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Stop The Blame Game

If it seems like the vitriol between distributors and suppliers has ramped up recently, no doubt, it has. Blame the recent recession or the pressure on margins and revenues, or simply the paranoid nature of both sides. But it's certainly here, with distributors increasingly claiming that suppliers are stealing their clients, and suppliers criticizing distributors for cutting them out of the process and sourcing products directly from Asia. In fact, the misplaced blame from both sides has reached new heights.

Take a letter I received recently, for example. It came from a supplier (who will remain nameless) who was responding to a very simple survey we had solicited response for. Among lots of other anger, the note said:

The major issue is buying direct in Asia. This act, by the larger distributors, is forcing the suppliers to sell direct. How can a supplier not sell direct if the industry distribution channel takes all the "good" orders and bypasses the local suppliers by running to Asia to make a bigger buck? The distributors, by their own greed, are forcing suppliers to sell direct, because they are not channeling the larger orders through the traditional supplier chain. So what choice does a supplier have but to sell direct to make up for the lost revenue?

What choice does a supplier have? How about choosing to focus on what they do best? How about not blaming others for your own business problems, and actually spending your time strategizing ways to better your product creation and customer service processes?

I know, that's harsh. But honestly, the message goes both ways. Distributors need to take the same advice. While I hear plenty from suppliers that echoes the letter above, I hear even more complaints from distributors about suppliers selling direct to their customer base. A common refrain goes like this: "XYZ Supplier is trying to steal my customers. I found a website of theirs that looks like a distributor's, but it's actually tied to the supplier company. You need to tell the industry about them."

No, I don't. What they do with their business, is, well, their business. What good is it going to do to out them to the rest of the industry? None. If you, as a distributor, find something wrong with a supplier, then take your business elsewhere. Rate the supplier poorly in the ASI Supplier Ratings system.

Vow never to give them another dime. But, please, move on.

You shouldn't be wasting your time worrying about suppliers becoming competitors. You have enough real competitors to plot against – websites selling promotional products, local competitors, ad agencies, marketing companies, etc. – that you shouldn't spend even a minute thinking about perceived competition that isn't a threat to your business.

Yes, I said it. Suppliers aren't a threat to distributors' health. The whole issue reminds me of when e-commerce first reared its head in the mid-1990s. Retailers complained to anybody who would listen that manufacturers would suddenly cut them out of the sales process and go directly to consumers. Didn't happen. But what did happen is that traditional retailers lost so much time and effort worrying

about what manufacturers were doing that they didn't see Amazon.com and eBay coming. Those were the oncoming threats – and retailers were caught napping.

Suppliers and distributors: You're partners. The supply chain matters, and in that supply chain, both sides should focus all of their efforts on what they do best. When you stray,

you lose sight of your market and the actual competitors within it.

Distributors: Keep your eyes on the prize – selling and marketing to clients and servicing your customer base so they continue to buy from you. It's these efforts that create a loyal client base, one that won't stray to a lower price. Or to, worse in many people's eyes, a supplier selling direct.

And, suppliers: You also need to think about your core competencies of manufacturing, imprinting, service, communication with distributors, and sourcing products from an ever-expanding array of facilities and countries. That's your business. Yes, you can find some new revenue from going direct to end-buyers. But you risk not only alienating distributors. Even worse, you risk losing out to other suppliers that are laser-like focused on stealing your market share. That's the real threat to your business.

Enjoy the issue! ○

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