



The 5 Habits of Highly Effective Distributors

Key Success Factors For You to Survive and Thrive in Distribution



Like most distributors, you are likely facing unprecedented challenges. To survive and thrive in this chaotic environment, you need to uplevel your capabilities and focus on a few key success factors.



The 7 Habits of Highly Effective People, first published in 1989, is a business and self-help book by Stephen R. Covey. The book, which has sold 15 million copies worldwide, offers powerful principles to guide readers on cultivating character for sustainable success.

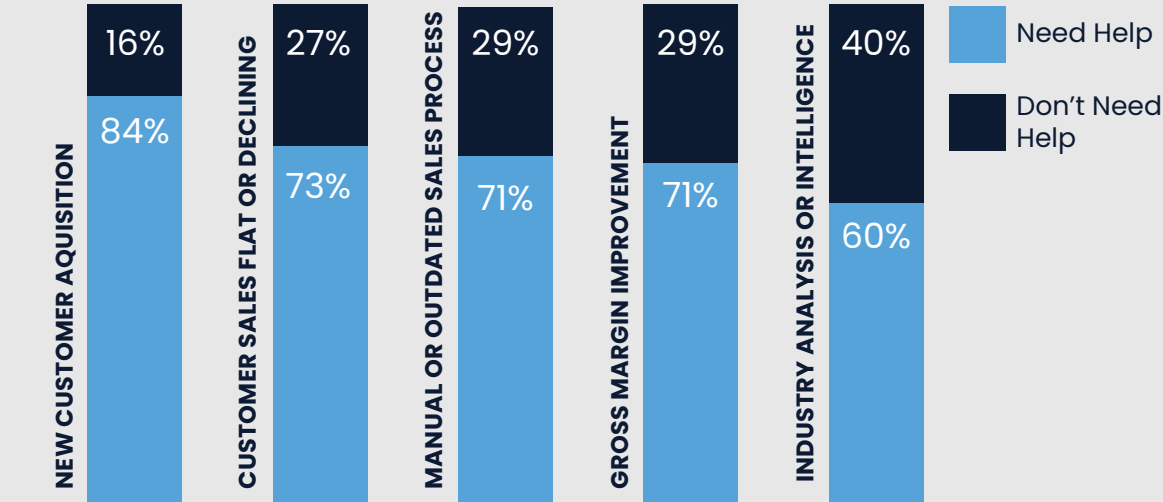
Like Covey's *The 7 Habits of Highly Effective People*, we believe there are habits of highly effective distributors that can help them develop the core competencies to power sustainable success in this period of economic uncertainty.



Distributors have a common set of problems.

In August 2022, we did a pulse survey of distributors; 97% said they were looking for new ways to grow revenue or improve profitability.

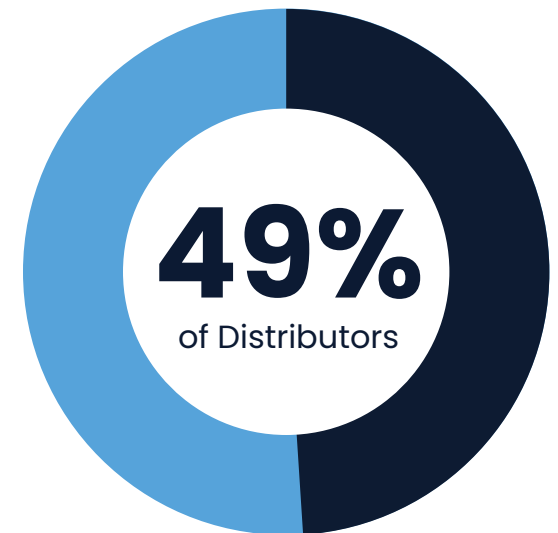
When asked about the top business challenges to their topline performance, we heard the following:



Today's top challenges for businesses:

- » Not signing enough new customers
- » Existing customer sales are flat or declining
- » Sales processes are highly manual and outdated
- » No pricing strategy to improve gross margins
- » Don't have the data needed to pinpoint opportunities
- » Marketing is too complicated and too expensive

Although distributors across the board are grappling with these challenges, many are looking to pull ahead of their competition. Case in point: Other polling we conducted during this same timeframe shows **49% of distributors are opting for a "Pivot and Expand" strategy** – where they are looking to sell different or new products into existing markets or expand into new markets. These distributors believe they can perform better than the next and seize the opportunity for growth.



Why are these distributors **so confident** in their abilities?

Because they have adopted the 5 Habits of Highly Effective Distributors.

HABIT #1

Driving Greater Profitability Through Customer Analysis and Segmentation

Customer segmentation ensures distributors make deals that are most advantageous and profitable.

We are now in a period of intense manufacturing price volatility, with product costs fluctuating wildly, so pricing needs to be incredibly dynamic. Every distributor knows that some customers are more profitable than others, but savvy distributors operationalize this knowledge to guide their sales strategies.

According to global management consulting firm [McKinsey & Company](#), a **1 percent price increase** across the product portfolio has more impact on bottom-line margins (earnings before interest, taxes, depreciation, and amortization, or EBITDA) than a 1 percent uplift in volume or a 1 percent reduction in procurement cost or in selling, general, and administrative expenses.

[Digging deep into customer segmentation](#) is a key success factor in unlocking new levels of profitability. Distributors that analyze and segment their customers by customer group, size/type/what they buy, and cost-to-serve are empowered with the confidence that the price is always right.

HABIT #2

Aligning Sales and Marketing Efforts for Optimal Outcomes

Combining transactional and behavioral data uncovers correlations between behaviors and results.



When it comes to driving sales, especially in debuting new product lines or moving into new geographies, distributors need to understand what's working and how and where their sales force should spend their time.

