

Accelerate your Growth with Better Partner Selection. How to Vet and Select the Right Partners the First Time.

Introduction

For manufacturers and distributors, finding, vetting and selecting new partners is difficult. The risks are significant, and the consequences of poor partner choice include lost money, wasted effort and time. How do you choose the right channel partner?

Panel Members



Adela Vagnerova, Managing Director, Linet Canada

For more than 20 years, Adela has gained a wealth of Healthcare Industry channel creation experience on a global scale. As a senior Director for Linet Group, a major Czech Republic based manufacturer, Adela has established and managed indirect distributor partners throughout Latin America, Middle East, Africa, Central and Eastern Europe, as well as North America where she currently serves as Managing Director of Linet Canada.



Jacques Lafon, Principal, Medtech Key

Jacques is a transformational leader with over 25 years of experience, including including President of Cardinal Health EMEA and Vice President at Hill-Rom International. Jacques has successfully developed medical devices businesses through organic and external growth. Having worked on all continents and multiple areas, he has a diverse cultural and functional background. He has established and led large direct and indirect sales organizations in multiple countries. He now focuses on helping investors (Private Equity Funds) identify, execute, and operate acquisitions in MedTech globally.



Sandi Wright, Founder & CEO, Andau Medical

Sandi has an established track record of over 20 years in sales leadership with some of the largest and most recognized global companies in the medical device industry including Nestlé Healthcare Nutrition, Baxter, Cardinal Health and Philips. As the Founder and CEO of Andau Medical, Sandi is using her decades of experience to build a world-class Medical and Dental Device company with expertise in sales, marketing, regulatory and distribution.



Question #1: Let's start with what is at risk when finding and selecting new partners. What are the impacts of choosing the wrong partner?

Risk and Impacts

- **Time and resources** that could have been spent elsewhere with little or no return on investment
- **Lost revenue opportunity**
- **Reputational risk** for both manufacturers and distributors.
 - May be missing regulatory approvals, support resources and supply chain in place with manufacturing partners.
 - Unable to service your customers because of a supplier issue.
 - It is very hard to turnaround a brand once it has been tarnished.
- **Momentum** and any potential edge in the market can be lost to competitors when product launch is unsuccessful
 - Competitors can learn from your product and start selling by the time you have another distribution partner ready to sell.
- **Exit Costs** including agreement termination costs, licensing transition and lost inventory



Evaluate and monitor your current relationships in myCaribou:
https://support.cariboumed.com/create_scorecard_plan



Question #2: How do you go about finding new partners and why is finding the right partner so difficult?

Why is finding a partner difficult

- Before myCaribou, it was like a fishing expedition using Google, embassies, word of mouth, etc. to find the right partners and innovative products
- Regulatory requirements make finding the right partner even more difficult

How do you find new partners?

Manufacturers

- Tradeshows with the Opportunity to showcase products.
- Embassies to get assistance entering a market
- Healthcare missions and associations.
- Word of mouth
 - With larger, more well know distributors, you can create bundles and strategic partnerships and leverage their brand reputation.
 - Leverage distributor network recommendations and ask for referrals

Distributors

- Attend tradeshows and conferences.
- Use word of mouth and networks to look for customer gaps (listening to customers) or innovative products to complement the portfolio and round it out.
- Google searches
- Embassies
- Leverage myCaribou to refine the search and find the right channel partners



Find new partners in myCaribou: <http://support.cariboumed.com/find-par>



Question #3: How does market strategy affect partner selection?

- Market strategy and partner selection is tightly linked for success
- Innovative products vs commoditized products require completely different strategies and partners
- There are so many strategic options, you need to know what you are looking for, be open and thorough to find a partner that aligns with those goals. For example, are you giving the partner the complete territory, or just one product or region? If you are not clear it creates mistrust.

Established Markets

- When you have a solid and reliable network of partners providing strong service to customers, continue to support and challenge them.

Growth Markets

- You need a partner who will invest in your product lines, develop the market for you and have direct channels established to your target market
- You will be spending a lot of time finding the right partner who wants to go on this journey to develop the market.
- For large tenders, look for a partner who has the relationships in place to win the market
- Innovative products that require education and training to sell will require exclusivity for the distributor to put the time and effort into building the market. Exclusivity could be within well established geographic boundaries, doesn't have to be entire country.



Access Market Insights in myCaribou: <https://support.cariboumed.com/market-discovery-1>



Question #4: Distributors: How do you evaluate new suppliers? What are the warning signs/red flags that a distributor needs to be aware when vetting new suppliers?

