



## Select your right distributors ! 8 items to carefully assess

Most of the Small-Medium sized IVD companies are mixing a direct distribution channel (affiliates for main markets) and indirect channels (distributors). It is mainly based on a profitable P&L evaluation, but not only !

When it comes to select one or several distributors, different milestones, as in a due-diligence, are important to consider:

- Company desk assessment
- Distributor's facilities visits
- Interviews of key contacts
- Customers feedback



Based on 15 years of experience of selection of new distributors , we have built a list of criteria and information to collect for the “desk assessment” phase to help in the decision-making process of several distribution candidates:

## **1/ Financial situation**

The purpose is to check the capacity to invest in new businesses

Annual turnover & profitability

Working capital, depreciations

Credit line / Bank debt

Cash flow

Forecasts

Expected margin

## **2/ Specific market knowledge**

It will support the adequate marketing plan & then determine the speed of the introduction

## **3/ Sales experience and organization**

We check the followings:

Current distribution / Installed Base

Type of products / Services

Synergies / Conflicts of interest

Territories coverage

List of current customers

Ability to devote Human Resources to new business

Image and reputation

## **4/ Marketing plan**

It needs at least to include the followings, knowing that in certain countries, data access or available information are quite limited:

Segments and targets

Real accessible market

Competition

Pricing / Reimbursement

Unique Value Proposition

Go to market strategy

## **5/ Technical Support**

Important element to consider for highly technical or scientific solutions: it will determine initial trainings and time to invest to the distributors:

Number and profile of engineers & specialists

Helpdesk / Training center

KPIs in place

## **6/ Infrastructure**

Important part supporting the final expected standard quality according to the design files

Warehouse

Shipping organization

Traceability of products

## **7/ Regulatory burden**

No business without appropriate registration, or delay and associated costs:

Experience in registration

Local timeline to register

Needed assistance

Translation capacity

Relationships with authorities

Accreditations

## **8/ Final questions before an agreement**

These items are always under negotiation when drafting agreements:

Exclusivity or not (products, portfolios, territories, segments of customers ...)

Minimum commitment and Transfer Price determination

Terms & Conditions for payment

Support provided

Initial Marketing & trainings activities

Probation period and criteria

Duration of agreement / Renewal

Termination clauses

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