

Distribution Management

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0. Context and Aspiration

Solvay and Syensqo distribution approach aims to enable profitable growth through lean and performance-driven distribution management while considering Distributors as Strategic Partners.

This is achieved by:

- Working towards a **lean and cash efficient** organization by limiting the number of distributors while increasing order efficiency and keeping minimal stocks level
- Adopting a **performance mindset** including harmonized distributor performance management and contracts based on a clear set of KPIs and targets
- Promoting **strategic partnerships** with our distributors

1. Distributors Segments and Roles - Main definitions

1.1 Distributor Segments:

Key Distributors with which GBU's develop a long term partnership to reach co-defined strategy (secondary are completing coverage not addressed by key distributors) Long tail distributors which are considered as secondary supporting distributors and distributors to be phased out (i.e., no strategic partnership as low sales and willingness to partner)

1.2 Distributors Roles:

Distributors - Buying, selling and storing products under own name (under agreement) or on the supplier's name (Not imposed by customer)

Trader / Resellers - Acting as 3rd party between producer and end-customer with a strong relationship with a customer (usually characterized with low sales level)

Logistic Partners - Facilitating transportation of goods (incl. logistic services) from Solvay to the customers, with no commercial roles Customer Appointed Distributors - Buy and sell products, are imposed by customer

2. Distributors Management

2.1 Define distributor strategy and select the distributor landscape

2.1.1 Define distributor strategy

GBU distributor strategy needs to create the right focus in line with overall GROW Solvay strategy (i.e., Growth focus, financial focus or complexity reduction focus). For instance, an Optimize GBU could focus on a high level of consolidation of the distributor landscape while focusing on reducing its cost-to-serve. On the other hand, a Growth GBU, would consolidate the distributor landscape around a few key strategic distributors able to grow massively within key identified market together with putting in place a strong and collaborative performance management approach.

2.1.2 Select your key and standard distributors

Distributor landscape should be consolidated into a hand full of key distributors supported by secondary distributors to address coverage gaps:

* 1-2 Key distributors should be selected for key segments (i.e., region, end market or product family)

* Secondary distributor cover potential gaps (e.g., specific region not covered by key distributors)

* Secondary distributor selection should be strongly challenged; no need for secondary distributors as long as key distributor reach targeted coverage

A stage gate approach should be followed to select distributors

* Generate a long list of potential distributors

* Distributors fit should be assessed using a scorecard providing a structured and objective way to evaluate long list of distributors along key dimensions (e.g., logistics, financial strength, distribution presence) in line with the strategy

* "Distributor meetings" should be organized to refine revised long list of distributors and should include presentations as well as interactive one-on-one sessions to refine selection of strategic partners. Request For Proposal (RFP) should be shared with good to great potential candidate

* Finally, distributors are selected after contract negotiation and alignment of contractual terms

2.2 Map distributor landscape

The current landscape of distributors should be mapped taking into account the regional/country capabilities combined with the market/application coverage. Using the criteria and scorecard defined by the GBU strategy the future list can be determined. The objective is to work with the minimum number of selected Key and Standard distributors, whilst maintaining geographical and market coverage.

2.3 Put best in class performance management in place

* **Define distributors objectives** - for each selected distributor it is important to define objectives in terms of growth, supply chain optimization and efficiency. Depending on the contract relationship this can be over several years. It is recommended that for all key and significant standard distributors a formal contact is put in place.

* **Create account plans** - The overall objectives should then be detailed in the distributor account plan (DAP), specifically actions to achieve the goals with clear accountabilities and timelines. A DAP should be in place for all key and significant standard distributors. It is recommended that the action plans be co-created with the distributor.

* **Create performance dashboards along KPIs** (incl. performance review) - The DAP will document the main KPIs to be followed linked to the objectives and action plans. Regular performance reviews will be performed to track progress. The dashboards can then be jointly reviewed and corrective actions agreed as needed. For key distributors performance reviews should be at least quarterly, and have the appropriate leaders from Solvay and the distributor in attendance.

2.4 Adopt a collaborative mindset

Key distributors should be seen as an extension of the Solvay sales force with the ability to reach markets we cannot. Mutual growth can be delivered if there is an open, two way exchange of expectations, information and performance feedback. Developing a joint strategy and having a regular cadence of follow up meetings, involving senior leaders leads to trust and growth.

3. Distributors Managers Roles and Responsibilities

3.1. Executive distribution account manager; for selected key distributors that have business across multiple GBUs a central point of contact can be appointed. This role is accountable for the growth strategy with the group key distributor and ensures coordination and consistency across the GBUs.

3.2. Group distribution expert manager; develops best practice processes and tools, supports GBU's in defining distribution strategy and the roadmap to implement. Provides support to GBU distribution managers such as account plans and training.

3.3. Distribution manager; within each GBU it is recommended to appoint distribution managers to manage one or more key distributors, depending on the size of the business. The distribution manager is the main point of contact and is accountable for maintaining and expanding the relationship and business with the distributor.

3.4 Governance; For group and key distributors it is recommended that a cadence of interactions is put in place between Solvay/Syensqo and the distributor. This can be monthly, quarterly and annually depending on the agenda topics. For example: monthly would cover operational topics, quarterly would be addressing planned actions and projects and seeking to course correct and annually would be reviewing and aligning the strategic agenda. The participants of each meeting would be determined by the agenda topics.

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Key contacts

- [Jeremy Bentham](#)
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