineers, plant or production managers, as well as the ability to develop strong relationships with distributor leadership and sales teams as a solution-oriented resource. The supplier sales professional must be a product expert, solve problems, support distributors, and develop new business... all the while retaining and supporting existing customer accounts. A more dynamic, complex role than 5 years ago and one many companies are struggling to hire for today.

### **The Role of Sales at the Distributor**

Sales professionals with distributor organizations manage a local or regional territory to service, support, and grow existing customer accounts and develop new business. The role requires knowledge of a diverse range of supplier products, solutions, and applications. While some distributors focus on moving products, others seek to be a solution provider to meet customer needs and specifications. As product lines become more complex, the sale becomes more difficult. The distributor sales professional must be knowledgeable within multiple product lines and SKU’s, and be able to effectively engage and utilize supplier resources. Also, a more dynamic, complex role than 5 years ago and one many companies are struggling to hire for today.

*story continued on page 55*

## Distributor Sales Professional vs Supplier Sales Professional

This table summarizes major differences.

### Supplier Sales Role

Role Attributes	Supplier Sales Role	Distributor Sales Role
<b>Product Focus</b>	Defined Products / Quality Oriented	Multiple SKU's or Lines / Price Oriented
<b>Value Proposition</b>	Solutions / Technical Expertise	Product Diversity & Selection
<b>Customer Target</b>	Engineering / Plant Management / Distributor Leadership	Production / Plant Management / Purchasing
<b>Territory</b>	Multi-State	Local / Regional
<b>Compensation</b>	Salary & Incentive	Performance-based / Commission
<b>Leadership Focus</b>	Industry Growth / Market Share	Revenue / Profits
<b>Sales Complexity</b>	High	High

### Distributor Sales Role

<b>Product Focus:</b> Multiple SKU's or lines / Price Oriented
<b>Value Proposition:</b> Product Diversity & Selection
<b>Customer Target:</b> Production / Plant Management / Purchasing
<b>Territory:</b> Local / Regional
<b>Compensation:</b> Performance Based / Commission
<b>Leadership Focus:</b> Revenue / Profits

The reality is, the role of sales is unique to each organization, requiring differing levels of experience, skills, attributes, and focus for success. Once these role metrics are defined, you can then develop a targeted recruitment and selection process to effectively attract and select the “right” sales professionals for the role of sales at your company.

#### Leadership Solutions to Optimize Sales

In today's challenging, competitive marketplace, it is imperative for suppliers and distributors to work together to develop and support mutual plans to grow sales as a “partner,” requiring the supplier to do their part to support the distributor and vice versa to drive success. Sales professionals in both organizations must work to understand each

other's selling approaches to effectively meet customer demands, specifications, and requirements. Collaborating on how each can contribute and support the sales process deepens the supplier / distributor relationship and creates a trusted, true partnership.

#### Growth Dynamics – 2019 Distributor / Supplier Study

Additionally, Growth Dynamics' research validates that company leadership in successful supplier and distributor organizations are gathering business intelligence through the “voice” of their customers to accurately assess their needs, understand their expectations, and learn what they want in the future. Armed with this information, leadership can then realign or “transform” how the sales team sells to advance their

partnered efforts to develop and retain customers.

#### Future Success

The future can be summarized in one specific term: **COMPLEXITY**.

As aptly defined in the MHEDA business trends, with the ongoing advancements in technology and customers continuing to seek the best possible solution, price and availability... the role of sales will continue to evolve in complexity for distributors and suppliers. As both organizations look to the future, the ones that work together to provide the best possible solution, service, and value that supports the customer will win!

If you have any questions please contact Cathy Kern at Ckern@gdicorp.com or our Support Team at Support@gdicorp.com or 877-434-2677. 