



NATIONAL ASSOCIATION OF
CHAIN DRUG STORES



The Role of Business Development Organizations (BDO)

Checklist for Engaging the Right Partner

☐ Know where you are in the Products-to-Market process. Have a concise, written statement of your objectives and expectations.

- This communication piece will help ensure that interviews are productive and that you choose the right firm for your needs. For example, some companies will not participate in all steps and some companies prefer not to pioneer totally new products. The Products-to-Market process can be summarized as:

Step 1 - Pre-market due diligence

Step 2 - Go-to-Market Strategy

Step 3 - Retailer Implementation

☐ Understand how a BDO operates and how they are compensated

- *Manufacturer's Representative / Agents*
 - May be a one-person operation, but generally have five to ten employees
 - Territories may cover several states or just one key retailer
 - Usually paid by sales commission
 - If pioneering a new line, may require a retainer
- *Brokers*
 - Generally a larger operation than a rep agency. May have significant administrative staff
 - Territories tend to be larger than rep agencies and may be national
 - Food brokers usually offer in-store retail merchandising services
 - Compensation may be any combination of sales commission and/or retainer
- *Master Broker*
 - Oversee results for the whole country by managing a network of regional brokers
 - Compensated via sales commission that includes the regional brokers' commission
- *Sales and Marketing Consultants*
 - May perform all products-to-market steps including pre-market due diligence, go-to-market strategy and retailer implementation or may specialize in one or two steps
 - Compensation may be any combination of sales commission and/or retainer

❑ Ask the right questions

- *How many years of experience does the BDO have working with this retailer?*
Five years is a well-seasoned representative. Inquire as to how the “new item” process works at that retailer, whether there are any special supply chain requirements, and how store operations work. Be sure the company has extensive knowledge of the inner workings of targeted retailers.
- *Does the organization have a proven track record of pioneering new products?*
Pioneering a completely new product is very different from managing established brands. Be sure the organization has demonstrated success.
- *What other brands does the BDO represent and what is their sales history?*
Familiarize yourself with these products and ask yourself if they are well-represented within the framework of their product category. Some companies may handle competing products and are able to manage both quite well. Look for a history of sales growth and/or market share gains.
- *Is the contact person or account manager a good fit for your company?*
You will be working closely together; be sure that personalities are a good match.
- *Does the BDO have an established relationship with the Category Manager in your product category?* A prior business relationship is not necessary, but it is nice to have because it gives access to information that will help position your new product for success.

❑ Be responsible for your own destiny. Discuss roles and responsibilities regarding:

- Attending sales calls and/or providing feedback after sales calls
- Reporting and analyzing sales, profit and market share data
- Follow-up and communication with the retailer on day-to-day work process, problems, and issues (who owns what parts of the relationship)
- Follow-up up to ensure that plans are executed at each store
- Creating and/or collaborating to build annual sales and marketing plans

Manufacturer Questionnaire
“What a Business Development Organization (BDO)
Wants To Know About Your Company”

☐ Manufacturer Information

- 1) What is the company's primary contact information?
 - a) Contact name and title
 - b) Company name
 - c) Address
 - d) Phone/Fax
 - e) Website
- 2) Number of years the company has been in business
- 3) Dunn and Bradstreet (D&B) Number
- 4) Have you registered with the GS1?
- 5) Are you currently working with any of the following:
 - a) Ad agency
 - b) Public relations firm
 - c) Media buying firm
 - d) Other

☐ Product Information

- 1) What products or brands are you offering for representation?
 - a) Please provide a description of your product line.
 - b) If a new item or brand, what is your first ship date?
- 2) Who are your major competitors for existing or new products?
- 3) What is your wholesale cost and suggested retail?
- 4) Where would you like to see your product placed at retail (which category, next to which competitors)?

☐ Sales Volume

- 1) What were your annual sales last year?
- 2) What is your annual dollar sales forecast for this year?

☐ Trade Channels/Customers

- 1) If an existing business, where do you have distribution (list retailer names)?

a) Drug	d) Convenience
b) Food	e) Club
c) Mass	f) Other
- 2) If a new business or for a new product, which trade channels are your priorities?

a) Drug	d) Convenience
b) Food	e) Club
c) Mass	f) Other

❑ Policies / Procedures / Terms

- 1) What payment terms do you offer to the retailers?
- 2) Promotional spending / what is the annual budget with which you plan to support the retailer?
 - a) Slotting allowances
 - b) Introductory allowances
 - c) Co-op advertising funds
- 3) What is the amount of your Product Liability Insurance?

❑ Sales Representation

- 1) Are you currently working with any BDO?
- 2) What are the markets or accounts in which you are seeking sales representation?

❑ Business Planning & Management

- 1) Do you have a business plan for this product line?
- 2) For existing and new products, please provide details about your marketing plans.
 - a) Advertising
 - a. Television, radio or print plans/programs
 - b. Annual consumer media budget
 - b) What sales / broker materials do you make available:
 - a. PowerPoint sales presentation
 - b. Catalog Sheets
 - c. Broker training manual
- 3) What administration do you require?
 - a) Status Reports
 - b) Forecasting
 - c) Retail merchandising support
 - d) Other

“Business Development Organization (BDO) Questionnaire Questions You Should Ask a Potential Sales Representative”

❑ Agency Background

- 1) Do you currently represent any companies or brands that compete with our brands? If yes, please list below:
- 2) How long have you been in business?
- 3) Describe your territory.
- 4) How long have you been working with the key retailers in your territory?
- 5) Describe your organizational structure.
- 6) Are your associates employees, partners, or independent reps?
- 7) Have you pioneered new brands, and can you give me some examples of your success?
- 8) Who are your other clients and what are their key brands?

❑ Account Knowledge

- 1) How well do you know the category managers who will be purchasing my brands?
- 2) How familiar are you with the categories in which we compete?
- 3) Do you work with people outside the buying function at the retailer? (i.e. accounting, advertising, inventory, transportation, sales data)

❑ Administration

- 1) What administrative functions do you perform (i.e. new vendor agreements, advertising agreements, new item forms etc.)?
- 2) How do you manage the advertising/co-op process?
- 3) Will you participate in our forecasting and budgeting process? To what extent?
- 4) Do you provide account status reports?
- 5) What help do you give your clients with late retailer invoices and deductions?

❑ Other

- 1) What Pre-Market due diligence can you provide us?
- 2) Do you have suggestions on what our Go-to-Market strategy should be?
- 3) What kind of retailer programs will we need to participate in to be successful?

“How to Find a Business Development Organization (BDO)”

❑ NACDS Tool Box

www.nacds.org

❑ NAGMR (National Association of General Merchandise Representatives)

www.nagmr.org

❑ MANA (Manufacturers Agents National Association)

www.manaonline.org

❑ NARMS (National Association for Retail Marketing Services)

www.narms.com

❑ Ask Other Manufacturers