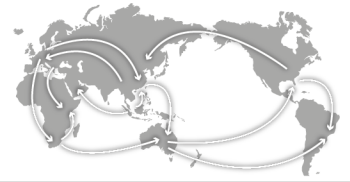


10 steps to find the right agent or distributor

With a structure how to make your one-page proposition



10 steps to find the right agent or distributor

Finding the right agent or distributor is always difficult, especially in a country that you do not know that well. It should be a proper partnership where both sides can offer something valuable to each other. For the agent or distributor this is his access to the market. You should be able to offer the potential for more revenue.

This means that even before starting your search you should prepare.

Step 1	Decide what you have to offer
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What can your company offer to a potential agent or distributor? Why should he take the risk of investing time in your offering and introducing you to his business relationships? What is it that your company has to offer to him?

- a. Products or services that are not commonly available
- b. Exclusive access to knowledge
- c. Appeal to a specific customer group
- d. A strong brand to leverage upon (e.g. in a franchise)
- e. Support and company infrastructure

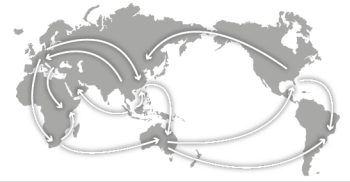
It is wise to have proof at hand: presentations, patents, customer testimonials, databases etc.

Step 2	Decide how you want to offer it
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What is there to earn for your agent or distributor?

- a. On a case-by-case negotiation basis
- b. On basis of a price list: your distributor can put his margin on it
- c. For a percentage of the turnover, mostly the case with an agency agreement
- d. For a one-of fee, e.g. for helping him set up an outlet
- e. For a monthly fee, e.g. in case of a franchise, or for providing sales support
- f. For a combination of the above

This is most likely one of the first questions your potential partner will ask.



Step 3

Determine the support

Decide how you are going to support your partners operationally. How much time will you spend on them? How much will you travel and how much do they have to travel?

Also decide on joint promotion activities. How much will you sponsor the distributor's marketing efforts? Part of those efforts may support your international brand.

Step 4

Prepare your documentation

You can only make a first impression once. So it is important to document clearly what you have to offer and what you would expect from your partner.

As an appendix to this step plan you will find an outline for a Partner Profile Document. By filling this out you have pretty much answered the most important questions any agent or distributor would ask. The clearer you are in your statements, the less meetings you may have, but the meetings that you will have will be more focused and have a better chance on a positive outcome.

Step 5

Start your partner search

You can either do this yourself or outsource this to a consultant who knows the country, speaks the language and has a network. Make sure that for every location where you want to become active you have a selection of 3 to 5 candidates.

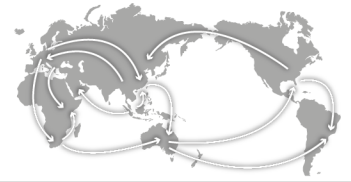
This step also is the test whether you have a complete enough and attractive package to offer to your potential partners. In case hardly any companies are interested in becoming your agent or distributor, you should revise your package.

Step 6

Select

Ask your potential partners what they think of your offering and how they would approach the market. What are their expectations in terms of turnover and what is their experience with similar products? How extensive is their network?

Apart from the strategic fit and their sales power you should also take the cultural fit in mind. Will it be easy to collaborate with this company? If there are troubles, will you solve them together?



Step 7	Make a joint market plan
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Your selected partner should know best how you should approach the local market. On the other hand you know your product or service and what could be the benefits. You already should have the right marketing materials and you have an international brand that needs consistency across all countries. That gives limitations.

Check with your partner what kind of turnover he expects for the first few years. And ask him what he would need from you to double this turnover. This way you will get to an optimum in terms of revenue and investments.

Step 8	Negotiate and conclude a contract
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First make sure whether you are talking about a distribution agreement or an agency agreement. In a distribution agreement the distributor will buy the products or services from the supplier and sell them to the end-user. In case of an agency agreement the transaction will be between the supplier and the end-user. The agent will mediate, even act on behalf of the supplier, but only get a sales fee from the supplier when the deal is done.

Determine also the other conditions: exclusivity per country/region/customer segment, termination stipulations and minimum performance. Alliance experts has checklists for these types of contracts that will ensure that your negotiations will cover all necessary points and will give clear guidance to a (local) lawyer.

Step 9	Train and implement
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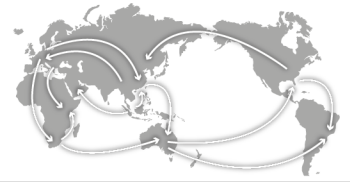
Arrange your internal communications and training. The time that the agent or distributor spends on learning about your product or service is his investment in the relationship. Make sure his time used efficiently by documenting your product, providing local training and accompanying his sales people to sales visits.

In case of a distributor, make sure that you have a clear delivery process. In case of an agent, ensure a good payment process, both for the client, to pay you, and for the agent to receive his commission. Make it easy to sell your offering.

Step 10	Develop performance measures
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How do you measure whether the joint expectations that you have set will come through. Do you have in insight in the sales funnel of your local partners? And can you compare them to each other?

Make clear to your agents or distributors what you want to know and how you are going to judge them on their performance.



Appendix: Partner profile document

1. Company profile

<Name, base, number of employees, volumes, markets served, key customers etc.>

2. What distinguishes this company in its market?

<Patents, production techniques, scale, customer approach, brand etc.>

3. Ambitions for the next three years

<New products, customer groups or markets, other ambitions>

4. Characteristics of the desired partner

<Location, markets served, portfolio, distribution channels, size etc.>

5. Benefits for the partner

<Why to work with this company instead of a competitor? Expected revenue, other benefits>

6. Proposed split of revenue and costs

<What investments and risks are involved, margin potential, share split if applicable>