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# Best Practices for Business Reviews

Executive Summary

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## **Best Practices for Business Reviews: Executive Summary**

### **Background and Goals**

The ECIA Independent Manufacturer Rep Council formed a committee of Manufacturers, Distributors and Independent Manufacturer Representatives to identify and analyze best practices for conducting business reviews. Business reviews can be a great tool to align expectations, develop plans for sales growth, ensure metrics are achieved and give feedback on performance. Done properly, they can set the direction to enable companies to move forward successfully.

The business review process has become more robust with the advent of new software tools (CRM, Data Analytics, etc.) that allow participants to aggregate information more effectively than ever before. These tools can be highly beneficial if used properly and are aligned with the goals of the review. However, too much data may distract from the most salient information and be an ineffective use of everyone's time. The Committee wanted to drill down into exactly what information participants believed was most important.

Quarterly Business Reviews (QBRs) have costs associated with them. It takes time to prepare - gathering data, coordinating attendee calendars, preparing presentations, securing the event venue, and so on. Also, there are costs associated with territory travel. Taking salespeople away from tactical sales activities incurs potential lost dollars due to less time with customers. The hard cost to prepare is estimated depending on number of attendees but can easily cost thousands of dollars.

On the other hand, the ROI on a well-executed QBR between key players in the electronic component sales channel can be very high when the focus is on new business growth strategies and the alignment of goals. The key is to ensure time spent in the business review is productive and the meeting improves sales results. Information must be optimized to give salespeople the tools they need to close business.

It should be noted that not every distributor, manufacturer or representative requires a regular business meeting. It would be impossible for Reps and Distributors to hold business review meetings with every manufacturer account for which they are responsible. And smaller companies are less able to afford the resources for this activity than larger companies throughout the channel. Further, what is happening in the broader economy and current market conditions are also factors. During times of crisis or supply chain disruption, the meeting schedule must adapt as communication needs require. This research is done in the context of certain assumptions, including that the decision to hold a business review meeting is made taking these types of considerations into account.

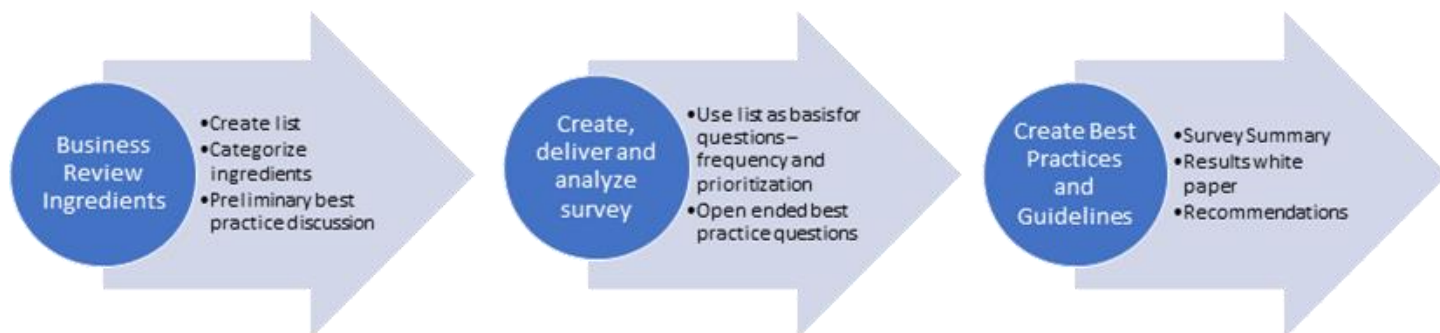
### **The goals of the project:**

- Drive more commonality across reviews
- Highlight best practices for reviews
- Provide suggestions for the following types of reviews
  - Manufacturer and Rep
  - Manufacturer/Rep and Distributor (Branch)
  - Manufacturer and Distributor (Corporate)

## Methodology

ECIA Chief Analyst Dale Ford worked with the committee to develop the survey instrument and compile the results.

The committee followed the process noted below to develop findings and results.



A total of 201 participants completed the survey with balanced participation in terms of the types of meetings. Survey questions focused on the ingredients participants felt were most useful: the ideal length, frequency, the time allocation for the elements of the meeting itself, e.g. discussion of sales metrics, performance, marketing/NPI, target accounts and other actions to be taken, and so forth.

## Data Summary: Length and Frequency of Meetings

### Local Distributor Branch with Local Manufacturer / Rep Review

- Overwhelming number of respondents (71%) felt quarterly was the best frequency, followed by semi-annual (24%) and annual (5%)
- Reps had a greater % of respondents (35%) who answered semi-annual than manufacturer (22%).
- Length of time for quarterly reviews was just over 1 hour (1.13). If reviews are less frequent, the length of time extended: semi-annual (1.41 hours), annual (1.63 hours).

