

Research Paper

**Route to market: Activity recommendation. Distributor business partnership scheme**

Alfred K. Githinji\*

\* Corresponding author, Sales & Marketing Specialist. E-mail: [alfredkg@gmail.com](mailto:alfredkg@gmail.com) P.O Box 62704-00200  
Nairobi Kenya

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**ABSTRACT**

Kenyans are bracing themselves for hard times ahead because of sky rocketing prices of essential items such as food and fuel prices. This thus would lead to some of the wholesalers and retailers divert funds that were traditionally meant for buying slow moving commodities to buying food and food items such as fast moving commodities. By partnering with distributors and creating partnerships with few selected big distributors who will purchase more volume on a given target thus helping companies reduce Out of stock situations and achieve our end year target. The evaluation criteria includes weekly evaluation against targets will be conducted and report on volume growth from the scheme. Plan of action includes identification of credible big distributors who we will target. Operations implications include anticipated additional volumes will come from the distributors buffer thus need to monitor buffer levels frequently.

**Key words:** Wholesalers, distributor, partnership

## **1. Background**

Kenyan are bracing themselves for hard times ahead because of sky rocketing prices of essential items such as food and fuel prices (Nation, 2018). This thus would lead to some of the wholesalers and retailers divert funds that were traditionally meant for buying slow moving commodities to buying food and food items such as fast moving commodities. These fast moving commodities include seedlings for planting, water for human and livestock in dry condition areas, hence reducing their normal weekly purchase.

By partnering with distributors and creating partnerships with few selected big distributors who will purchase more volume on a given target thus helping companies reduce out of stock situations and achieve our end year target (Buzzell and Ortmeyer, 1995).

## **2. Business proposal**

Extend a 5-working day credit scheme on stocks purchased to specific selected big distributor and have payment done on the 6<sup>th</sup> working day before additional purchases and credit is given.

This scheme is targeted at specific selected big distributors. This credit scheme will be restricted to distributors making purchases over and above their usual purchases.

## **3. Objectives**

- Ensure adequate stock buffer in the trade thus countering Out of Stock (OOS).
- Sustain market share dominance.
- Growth of our weekly In Market sales (IMS) due to the extension of credit to the selected big stockists.
- Reduced prevalence of Duty not paid (DNP)
- Enable and builds good relationship with the distributors for entrusting them with credit.

## **4. Target**

This business scheme is specific to selected big distributors.

## **5. Plan of action**

1. Identification of credible big distributors who we will target.
2. Give credit on purchases only to distributors who will qualify (i.e. provide sufficient security to cover the extra credit).
3. Credit given to a distributor who will pay in a revolving basis on the 6<sup>th</sup> working week before additional purchase and credit is given.
4. In order to protect the company's interest, distributors will be required to deposit security instruments for the additional exposure. These will include logbooks, title deeds, and share certificates and or any other document that may be deem appropriate to cover this exposure.
5. The selected distributors will qualify upon clearance on the security received & charged.
6. The security provided will cover exposure up to a minimum of 2 purchases.
7. Set weekly targets, and monitor performance. Reporting the same every week.
8. By end of the second month, a review against the weekly targets will be conducted and distributors not achieving the target risk being withdrawn from the credit scheme.

## **6. Operational implications**

Distributor buffer: Anticipated additional volumes will come from the distributors buffer thus need to monitor buffer levels frequently.

Trade marketing and distribution (TM & D): The activity's success is dependent on close monitoring of the weekly and daily sales of the distributors to ensure he meets his target and is able to service his credit facility.

## **7. Evaluation criteria**

1. Weekly evaluation against targets will be conducted and report on volume growth from the scheme.
2. Initial review of all the distributors in the scheme will be conducted after the second month of the scheme and distributors not achieving their targets will be withdrawn from the scheme.
3. A monthly evaluation shall be done.

## **8. Mitigating factors**

Time used to verify documents to be handed to the Distributors and Insurance documents sign off.

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### **Conflict of interest**

The author declares that there is no conflict of interest.

### **Ethical approval**

This article does not contain any studies with human participants or animals performed by any of the authors.

### **References**

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