

Build a Win-Win Relationship with Your Distributor

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The art of building a relationship with someone is really pretty straightforward. Step one is finding out as much as you can about the other person: What are their likes and dislikes? What makes them happy? How do they like to spend their free time? If it's a marriage, your goal is to make the other person as happy by spending time with them and doing things you both like to do. As you talk and share, you learn more about the other person and you invest time, energy and money trying to make the relationship a win-win for both of you.

When it comes to building a win-win relationship with your distributor, the first step is still the same; find out what the other person

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(the distributor in this case) wants out of the relationship. The obvious answer is sales – they want to sell you as much product as possible. But it goes a bit beyond that. A distributor wants three basic things from the contractors they serve: cash flow, communication, and commitment.

Cash Flow

The name of the game, if you are a distributor, is cash flow. The more dollars they can collect, the more parts and equipment they can stock. Over the past 25 years, I have continued to ask distributors what percentage of their contractors consistently pay their bills within



30 days. Most tell me about 10-15% of their entire customer base routinely pays their bills on time. When asked what percentage pay within the 10-day period (and therefore take the discounts), most say about 10-15% of those that pay on time.

Translated, about 2-3% of their entire customer base pays within 10 days and takes their discount. Now if the name of the game is cash flow, and your company pays on time and takes the discounts, where do you suppose that puts you in the pecking order? Right, you are right at the top of the list of “very important, and appreciated, contractors.”

I want to encourage you to pay your distributors on time in order to take your discounts. Yes I know, many reading this article struggle with paying their rent and utilities on time, which means the distributor often becomes your banker. By the way, that is NOT the way to build relationships with your distributor. Next month we will talk about how to pay your distributor on time. Suffice it to say the first building block of a win-win

relationship with your distributor is paying your bills on time!

Communication

Personal relationships are built on communication. You talk to one another on a regular basis. The communication isn't just about sharing the good stuff. A true relationship is built on being totally honest with each other. The same principles apply when it comes to the contractor/distributor relationship. Talk to each other. Even great companies, that normally pay their bills on time, have occasional situations where cash flow problems arise and they can't pay their bill on time. When that happens (and it does to every contractor), pick up the phone and talk to your distributor. Look at it this way: a spouse normally understands when things change. If you told your wife you would be home for dinner at 5:30 she is planning on your being there close to 5:30. Now something comes up at the office, and you realize you won't be home till 7:00. What do you do if you are a wise husband and you want to keep the relationship intact? You call home and tell her you are going to be late. A little communication goes a long way.

Now it's the first of the month and time to pay your distributor. However, that \$35,000 check that was due a week ago has not come in yet, and you are unable to pay your bill on time. If you want to maintain your relationship with your distributor, the wise thing to do, like the wise husband above, is to communicate. Call your distributor and tell them your situation. Make them aware your bill may be a week or two late, and tell them why.

If our earlier husband failed to call his wife, knowing he was going to be 90 minutes late, what kind of response do you think he will receive when he finally does get home? There would probably be a cold shoulder to go along with the cold dinner! Likewise, communicating with your distributor builds the relationship, it doesn't tear it down. However, if you have not paid your bill and you are always “busy” when your distributor calls, the relationship will soon break down. Rule number two, communicate with your distributor.

Commitment

Most distributors work really hard to fill your orders in a timely manner at a consistent fair price. Many also invest huge amounts of money training you in the areas of sales and/or business training. That cost is part of the price you pay for the part or equipment, just like rent and utilities are part of your hourly rate. These types of training programs are part of their investment in helping you grow and prosper. Wise distributors realize they will grow and prosper if your company grows and prospers.

Your part of the relationship is to be committed to the distributor that provides outstanding service and consistently fair pricing, and that helps you become more profitable. You will always be able to shop around and find a better price on a specific part or piece of equipment but realize the distributor has to turn a profit too. That means they will not be able to provide the cheapest price on every item if they are going to stay in business and continue to serve

you. If you, as a contractor, are always the lowest price in town chances are pretty good that it's only a matter of time before YOU go out of business. Another building block, when it comes to strengthening your relationship with your distributor, is being committed. Translated, that means buying the majority of your equipment and parts from the distributor that supports you and helps you grow.

Personal, and business, relationships will grow and prosper when both sides are fully committed to each other. If you want to build a lasting, and committed, relationship with your distributor remember the three C's; Cash Flow, Communication and Commitment.

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