ERP is a system of record for transactional data. On the other hand, CRM is a system of record tracking behaviors. While the ERP system tracks transactions such as orders, the addition of CRM enables distributors to track sales and marketing efforts and activities. This allows distributors to correlate efforts and activities with outcomes to understand which of those efforts and activities translate into revenue. **This enables distributors to use their sales and marketing resources best.**

HABIT #3

Using Data to Discover the Pathways to Improved Profits

Analysis helps distributors strategically surface more sales opportunities.

Every distributor wants to sell more, but how do they do this? Successful distributors have a powerful force at their fingertips – their data. They analyze this data to ask and answer questions that guide them toward improved profits.

These are questions such as:

- » What products can we sell more of?
- » With which customers and products do we earn better margins?
- » Which sales reps are underperforming?
- » Do we have a margin issue that needs fixing?
- » Are we investing in the right inventory?
- » Is there an opportunity in a new market?

Empowered with this analysis and discovery, distributors know exactly what “levers to pull,” what specific focused actions to take to realize sales gains, and the percentage each focus area will contribute to the organization’s anticipated increase in sales. Analysis is a key success factor, and efforts can then be measured and monitored to ensure the organization is on track to reach its goals.



HABIT #4

Keeping an Eye on Expenses

Awareness of expenses as a percentage of sales helps distributors stay on the right side of profitability.

As business fluctuates, expenses can sometimes rise precipitously. This can eat into profits. Expenses go straight to the bottom line, so if a distributor incurs an extra \$2,000 in expenses and is a 2 percent net profit business, they will have to sell an additional \$100,000 to cover that expense.

It's ok if expenses rise as sales increase. The trouble is when expenses as a percentage of sales aren't aligned. Savvy distributors use the power of Business Intelligence (BI) to keep tabs on expenses and expenses as a percentage of sales.

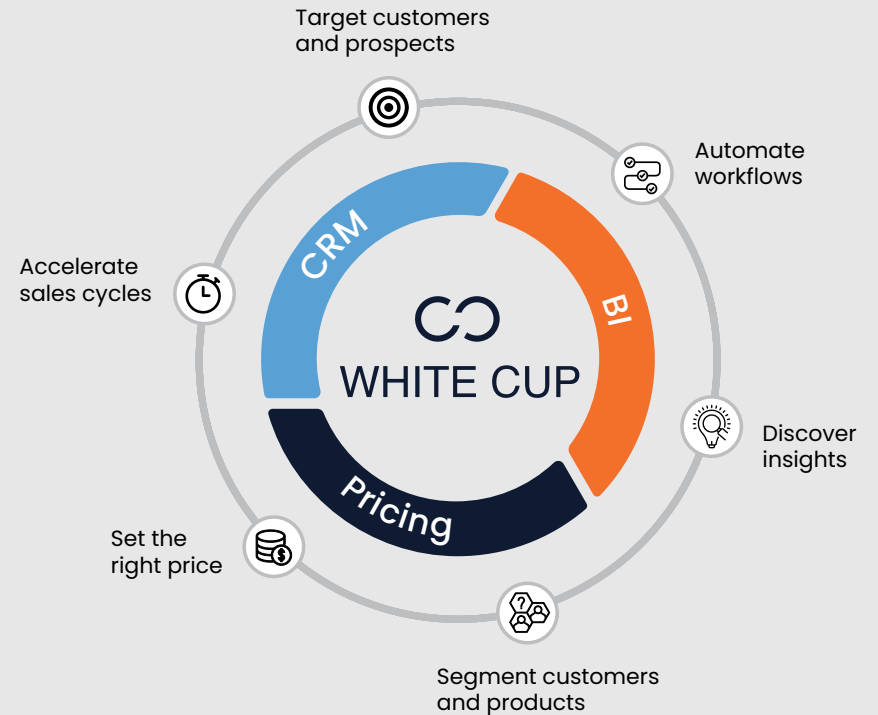
Looking at trending month-to-month, quarter-over-quarter, year-over-year, and year-to-date is valuable for comparison. And if expenses are growing more than sales, BI can provide insights for further investigation into the causes for resolution.



HABIT #5

Thinking Beyond ERP to Maximize Performance

Business Intelligence (BI), Customer Relationship Management (CRM), and Pricing combine to power improved sales and profitability.



Distributors can have the best ERP on the market, but it still won't be as powerful as [BI, Pricing, and CRM combined](#). A key success factor for distributors is leveraging the technology available to them. With the powerful combination of BI, CRM, and Pricing capabilities, you can achieve drive incredible results for your distributorship:

- » Effective CRM use **increases sales velocity by up to 75%**
- » Automating email marketing **improves lead generation by 300%**
- » Data analysis can **decrease customer churn by up to 15%**
- » Pricing software **increases gross margin by an average of 5%**



Get in the Data-Driven Driver's Seat with White Cup

In the distribution space, you are facing challenges never before experienced, and your customers are too. It's a whole new world that requires unique strategies to unlock new sales opportunities and build relationships based on a deeper understanding of your customers' needs.

Ready to get in the [data-driven driver's seat](#)?

White Cup's platform consisting of Business Intelligence (BI), CRM, and Pricing, enables distributors to make sense of their data and make business decisions that improve revenue performance. We can help you connect the dots of your data across critical business systems, reveal key insights via analysis, and provide the tools you need to take action for revenue improvement.



ABOUT WHITE CUP

White Cup turns a distributor's sales pains into profit gains. Our CRM, Business Intelligence (BI), and Pricing software make it easier for you to sell more, keep more profit, and beat the competition. With over 20 years of experience, White Cup is trusted by more than 1,000 customers globally.

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