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Perfect "No Nonsense" Distribution – In the Eyes of a Rep

Has the accelerated growth of today's catalog distributor given reps and factory direct salespeople a reason to pause and rethink the question, "Just what is the most effective distribution channel in our ever changing and evolving electronics industry?" Is my thesis about the Distribution Paradigm Shift really true? Is the best D.A.M.N. (Digi-Key, Allied, Mouser & Newark) distribution team really the best channel for suppliers, especially if they are passive, electromechanical or interconnect guys? Is the downsizing of one of the largest distributors IPE group proof of this pudding? Read on and you'll find out.

Catalog distributors have long been a staple in the electronics industry supply chain. The D.A.M.N. team no longer specializes in small orders for parts used for prototyping new product designs, small production runs, or for MRO. These distributors have established themselves as providers of larger volumes as well. Stay tuned as the battle for market share continues as every type of distributor tries to optimize their potential.

Here are a few things to ponder: Why is the D.A.M.N. team growing at a faster rate than the Tier 1 Globals and Nationals? Why are their margins so much higher? Why are they getting superior ratings for virtually every aspect of service?

One possible answer is that they practice plain and simple "NO NONSENSE" distribution. What does that mean? Below are a few answers as submitted by various manufacturers/suppliers and their reps:

1. Catalog guys stock what they sell, and some of the D.A.M.N. team has a fill rate as high as 97% per order.

2. Tech support from the D.A.M.N. team rivals that of the A team and it's reported to be more expedient.

3. Tech support is less important with all of the available internet tools.

4. The D.A.M.N. team is less demanding, especially as it relates to returns. They seem to have superior inventory management skills and practices.

5. The D.A.M.N. team does not beat on suppliers for more liberal/generous registration programs.

6. The D.A.M.N. team does not hit on suppliers and reps for golf outings, picnics and/or other expensive customer appreciation activities.

MEET COMP PRICING

Why is it that catalog distributors do not ask for meet comp pricing? How do they manage to sell their products at significantly higher price margins? Could the answer be that the A team is not selling, but are happy to participate in price predatory auctions? DO YOU HEAR THAT? Selling like a pro does not mean the lowest price! Wake up – the D.A.M.N. team is proving it – every minute of every day!

CUSTOMER APPRECIATION EXPENSES

How many distributors have over-

done the customer appreciation gig? Just how many golf outings can a buyer or an engineer go to without compromising their ability to get the job done! Personally speaking, our rep firm is "invited" to participate (for a fee) in 26 golf outings per year. In simple terms, most reps don't have the time or the funds. Customer appreciation is over the top for most reps and suppliers. In other words, enough is enough.

NO NONSENSE DISTRIBUTION

In the eyes of many reps and suppliers, "no nonsense distribution" means three things: STOCK IT, SELL IT and SHIP IT! That's as simple as a "no nonsense" formula as I can imagine. Since this author is big on acronyms (like D.A.M.N.), I refer to the aforementioned as the basic "Three S's."

WHO HAS THE BIGGEST ACCOUNT BASE?

A rep friend of mine pointed out that one of the advantages he sees with catalog houses is their huge account/customer base. He also emphasized that emerging markets breed new customers. Based on his experience, the majority

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of “start-ups” (small OEM’s and design centers) made their initial purchases from guess-who – the D.A.M.N. team. In summary, the number of customers that distributors have on the books can be a huge advantage when suppliers introduce new products. As our industry transitions to new and exciting technologies, the distributors who have their foot in the door at these new accounts, will be the victors. It may be the global, national, local or catalog distributors. You might draw the conclusion that the distributor with the biggest base wins the race.

REGISTRATION PROGRAMS

How come the D.A.M.N. team sells as much as they do with a minimal amount of registrations? Why is it that many A Team staffers threaten that they won’t promote a line without a

registration program? It is also reported that some Tier 1 distributor salespeople demand higher registration GP’s or they’ll promote a competitor. How’s that for a great partnership???

TRENDS

During the last two quarters some reps and suppliers have reported that the F.A.A.T. team has downsized, while the D.A.M.N. team has upsized. Is this a trend? I’ll let you ponder that question.

SUMMARY

Okay, admittedly I may be looking at a snapshot in time, but it could be a harbinger of things to come. Keep in mind that distributors are not responsible for the trend that I’m reporting – customers are, and you know the old expression – THE CUSTOMER IS KING!