*Takeaway best-practice: quarterly reviews of 1 hour*

### Rep with Manufacturer Review

- More disparity on frequency in this type of review:
  - 48% respondents said quarterly / 38% semi-annually, 14% annually.
- Manufacturer more strongly prefers quarterly (61%), Reps preferred semi-annual (42%). However, both Rep and Manufacturer chose annually as least desirable by large margin.
- Review length average was 1.29 hours for quarterly reviews, 1.6 hours for semi-annual.
- For the minority of respondents who chose annual reviews, 2 hours is desired length.

*Takeaway best practice: either quarterly or semi-annual reviews of approximately 90 minutes.*

## Corporate - Distributor with Manufacturer Review

- Distributors and Manufacturers both chose quarterly as their first choice (65% and 58%, respectively), with semi-annual as second choice (32% and 40%, respectively)
- Desired length of time for the reviews was very aligned, at 1.5 hours for quarterly reviews; semi-annual reviews slightly longer at 1.88 hours.

*Takeaway best practice: quarterly reviews of 90 minutes*

## Commonalities and Disparities

The survey included the ability for participants to include additional input, in freeform fashion, as to their thoughts on additional items to be captured in three broad areas: 1) Top pre-meeting tasks to complete 2) Top Goals of the Review, and 3) Items to eliminate from reviews. There was surprising commonality and themes among the responses across the constituents and among the constituent types.

For **Pre-Meeting Tasks**, common themes included a strong desire for an agreed agenda and attendee list well in advance, preparation and review of previous action items and current status, a desire to align on numbers (sales, registrations, whatever might apply) in advance, and top opportunities and funnel updates as part of the preparation.

Top trending input for **Review Goals** included developing mutual action plans, aligning on goals and KPIs, developing growth strategies, review and actions around the top accounts and opportunities, and discussion around NPIs and application/target/stocking of those products.

The highest level of commonality revolved around **Items to Eliminate**. Regardless of review type or constituent type, there was a strong coalescence around these general things 1) Unless there is something truly new or pertinent at the time, move non-review (company size, global footprint, org chart, etc.) slides to “backup”, 2) Stick to the agenda and avoid the day-to-day and tactical items, 3) spend less time looking back and more time looking forward. Also mentioned frequently as an item for removal was technical training in the distribution business reviews.

The following tables summarize these findings:

| Top pre-meeting tasks:                   |                                          |                                          |
|------------------------------------------|------------------------------------------|------------------------------------------|
| Disty Local Rep/Mfg Review               | Rep/Mfg Review                           | Disty Corp Review                        |
| Agree on agenda & attendees              | Agree on agenda & attendees              | Agree on agenda & attendees              |
| Review and status actions items          | Review and status actions items          | Review and status actions items          |
| Sales performance - Alignment on numbers | Sales performance - Alignment on numbers | Sales performance - Alignment on numbers |
| Disty marketshare                        | Disty marketshare                        | NPI Review                               |
| Target accounts                          | Product roadmap and NPI recap            | Top opportunities, actions to close      |
| Top opportunities, actions to close      | Update/review opportunity funnel         | Challenges / areas of improvement        |
| Challenges / areas of improvement        | Top opportunities, actions to close      | Inventory & turns                        |
|                                          | Challenges / areas of improvement        |                                          |

| <b>Business review goals:</b>          |                                  |                             |
|----------------------------------------|----------------------------------|-----------------------------|
| <b>Disty Local Rep/Mfg Review</b>      | <b>Rep/Mfg Review</b>            | <b>Disty Corp Review</b>    |
| Develop an action plan                 | Develop an action plan           | Review action items         |
| Assign accountability                  | Align on goals                   | Align on growth strategies  |
| Branch specific growth initiatives     | Develop clear direction          | Commitment on sales targets |
| Collaboration                          | Review and progress action items | Review opportunity funnel   |
| Review opportunity funnel              | Drive customer growth            | Corporate commitment        |
| Develop and/or discuss target accounts | Drive demand creation            | Grow market share           |
| New customers                          | Review and discuss KPIs          | Increase joint activity     |
| Discuss/review NPIs                    | Discuss/review NPIs              | Discuss/review NPIs         |

## Conclusions

There is a clear consensus among the three groups that business reviews should take place on a quarterly basis and the length of time should be between 60 and 90 minutes.

Furthermore, the survey participants agreed that business reviews should be about the business strategy for accounts, and not about training, day-to-day tactical issues, or the re-hashing of old challenges.

All groups agreed the pre-meeting planning should prioritize a well thought out agenda and should include key players at the meeting; a review of prior actions and status update; and sales performance numbers.

In addition, the Distributor corporate group wanted planning to include the NPI review and inventory & turns update, top opportunities at a very high level and some insights into challenges and areas of improvement.

At the Distributor local level, the planning should include target accounts, a more tactical analysis of top opportunities and distributor marketshare.

The Rep-Manufacturer group wanted planning to include distributor marketshare. This group also wanted a product roadmap and NPI recap, a closer look at the opportunity funnel, a more tactical analysis of top opportunities and some insights into challenges and areas of improvement.

The consensus is that well planned reviews which are geared towards future activities to provide direction on what is needed to win can help to improve results.