



## Manufacturers and Dealers: The Best Channels Start with CPQ



In theory, the relationship between manufacturers and dealers should be simple and straightforward.

The profit motive should bind them together.

In theory, the relationship between manufacturers and dealers should be simple and straightforward. The profit motive should bind them together.

The key phrase here is “in theory.”

In practice, dozens of variables brought to the table by both sides—as well as the third player in the game, the all-important buyer—make creating and managing successful dealer network relations a constantly changing challenge for manufacturers.

How can you minimize these challenges for your organization?

### **Simplified Processes**

Consider the experience of fire apparatus manufacturer E-ONE. They used the power of configure-price-quote technology to smooth over the many potential hiccups that complicate manufacturer/dealer relations.

When previously saddled with an outdated, undermanned CPQ solution, E-ONE basically put dealers in the position of having “to be very good fire truck designers” just to get an order completed, according to the company’s IT director.

E-ONE totally simplified that dynamic, though, when they began managing the dealership ordering process through EzOne, their custom-designed CPQ solution powered by Cincom CPQ™.

When they recently were able to recruit a new dealer away from a competitor and showed him their new quote-to-order process, “he was blown away,” says the E-ONE IT director. “The amount of information he could get, the amount of configurations that he could design and develop quickly and the amount of illustrations and drawings he could provide to the customer in a short amount of time really blew him away.

*“[Our new dealer] saw [E-ONE’s CPQ solution] as a competitive advantage in his market.”*

“He saw it as a competitive advantage in his market.” That’s the golden phrase every manufacturer should strive to hear in describing the relationships with their dealers.

## Building a Valued Partnership

Most times, though, those words go unsaid. A study involving 750 manufacturers and 500 distributors conducted by the Industrial Performance Group found that “competitive advantage” was usually missing when it came to describing their relationships. Respondents revealed that 82 percent of manufacturers and 92 percent of distributors saw it just the other way. Their sales performance and profitability were suffering because of problems in their working partnerships.<sup>1</sup>

Because complexity can muddy the waters at virtually every point in the path to a potential sale, alignment and the free and easy flow of information—both between the manufacturer and the dealer, and the manufacturer and the customer—must be of the highest priority. That’s easier to talk about than to accomplish. One study conducted by Gallup of two well-known brands that sell through dealers found that once you reached the end point of the sale, just four in 10 buyers could name one of the supplier companies’ brand attributes correctly.<sup>2</sup>

*82 percent of manufacturers and 92 percent of distributors say sales performance and profitability are suffering because of problems in their working partnerships.*

So even when a successful sale is made through a dealer, the manufacturer in the situation just described may be gaining only a one-time return instead of creating a new customer going forward.



Again, that is not a valid description of “competitive advantage.”

Dealers have their own business agendas. And just like manufacturers, they would ultimately like to believe that the service they provide gives them an element of control over the customer.<sup>3</sup> If a long-term partnership between manufacturers and dealers is ultimately going to thrive, both parties have to believe the customer can recognize the value they are providing.

A properly positioned and resourced CPQ solution can facilitate that goal.

## Solve vs. Sell

Cincom CPQ experts call enhanced CPQ dealer portals with features like guided selling “hidden gems” for manufacturers. “They help transform sales reps and dealers into consultants instead of salespeople,” says Mark Schindler, a manager on the Cincom CPQ presales team.

See Guided Selling in Action: [Watch Now!](#)

As examples of the possibilities that come with upgrading your manufacturer/dealer relationship with such technology, a manufacturer getting feedback from dealers via a robust portal built on a CPQ system can see trends developing in real time. This dynamic flow of real-time information creates opportunities for powerful sales techniques like advanced pricing with multi-tier discounting and the ability to more easily anticipate and handle custom requests. This power and visibility benefits all parties involved in the deal—more business for the manufacturer and the dealer and a better overall solution for the customer.

"We have the capacity to help manufacturers with sales performance and not just sell them CPQ," says Cincom CPQ Product Director Jim Wilson.

