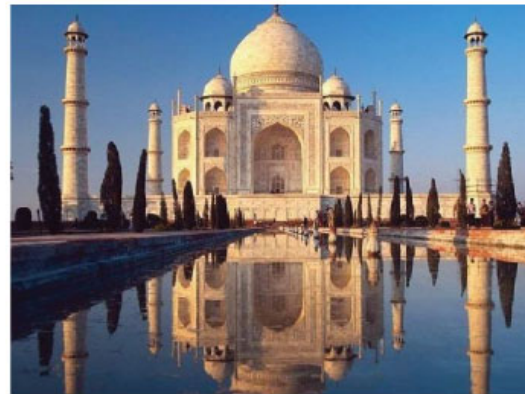


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Blue Sky Consulting

How to Negotiate a Great Foreign Distributor Agreement

April 13, 2016



Agenda



▲ Why you need a good written agreement

▲ Resources you'll need

▲ Some key terms



▲ Tips for a good agreement

Why You Need a Good Agreement

- ▲ Enforce terms
- ▲ Avoid “default” provisions
- ▲ Ensure clear agreement
- ▲ Deepen business relationship



Resources You'll Need



▲ Templates

- ▲ Distributors vs. Agents/Manufacturer's Reps
- ▲ Service Component

▲ Legal advisors

- ▲ Bad sources of advice
- ▲ Good sources of advice



Key Terms



- ⬆ Legal Stuff
- ⬆ Exclusivity
- ⬆ Operations
- ⬆ Ongoing Management
- ⬆ After the Party Ends



Legal Stuff



▲ Jurisdiction & venue

▲ Insurance

▲ Warranties & Indemnities

▲ Anti-corruption



Anti-corruption



▲ Due diligence

▲ Contract clauses

▲ Training

▲ Periodic refreshers



Exclusivity



⬆ Should you give it? Can you give it?

⬆ What are the consequences?

⬆ What are some alternatives?



Operations



- ▲ Investments
- ▲ Forecasting
 - ▲ Ordering
 - ▲ Demand planning
- ▲ Logistics
- ▲ Pricing
- ▲ Payment



Ongoing Management



Business Plan

Regular Business Review

Metrics & Measurement

Issue Escalation



Termination



Goodbye

▲ Goodwill Payments

▲ Handling of Inventory

▲ Handling of Customers & Operations

Top 10 Tips for Negotiating a Great Distributor Agreement

- ▲ #1: Start with a distributor recruitment and due diligence plan



Top 10 Tips for Negotiating a Great Distributor Agreement



- ▲ #2: Your negotiations will go more smoothly if you view your new distributor as a true partner, with both of you investing in each other.



Top 10 Tips for Negotiating a Great Distributor Agreement



▲ #3: Use templates, but proceed cautiously



Top 10 Tips for Negotiating a Great Distributor Agreement



▲ #4: Start with a term sheet, and build out from there



Top 10 Tips for Negotiating a Great Distributor Agreement



▲ #5: Be aware that negotiating styles vary across countries, and adjust accordingly



Top 10 Tips for Negotiating a Great Distributor Agreement



▲ #6: Let the process take as long as it needs to



Top 10 Tips for Negotiating a Great Distributor Agreement



▲ #7: Don't assume what's enforceable here is enforceable there!



Top 10 Tips for Negotiating a Great Distributor Agreement



▲ #8: Don't worry about disagreements that come up during the negotiations



Top 10 Tips for Negotiating a Great Distributor Agreement



▲ #9: Always know your “walk-away” point



Top 10 Tips for Negotiating a Great Distributor Agreement



- ▲ #10: Remember that all distribution agreements eventually end, and always have your exit strategy in mind





Doris Nagel, CEO of Blue Sky Consulting Services, helps companies increase their international sales by choosing the right market entry strategies. She leverages her 30 years of channel management experience in 65 countries to help companies optimize their sales channels to increase profits and minimize headaches for sales managers.

Blue Sky Consulting Services

+1 847 984 2816

info@blueskyconsultingservices.com

www.blueskyconsultingservices.com

