

What to Look for in a Strategic Partner

By: Robert Robinson, Sr.

It's a scary environment for distributors today. The Jan-San industry continues its march towards widespread consolidation; competition is growing and turning even more cutthroat; and commodity pricing is squeezing margins way beyond a reasonable person's threshold of pain. Add to the mix one of the worst economic slowdowns in at least a decade, and you've got a recipe for disaster, or at least, depression.

However, even in this environment, there are a handful of forward-thinking, aggressive distributors that are actually thriving. In fact, they're using this period to grab customers and steal market share. They realize that, beyond death and taxes, one thing you can count on is that people will always buy cleaning equipment and supplies. The only real question is from *whom*.

With this in mind, intelligent distributors have been using this time to develop and execute sound sales and business strategies. Most of them will tell you that a key component of their strategy is partnering with the right suppliers. That's because aligning with the right business partners can keep you on the cutting edge, giving you the clear advantage over your competitors.

What should you look for when evaluating suppliers? When examining the characteristics of a genuine strategic partner, four main categories to consider are: the products and services they offer, the business relationship and terms, the added value they can offer your customers, and their overall commitment to the Jan-San industry, their business, and your partnership.

Products

As a distributor, perhaps primary consideration should be given to the products and services they offer. It's important that your partners offer products that solve the real problems of your customers. For example, can they help you solve the filthy restroom problem for your largest school district customer, or the mold problem in their locker room? Or can they help you eliminate once

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and for all the bubbles and streaks that plague your customers when they're finishing floors? Choosing a partner who understands your customers' problems better than they do and then delivers high quality solutions to those problems will make you a hero within the account.

Unfortunately, too many manufacturers today have become far removed from your customers and their real needs. They wait for innovations to take hold in the market, and then they simply try to copy them, cutting corners and quality along the way. One of the secrets of winning distributors is that they look for products that are truly innovative, not simply commodities or me-too imitations. "We look for innovations that solve old problems in new ways; that engineer the problems away. For example, one of our partners is rolling out a new flawless waxing system that we think revolutionizes floor care. He could have released something earlier, but he wasn't going to be satisfied until he had something that made the problem go away for good," said David Erzen from Erzen Associates, a distributor in Pittsburgh, PA.

The reasons winners key on innovation are simple, but often overlooked. First, true innovations open doors. Distributor sales reps (DSRs) can be easily discouraged, especially when doors are slammed in their faces as they push their me-too wares. By focusing on innovative products, your reps will face less rejection and ultimately win more sales. Second, innovative products arm you to attack competitors. They can help you penetrate competitive accounts by offering new capabilities that aren't available elsewhere. "We've increased our equipment sales by more than 40 percent since we introduced our market to no-touch cleaning equipment for restrooms. This has done wonders for the confidence and credibility of even our newest DSRs," said Paul South, Sales Manager, for Valley Janitor Supply, a distributor in Hamilton, OH.

But perhaps the most compelling reason of all for searching out innovation is the fact that new products can command higher margins.

Especially in times of economic downturn, the best thing you can do is know your customer — understand their problems better than they do and then deliver



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innovative and efficient solutions to their problems. Even in a recession, customers will invest in solutions that help them reduce labor and save money. Choose partners with innovative products that let you get close to the customer and you'll never lose them.

Also, choose a partner with a balanced portfolio of products. An effective product mix will include offerings that enable new account penetration as well as those that facilitate ongoing account control. Therefore, they must address a range of key problems and then promote recurring revenue through repeat business from consumables. In addition, a well-balanced product portfolio can also offer an opportunity to simplify. For example, right now it's not unusual for distributors to manage thousands of items in their warehouse. Being able to meet your customers' needs with fewer overall products not only reduces your costs considerably but also shortens a new DSR's learning curve.

Business Relationship and Terms

Just like you need to know your customers and the issues they're dealing with, an effective business partner needs to understand what it's like to be a distributor, including what you need to make a profit.

The first obvious consideration is that they offer attractive business terms. Believe it or not, there are suppliers out there that do recognize you're in business to make money too. Take the time to find such "win-win" partners that aren't out to squeeze your margins, or your rep's commissions. Incidentally, this becomes very difficult for a supplier that only offers commodity or me-too products.

Another indicator of a true business partner is whether or not they're concerned with channel protection. Have they put policies in place to keep their other distributors from stealing your deals? Do they have policies and procedures for managing this channel conflict when it happens? Do they enforce them? According to Erzen, "We've been able to successfully penetrate the school market because of the Don't Steal a Deal policy by Kaivac. It assures us that someone else isn't going to reap the rewards of our pioneering efforts."

Value-added Information and Resources

Beyond looking for quality products and attractive business terms, leading distributors seek out partners that invest in information and resources to help them succeed.

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They look for partners that promote open communications, not only face-to-face but also through newsletters, videos, web site, and more. In addition, they search for quality training information, not only for distributorship personnel but also for end users. They realize that even the best products, used improperly, can ultimately result in a dissatisfied customer.

A growing complaint among distributorship technicians is the lack of quality technical information available on the products they support. Accordingly, a partner that provides good technical resources can save you a tremendous amount of time and frustration as well as enable you to respond more quickly to your customers.

Additionally, some insightful suppliers have figured out that investing in programs and materials to equip your business for sales success will ultimately increase their own business. They have developed business strategies for winning, keeping and growing customers using their products and services and are willing to share them with you.

"One of our partners showed us how we could improve penetration and profitability by focusing on restrooms and floor care using their no touch cleaning equipment and chemicals. The approach has been so successful that it has become a cornerstone business strategy for us," said Tom Chambers, Business Manager for Valley Janitor Supply.

Plus, in order to get DSRs up to speed on their products more quickly, smart suppliers will provide a variety of selling resources, including sales training, effective sales strategies, demo tips, presentations, literature, and more.

Commitment

The final measure of a strategic business partner is commitment. The right candidate is committed to the Jan-San industry. They see this industry as one of enormous potential and are dedicated to moving it forward, and it's apparent in their long-term thinking. They are also committed to their own business. To them, it's not just about making money, but solving problems; and they're willing to invest in whatever it takes to reach that end. Most important, they'll be committed to your partnership and your success.



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Separating the true strategic partners from the existing pool of suppliers and manufacturers isn't easy. But the payback is well worth the effort. The right partner can go a long way in differentiating you from competition that is only interested in making a sale. If you're looking for a good place to start, there's no better one than talking with their own customers and distributors.

About the Author

Bob Robinson, Sr. is the founder and president of Kaivac, Inc., a manufacturer of industrial cleaning equipment and chemicals based in Hamilton, Ohio.

Internationally recognized for delivering innovation and quality, Kaivac, Inc. is the originator of No-Touch Cleaning. According to Robinson, "Kaivac does for the janitor what the bulldozer does for the ditch digger - moves more dirt, in less time, with pride."