CONTENTS

About the authors xi Preface xii Acknowledgements xiv

PART ONE Introduction 1

O1 How to get the best out of this book 3

About this book 3
How this book is set out 5

O2 The business of getting products and services to market 9

Marketing and sales channels, and distribution strategy 9
Distribution strategy matters 13
Challenging business dynamics 15
Business models are key to value propositions 20
A structured approach to positioning your channel value proposition 21

03 Major trends and developments in market access 24

The myth of disintermediation 24
From products to services 26
Emergence of the cloud, apps and microtransactions 29
Multi-channel (omni-channel) challenges 30
Consumer channels: more than just retail and e-tailer 32

Commercial channels and ecosystems 35

The 'gig economy' channels 36

Introduction 24

PART TWO Distributors, wholesalers and intermediaries 39

O4 The role of the distributor for sales and marketing channels 41

Distributors, wholesalers and intermediaries 41

Customer role – core functions 41

Supplier role 45

Supplier role – core functions 47

How distribution improves the supplier's business model 50

05 How the distributor business model works 52

What do we mean by business model? 52

Role defines business model 54

Profit is a very small number between two very big numbers 55

Managing working capital is a balancing act 55

The measures that matter and how to manage with them 58

06 Managing distributors - margins and profitability 59

Multiple margins 59

Gross margin and value-add 59

Margin mix or blended margin 62

Contribution margin 66

Net margin and operating margin 70

07 Managing distributors – working capital 73

Working capital management 73

Supplier credit 74

Inventory 75

Customer credit 78

Working capital cycle 80

08 Managing distributors – productivity 84

Earn and turn 84

Contribution margin return on inventory investment 86

Returns on working capital 89

09 Managing distributors – sustainability 94

Sustainability – longer-term business health 94
Return on net assets and return on capital employed 94
Return on invested capital 97
Value creation 98
Managing value creation on an operational basis 104

10 Managing distributors – managing growth 107

Growth dynamics 107
Internally financed growth rate formula 108
Economies of scale – profitability 109
Economies of scale – working capital management 112
Risks of growth – diseconomies of scale 114

11 Understanding the distribution landscape 115

Introduction 115
Typical landscape evolution 116

12 How to get the best from distribution strategy 119

Building and leveraging distribution partnerships 119
The engagement process 120
Managing the account relationship 125
Making compelling business cases 126
Summary of Part Two 129

PART THREE Managing final-tier sales and marketing channels 131

13 The roles of the final-tier channel players 133

The final-tier channel players 133
The possible roles of final-tier channel players 135
Matching channel roles to channel players 139
Different roles command different compensation models 141
Applying this framework to your industry sector

or channel 148

14 How the business model works for final-tier channel players 149

Role defines business model 149

Service-provision business models – people and platforms 150 Special features of the people-based service business model 151 Special features of the platform-based service business model 156

15 Managing final-tier channel players – sales and utilization 157

People-based service business model 157
Platform-based service business model 169

16 Managing final-tier channel players – gross margin and recoverability 172

People-based service business model 172 Platform-based service business model 178

17 Managing final-tier channel players – working capital management 183

The cash-to-cash cycle 183 People-based service business model 183 Platform-based service business model 188

18 Managing final-tier channel players – value creation and growth 190

Value creation and improving the numbers 190 Managing growth – the integrated business model 196

19 How to get the best from final-tier channel players 198

Introduction 198

Segmenting the final-tier trade channel 199

What the final tier looks for in a vendor 200

What the final tier looks for in a distributor 207

Managing the account relationship 211

Some rules of thumb for making compelling business cases 213

Selling 'with' the final tier in an advocacy role 216

Summary of Part Three 217

PART FOUR Managing distribution in individual industry sectors 219

20 Introduction to managing distribution in individual industry sectors 221

Franchise systems (Chapter 26) 224

21 Insights from managing capital goods distribution 225

Introduction 225

Specialist challenges and how the sector tackles them 226

Exposure to the business cycle 227

Extremely high cost 228

Shifting ownership and consumption models 228

Difficult locations and extended supply chains 229

Political complexities 230

Critical competencies 231

Key metrics 239

22 Insights from managing consumer goods distribution and retailers 241

Retailers and retailing 241

Multichannel and omni-channel 246

Specialist challenges and how the sector tackles them 254

Critical attributes and competencies 259

Key metrics 265

23 Insights from managing services distribution 273

Introduction 273

Specialist challenges and how the sector tackles them 274

Critical competencies 279

Key metrics 289

24 Insights from managing hotels, restaurants, catering and travel distribution 291

Introduction 291

Specialist challenges and how the sector tackles them 292

Critical competencies 295 Key metrics 296

25 Insights from managing intellectual property distribution 297

Introduction 297
Specialist challenges and how the sector tackles them 299
Critical competencies 307

26 Insights from managing franchised distribution 315

What is a franchise? 316
The franchise system model 318
Specialist challenges and how the sector tackles them 321
Critical attributes and competencies 326
Key metrics 330

Key ratios 335 Glossary of technical terms 340 Index 353

Three online bonus chapters accompany this book:

- 1 Managing the people-based business model
- 2 How to engage with retailers
- 3 How to engage with franchised systems

They can be downloaded at the following url: **www.koganpage.com/SMC3** (please scroll to the bottom of the web page and complete the form to access them).