

# Avoiding the Common Distributor Advisory Council Problems



For manufacturers that sell through independent distributors, a distributor advisory council can be a useful means of improving trust, commitment, and communication with the distributors who represent their products in the market place.

Unfortunately, only 23% of manufacturers have distributor advisory councils and the effectiveness of these meetings tends to be inversely related to the proximity of the nearest golf course.

While golf and social activities are important to a healthy working relationship, the primary purpose of a distributor advisory council meeting should be to engage in open and honest dialog with the intent of improving the sales performance and profitability of both parties.

When done right, a distributor advisory council can be a valuable tool for collecting and sharing information about industry conditions, competitive strategies, changing customer needs, training issues, performance feedback, and the actions of competitors.

A distributor advisory council can also serve as an important sounding board for emerging issues like the introduction of new products, how to use technology, and changing customer buy preferences.

In working with hundreds of manufacturer and distributor groups over the past fifteen years, we've identified the five common problems that hinder the effectiveness of distributor advisory council meetings.

## 1) Lack of Clarity of Purpose

Like any group, a distributor advisory council needs a clear sense of purpose and direction in order to function properly. To avoid this problem, the manufacturer needs to define:

- The purpose of the advisory council (*mission*)
- The long-range view of where the council needs to be in the future (*vision*)
- What the council hopes to accomplish (*goals*)
- How the council will accomplish these goals (*plans*)



## 2) Procedural Problems

Many advisory councils get into trouble when they attempt to “wing it.” They fully intend to follow an agenda, but inevitably they get side tracked and often end up rehashing old issues without really accomplishing much. This is the direct result of a lack of procedure for the meeting.

For the advisory council to function effectively, procedures must be in place that clearly define:

- Who is going to function as the leader/facilitator of the meeting
- The level of formality for the meeting
- The roles and responsibilities of each participant
- How the group will deal with disruptions and non-agenda issues
- How decisions will be made

## #3 Ineffective Problem Analysis

Groups have a tendency to discuss solutions before they have thoroughly analyzed the problem they are dealing with. This is due primarily to the lack of a problem-solving process. In order to avoid this common problem, a distributor advisory council needs to:

- Clearly define the problem they are working on
- Identify how each participant is being impacted by this problem
- Obtain relevant information
- Thoroughly and objectively analyze the problem (*root causes*)
- Identify the compelling and restraining forces
- Propose and discuss possible solutions
- Select the top 2-3 possible solutions



## #4 Poor Decision-Making

Once the group has narrowed the number of possible solutions, they must ultimately choose one. This process can be made less chaotic and more productive if you follow some simple guidelines.

- Determine the short-term and long-term consequences of each possible solution
- Determine the costs, risks, and benefits of each proposed solution
- Choose the solution that provides the greatest benefit with the least amount of cost and risk

## #5 Lack of Accountability

Nothing takes the spirit out of a group faster than when nothing happens after they have made a decision to take action. This is usually the result of a lack of accountability. To avoid this common problem, you must determine the following.

- Who is responsible for implementing the chosen solution?
- What resources do they need, and are these resources available?
- How long will it take to implement the chosen solution?
- What are the consequences if they do not implement the chosen solution?

By avoiding these common mistakes, you will greatly improve the effectiveness of your next distributor advisory council meeting.

For more information about setting up or managing a distributor advisory council, call us at 800.867.2778.

### **About the Industrial Performance Group**

The Industrial Performance Group is a consulting firm that specializes in helping manufacturers and distributors increase sales volume, improve profitability, and build customer loyalty by better managing the relationships, processes, and practices in supply chains and distribution channels.