

University of Innovative Distribution

Planning and Managing the Distributorship for Greater Profit

Distributor owners know that to sustain a vibrant and growing business over many years the business must maintain a healthy profit. They also understand the need to fund their annual sales growth, as much as possible, from retained earnings, not with borrowed money. Both goals are achievable.

To reach these goals, the owner's annual Return on Investment (ROI) needs to be at or near 30 percent, or at least be moving toward that goal. This may seem unlikely in days when interest rates are so low, but Dr. Rice will teach everyone attending this session what they can do to achieve this goal. It is not all that difficult, once they understand that there are only six things they can change. Improving these six correctly is what leads to meeting the 30% goal.

If your company has multiple branch operations. Each branch must also contribute to the overall profitability of the company. The proper measure for branch profitability is not the commonly accepted 'profits as a percentage of sales'. The correct measure is the annual Return on Total Assets (ROTA). Why, because the return on sales does not include any measure of the effective use of the owners money tied up on inventory and accounts receivable. The ROTA is the true measure because it tells the owner how much money the branch earned with what they had to work with. The ROTA goal is a 15% annual return on the money invested in the branch.

These ROI and ROTA are both achievable goals. Dr. Rice has numerous clients who have attained these goals and some even higher ones. Until recently he reserved this information for only his most successful consulting clients. However, he is now teaching attendees how to earn these returns at UID. Everyone who attends this training session will learn what must be done to achieve these financial goals.

In this training session all attendees will learn:

1. How to immediately identify and manage the six things that improve the profitability of both the company and the individual branches
2. The five non-financial things that you have to do to reach these goals.
3. What measureable events determine the ROI and the ROTA and how the actions of the owners, managers and the associates impact each for better or worse.
4. How to use the ROI and ROTA calculator (provided in class) as a tool to measure and change the financial performance at both the branch and the corporation.

5. A very wise man once taught that “Doing your best is not good enough. You have to know what to do.” This is especially true for those trying to reach higher than normal profit goals in a distributorship.

In this training session attendees will learn not only *what to do* / *but how to do it*.

This is a reality check for your company. If you have already reached these financial goals this will provide positive reinforcement of what you did and how you did it. If not, attendees will learn how to attain them in the future.

Who should attend this course?

Owners, branch managers, sales, operations, purchasing, accounts receivable managers, managers in training, personnel with potential to advance to upper level sales and or management positions, along with any others you feel need to understand how to make a strong and honest profit in a distributorship, need to attend.

Manufacturers and their Reps who are interested in learning, ‘how distributors think and why they take the specific actions they do’, should also attend this training session. Knowing these things will help them work more cooperatively with their distributors for the good of both.

Dr. Don A. Rice
Professor Emeritus
Industrial Distribution
Texas A&M University
4302 Hyde Park Lane
Bryan, TX 77802
(979) 777 0425