

# **Part 1 - Profile**

## **Developing a Successful Relationship with Distributors:**

**How to attain high performing  
distributors for your business**

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### Part 1: Profile

Over the past ten years I have worked with many Australian small businesses involved in high-tech industries, ranging from medical devices, biotechnologies, clean technologies, ICT to electronics and advance manufacturing. What always struck me during this period was the challenge for small businesses to generate high levels of sales from their distributors – and, particularly in our own case, European distributors. The process would often require a lot of investment in the overseas market to initially get the distributor on-board. Then, once they were on-board, sales were frequently disappointing.

So I decide that it was the time to stop the debacle and developed a simple solution to this ongoing problem. In this white paper I will outline a straightforward process that will ensure that your distributors work for you which, in turn, will ensure you achieve successful sales results. In this section, I will focus on the first step in this process – profiling your ideal distributor.

Small businesses that are already working with channel partners in the ICT sector would be very familiar with this process. In other industries, business owners need to review their current distributors and identify the ones that have worked well for them previously and why. This exercise will maximise a business owner's chances of recruiting successful distributors. These distributors may be based in Australia or overseas; it does not matter which, particularly if you don't currently have a distributor.

Let's get started by identifying three simple characteristics that define the profile of your ideal distributor or channel partner.

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### Characteristic 1: What Type of Distributor is Right for You?

This is an important point for you to determine in the initial stages of recruiting a distributor to your business. There are different types of distributors - some will be better suited to your business than others. Some distributors are very orientated to *catalogue selling*. They usually sell a very broad range of products which means it can be hard to attract their attention. On the other hand, the advantage of working with this type of distributor is that they may have a very good footprint in the market.

If your product or solution is more technical (as is the case for many of our clients) you will need a more *solution selling* type of distribution partner. In this scenario, the sales representatives are more focused on selling a solution that solves a problem rather than a commodity sale.

The next step is to ascertain the profile of sales representatives that are best suited to selling your product.

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### Characteristic 2: Which Clients and End-users should your Distributor Focus on?

At this point you need to list the target clients you are focusing on for current and future sales. Who will be the final end-users of your product? By constructing an idea in your mind of your ideal distributor's profile you can easily check if a particular distributor is right for you. If a distributor doesn't currently sell to your target markets or industries don't waste time with them. A critical factor for success is to show them where the low-hanging fruits are for your business. Make it easy for them to be successful and sell quickly for you. In this way, defining this target market is a key criteria to your overall success.

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#### Characteristic 3: Identifying Complementary and Competitive Products

If you consider your business' product or solution you may be already aware that there is an associated eco-system of complementary products that can be sold in combination with your product or that require the same skillset to sell. For example, one of our clients sells respiratory protection equipment so we usually try to source distributors that also sell foot protection for them. Then, depending on the brand they sell, you can quickly determine what price range they are positioning their business. Do they sell cheap commodity products? Or are they able to sell highend, innovative, premium-priced products?

Another good method is to see if it would be beneficial for you to sell your products via a distributor that already sells products or solution that your competitors sell. From a distributor's perspective, this approach may offer a good alternative if they are attempting to broaden their range. Likewise, your product or service may provide a good competitive differentiator which may allow you to get some market share. Alternatively, you may elect to take the opposite tactic and choose not to work with a distributor who is selling a competitive product. However, it's an interesting avenue for you to explore and see if you could benefit from a distributor salesforce that is already used to selling your type of product. It is important to remember that they know the clients and they already have a well-developed sales skillset in your industry.

These three characteristics are a good starting point for you to profile your ideal distributor. For more details on your ideal distributor profile, you may want to download our online tool from our website.

Alternatively, you can check out Chapter 19 of *Ready, Tech, Go: The Definitive Guide to Exporting Australian Technology to Europe* by Christelle Damiens.

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