Evaluation

- You need to understand if a) there is a need for product and b) the market is large enough for the product
- Look at the culture and company fit:
 - Is it an innovative company looking for a strategic relationship? Are they simply trying to sign on a large quantity of distributors?
 - Will partner be able to co-invest in tradeshow and events?
 - What is their reputation from past distributor / manufacturer relationships?
- Technology Driven Products: Create a scoring system of Market Success Factors to evaluate the time and cost relative to the technology to get this product out to the market with criteria such as:
 - What are needs in the market?
 - How big of a pain point are you solving?
 - Do the targets line up with what we do?
 - Market size/opportunity?
 - Simplicity of adoption – is it difficult to adopt?
- For less technology-driven products, the scoring criteria is different:
 - Does the product align with call points?
 - Does the team have the bandwidth and skill set to sell this product?

Red Flags

- If it looks too good to be true, it likely is.
- Is the partner willing to co-invest or are they looking to transfer risk to us and be very transactional?
 - Will they provide training and demo equipment at no cost?
- Is there a misalignment of expectations?
 - Time to get product out to market
 - Rules of engagement or frequency of communications
- The manufacturer doesn't understand their product or how their end customer sees the product.
 - What they see/say doesn't align when you vet the product against market needs.
- Reluctance to share marketing expenses
- History of switching distributors or enlisting multiple distributors in the same market.

BONUS QUESTION: Is there a fear that Manufacturer would go direct? Causing the Distributor to not want to share information.

- Successful partners rarely result in the manufacturer shifting to a direct model.
 - There would be little reason to make the shift
 - Direct model is very expensive and time consuming to establish
 - A switch would not happen overnight
- When you have a strong distributor, the distributor can become an attractive acquisition target for the manufacturer.



Evaluate and Shortlist partners in myCaribou: <https://support.cariboumed.com/shortlists>



Question #5: Manufacturers: How do you evaluate new suppliers? What are the warning signs/red flags that a distributor needs to be aware of when vetting new suppliers?

Evaluation

- How open and willing is the distributor to collaborate and allow the manufacturer on site?
- Having an open/transparent and trusted relationship is the most critical part of a partnership and results in high levels of growth.
 - Linet requests tight cooperation with the distributor to ensure the sales reps understand the market
 - The sharing of customer, region/market needs will go back to manufacturer management to make product adjustments or changes
- Will the distributor spend time and money to train their sales and services team (co-funded with the manufacturer)?
- Fact base evaluation:
 - Do they meet their revenue goals and forecasts?
 - Do they cover the market geographically and the different market types (public, private, acute care etc)?
 - How many sales reps do they have?
 - Do they have tendering/bid process experience?
 - Do they have a contract management group?
 - Can they manage your expected volume of orders?
- As you move to different markets, do you both have similar ethics, compliance views and values?
- Are they looking to act as your brand representative to build your brand or are they only focused on theirs?
- Look at their market reputation and interview key customers.
- Manufacturers should review and monitor the financial health of the distributor. The distributor should agree to this and provide documents to support their financial health. This will build trust with the supplier.

Red Flags

- Distributor isn't willing to share their goals and strategies
- Distributor relies on selling samples for revenue, this isn't a successful strategy for long term growth
- Have they lost key brands?
- Do they have high turnover of key employees?



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Question #6: How do you decide how much selling time to allocate to the supplier's products? How do you make sure you have significant commitment from the supplier to support your selling efforts?

Distributors

- This is one of the biggest challenges facing distributors.
- Often, distributors assign products to reps based on call points even though they already sell too many products. This rep will discuss your product if the opportunity presents itself, but they won't proactively mention it.
- Hold an alignment session to determine and agree upon market objectives
 - How does it align with what the manufacturer is trying to achieve?
 - What resources would we need to achieve that?
- Smaller boutique distributors take less products and can focus more time and energy to their product line
- Spend the most time on the products with the most growth and profitability
- When you have an involved manufacturer who invests in your training and collaborative relationship, you automatically spend more time on their products and you succeed together.

Question #7: As a Manufacturer, how do you ensure that you are receiving a meaningful share of the Distributors selling time?

Manufacturers

- Align with the distributor and ensure you have a shared agenda around growth and market share
- Spend the time with the distributor and ensure consistent communication and collaboration
- Ensure that the manufacturer's relationship managers are communicating and collaborating with the distributor to understand:
 - What conferences and events are they attending?
 - How will your products be showcased at events?
 - What customer events or customer education are they holding and how will your product be discussed?
- Create a sales incentive for your product for the sales reps
- Typically, the fastest growing distributors have fewer products to sell
- Ensure that they dedicate 20%+ of sales time to your product
- If this is as innovative product, a shared agenda is very important along with regular collaborative calls.
 - Share plans to grow market share over the coming months/years
 - Be there with the distributor as they educate the market
 - Help distributor find influencers, key opinion leaders and pioneer customers



Collaborate in shared workspaces with myCaribou <https://support.cariboumed.com/workspaceplaybook>