"We can show them how they have the ability to 'solve vs. sell,' and help them become better at this with their customers."

"Solve vs. sell" sounds a lot closer to "competitive advantage" territory.

### Five factors indicating a healthy relationship

One piece of research from a survey of more than 600 companies defined five key attributes that indicate a healthy manufacturer/dealer relationship.<sup>4</sup>

The factors are:

- Clarity
- Simplicity
- Integrity
- Reciprocity
- Connectivity

Clarity, simplicity and integrity set the foundation for success and build confidence among parties on both sides. When those conditions are in place, two advanced virtues—reciprocity and connectivity—can emerge and develop. If the state of your relationship with your dealers is positive on each of those counts, the chance that you will experience business success together grows substantially.

Each of those factors can be enhanced through the benefits of a strong CPQ solution.

## Trust Is the Bottom Line

Trust between manufacturers and dealers isn't just good business—it's usually profitable business. When you create value opportunities for dealers, it builds trust. As their trust grows, their willingness to turn to you as a go-to business partner increases. The logical end point of this progression could be very meaningful to your business results. One study by consulting firm IDC estimated that in 69 percent of sales situations, a dealer is predisposed to recommending a specific brand of product, and in those situations, the buyer accepts that brand recommendation 96 percent of the time.<sup>5</sup>

*Buyers accept dealers' predisposed brand recommendations 96 percent of the time.*

Project those trends over a large network of dealers, and you have some very substantial business implications indeed. For the interest of both you and your dealers, that is "competitive advantage" that pays off for both parties in the end.



### More Information

Access the latest reports at the Cincom Content Library.

[Browse Now](#)

1. Industrial Performance Group, [www.induspergrp.com/execsum3.htm](http://www.induspergrp.com/execsum3.htm).
2. Jordan Katz, "How Suppliers Should Manage Their Distributors," Gallup Business Journal, April 17, 2013, [www.gallup.com/businessjournal/](http://www.gallup.com/businessjournal/).
3. Frost & Sullivan, "Distribution Channel Optimization," [www.frost.com/prod/servlet/cpo/189738462](http://www.frost.com/prod/servlet/cpo/189738462).
4. John H. Fleming and Leslie Rowlands, "The Foundations of Supplier Engagement," Gallup Business Journal, June 26, 2014, [www.gallup.com/businessjournal/](http://www.gallup.com/businessjournal/).
5. Oracle white paper, "The CRM Imperative for Industrial Manufacturing," April 2006, [www.oracle.com/us/industries/industrial-manufacturing/045490.pdf](http://www.oracle.com/us/industries/industrial-manufacturing/045490.pdf).



World Headquarters • Cincinnati, OH USA • US 1-800-224-6266 • International 1-513-612-2769 • [info@cincom.com](mailto:info@cincom.com) • [cincom.com](http://cincom.com)  
**Americas:** Brasil [cincombr@cincom.com](mailto:cincombr@cincom.com) • Ontario, Canada [NOBrien@cincom.com](mailto:NOBrien@cincom.com) • Quebec, Canada [infoquebec@cincom.com](mailto:infoquebec@cincom.com)  
**Europe:** Brussels, Belgium • Lyon and Paris, France • Schwalbach/Ts., Germany • Turin, Italy • Monaco • Culemborg, The Netherlands  
 Madrid, Spain • Maidenhead, United Kingdom [InfoEurope@cincom.com](mailto:InfoEurope@cincom.com)  
**Greater Asia Pacific (GAP):** Sydney and Melbourne, Australia [info@cincom.com.au](mailto:info@cincom.com.au) • New Delhi, India [info\\_india@cincom.com](mailto:info_india@cincom.com)  
 Tokyo, Japan [info@cincom.com](mailto:info@cincom.com)

Cincom, the Quadrant logo and Cincom CPQ are trademarks or registered trademarks of Cincom Systems, Inc. All other trademarks belong to their respective companies.

© 2015 Cincom Systems, Inc. FORM CPQUS1504122 8/15 Printed in U.S.A. All Rights Reserved