

GROWTH STRATEGIES

— FROM —
THE GENDREAU GROUP

Want Healthier Revenues? Then Rethink Your Distribution Strategy

Implementing a more strategic approach to distribution may be your best way to rapidly increase sales and market reach. But how to do that?

Start by looking at your current distribution strategy and then considering new options. Many companies, especially those that have traditionally always sold direct, are not very good at thinking about or executing indirect strategies. If you're not sure how to identify and vet the options open to you, it may be time to seek out help.

In geometry, the shortest distance between two points is a straight line. But in business, the shortest distance between you and revenues may be anything but a straight line. It all depends on how your customers buy, what motivates them, and what motivates all those who influence how your customers buy. These can include distributors, wholesalers, VARs, OEMs, agents, brokers, retailers, competitors, and anyone else with whom your customers have relationships.

As a revenue strategist, I've worked with the senior leadership of more than 200 companies, many of which have faced significant distribution challenges. The two most common problems I've seen – and seen all too frequently – include: companies that rely on a direct sale model when indirect sales strategies could be far more effective and efficient, and companies that create a slew of "partnerships" and third-party relationships that fail to produce expected revenues or business results.

Here's a partial list of techniques my firm uses, and recommendations I make when working with clients to craft new or improved distribution strategies:

1. **Start with outcomes in mind, but *not yours*** – at least not initially. Instead, begin by considering the outcomes that prospective customers or buyers need to achieve. Then think about the outcomes that major stakeholders that sit between you and your prospects need to achieve.
2. **Look for trusted selling relationships** – relationships that others have with customers or buyers you want to reach. By understanding those existing relationships, you can gain vital insights about possible distribution strategies.
3. **Ask: Who can sell more of what they have to offer if your products are in their mix?** This is perhaps the most important question you should ask when considering distribution relationships. The more valuable your offerings are to those who distribute them, the more likely it is that you'll be able to create productive and sustainable revenue streams.

GROWTH STRATEGIES

— FROM —
THE GENDREAU GROUP

4. **Look for non-obvious sources of distribution.** If a particular distribution strategy is obvious to everyone, it may not be the best strategy for you. In business, companies win by being different in ways that customers value. This is true with products and with distribution strategies, as well.
5. **Whenever possible, turn competitors into customers.** This is a great technique for gaining insights about your possible distribution strategies. Even though this might not make sense for some or even all of your major competitors, we recommend that you think about how this might be possible.
6. **Recognize the value of research and fresh insights.** Reliance on past experience alone, no matter how deep, can be fatal. That's especially true during periods of rapid change – *like the period we're in today*. Far too many business decisions about strategy are based on opinion and "gut" that isn't backed up by sufficient and current facts and data. Therefore, do your homework. **Don't just think you know; know you know.** Then leverage your fact-based insights to make the smartest possible decisions – first about the outcomes you can help your customers and partners achieve, and then about the strategies you and your team will use to make this happen.

If you have anything you'd like to add, I'd love to hear from you. Contact me at tgendreau@gendreaugroup.com

About the Author: Timothy Gendreau, founder and principal of The Gendreau Group (www.gendreaugroup.com), is an expert in growth and revenue strategy development. He has a proven ability to create strategies that produce real revenues and enhance valuations by identifying high-value, non-obvious distribution strategies. In short, he can cut through "the noise" to get to what matters.