

ECJ

Distributor focus

A supplement to *European Cleaning Journal*



MARKET VIEW

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Distributors at the heart of the industry

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ECJ Distributor focus

September 2012

Contents

Sponsor's story

14 ISSA

How the worldwide association is leading the way in promoting distributors.

Reports

5 What makes a good distributor?

ECJ asks a group of manufacturers and end users what defines a good distributor.

10 Does size matter?

Can large, medium sized and small distribution companies continue to co-exist in today's difficult market, asks Ann Laffeaty.

17 The IT advantage

Hartley Milner looks at how distributors are turning to IT solutions in order to improve customer service.

23 Must add value

ECJ talks exclusively to Keith Baker, director of European services at ISSA, about trends in the distribution market.

26 Sustainable distribution

Ann Laffeaty finds out how much of an impact the drive towards sustainability has had on the distribution industry.

28 Growing together

Relationships are key to the success of any distribution business. ECJ takes a look at some successful ones.

32 The US view

Alan Sadler, president of distribution network Triple S, offers his view of the US market for cleaning products distributors.



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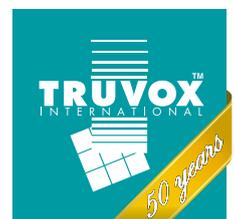


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Foreword



ISSA is very proud to sponsor this first ever *Distributor Focus* published by our friends at *European Cleaning Journal*.

All too often, be it in Europe or further afield, the critical role of the distributors in our industry, is overlooked or their importance downplayed. So often many are inclined to forget that the distributors are in many ways the superglue binding the manufacturer and end customer together.

At its very simplest without distributors, that line manufactured by a small company in the north of UK wouldn't be in use now throughout the Ukraine. Similarly without the knowledge and service delivery of the distributor that care home owner would not have such a rich and informed choice of products that absolutely meet the particular cleaning needs of his or her location.

In my role with ISSA, distributors are of course close to my heart. As you may already know, ISSA started as an association in 1923 to represent the interests of distributors and currently there are over 2,000 distributor members of ISSA globally. I therefore have particular reason to strongly applaud the pioneering initiative that *ECJ* has shown here and hope that it will be but the first of frequent reports focusing on the distribution sector.

However before we get ahead of ourselves in looking to the future, I hope you too will enjoy and be informed by the contents of this supplement in your hands right now. Read on for valuable insights and to see how you can improve and grow your distributor business or how you can get the best from your chosen distributor. You will also find some not-to-be-missed articles on what defines a good distributor; whether size of operation matters; logistics; implementing technology to help improve your business; sustainability; future trends; and the importance of partnerships.

Mastering such topics is vital for today's distributors in the changing world that they face on a daily basis. On this note, with a still extraordinarily tight economy in many key European markets and with different online logistics competitors altering the very structure of the sector, some might fear that the value of service has been lost and that the initial purchase price is now the only criteria in the buyers mind rather than the lifetime cost or the actual cleaning performance offered a product.

However many studies thankfully have proven that a clear majority prefer to deal with a local distributor and value having a personal relationship with an expert and informed distributor. Ally this to the incredible, knowledge, passion and professionalism exhibited by many of the distributors who I have been fortunate enough to meet on my travels to Europe and I have no doubt that good distributors will be able to more than hold their own - whatever external trends or forces are thrown at them.

In conclusion if after reading this you would like to share your views on the issues affecting distributors, or if you have constructive thoughts on how the manufacturer-distributor-building services contractor relationship could be improved still further please do share them. Myself, Keith Baker (ISSA's director of European Services) and of course *ECJ*'s editor Michelle Marshall would all love to hear from you.

I would also encourage you to visit www.issa.com where you will find resources designed to help distributors such as market studies, information on educational sponsorships that ISSA offers distributors and their family members, plus a range of best practice Quick Clips.

John Garfinkel, executive director, ISSA

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The view from manufacturers

"We expect the distributor to have a deep knowledge about the local market he is serving and fully understand what challenges his customers are faced with in their everyday business lives. It is important that the distributor is proactive in his market approach and are able to adapt to shifts in demands from the market and are able to communicate these changes back to Nilfisk-Advance so that we can adapt our products and services to these changes fast.

"A good relationship between supplier and distributor is based on frequent communication, an open and constructive dialogue and the ability to benefit from the strength of both parties in the relationship.

Anders Terkildsen, executive vice president, Nilfisk-Advance

"First and foremost a good potential distributor needs to be well introduced into the professional cleaning industry with an organisation that has the ability to service his customers in commercial and technical matters.

"Being in the business, so to speak, is one thing but for us it is vitally important to make certain our product line is complementary to products within the distributor's existing sales programme.

"Having determined the above, it is necessary to develop a clear understanding of the sales and marketing concept to be sure that the sales route coincides with the distributor's existing outlets and market segments and further to provide full product training to establish a high level of competence between the distributor and the final customers.

"It goes without saying that prices, terms and margins all play an important part in ensuring the relationship has the potential to be profitable and, consequently, being able to reinvest in growing the business which is an essential element."

Chris Duncan, managing director, Numatic

"A good distributor is hard working, understands its market, finds opportunities, is self-motivated - the next step towards an excellent distributor is to have somebody that offers suggestions to improve your offer, feeding back into the organisation.

"Moving forward, we can see a stronger cooperation between the distributor and the organisation, from manufacturing versus selling into something more of a constant collaboration: including the distributor in the knowledge chain, whereby they become an essential part of marketing/sales research; challenging the organisation whereby they are pushing the company forward with features, quality and price; therefore pushing the company to change their internal processes to match distributors' recommendations.

John Shields, production director, Brightwell Dispensers

What makes a good distributor?

"There are several key characteristics that define a good distributor:

- As a basic prerequisite, the demonstration and adherence to high ethical standards is of paramount importance to 3M in ensuring the way in which business is conducted meets the highest levels of ethical behaviour

- Willingness and ability to embrace broader business development activities - eg, functional discounting schemes which encourage mutual business growth, sharing of POS data to enable joint CRM activity aimed at cross-selling and up-selling, campaign management to promote offers

- Healthy financials and ability to pay - the management of NWCT (Net Working Capital Turns) for both manufacturers and suppliers

- Reach and scale - the ability to offer broad solutions to our target markets

- Innovation mindset - willingness to embrace and support new product initiatives

- High calibre sales and marketing organisation - ability to work jointly on training and joint selling initiatives at the local level

"Our expectations of distributors have developed over recently years:

- End user customers are always demanding more value - as they should - and so working together to develop new added value services is desirable

- IT capability - leaner business models which offer great service with lean cost-to-serve models are important."

Max Walker, business manager Europe, 3M

"We continue to need our distributors to be both innovative and proactive within the market. A good understanding of our product range is important - as is having multiple points of sale spanning trade counter to online and direct sales teams.

"The internet marks the single greatest factor for change over recent years. Its increasing sophistication and importance as a marketing medium and sales channel is being noted and optimised by a growing number of our distributors."

Paul Robinson, UK and international sales manager, Prochem Europe

"Focus and commitment to the line must be the two most important elements of defining a good distributor. Each of these qualities must be supported by a distributor's clear understanding of the manufacturer's market-

ECJ asks a group of manufacturers and contract cleaner end users: what defines a good cleaning products distributor, and how have your expectations of distributors changed in recent years?

ing plan, business strategy and route map of the goals and objectives.

"Clear, precise communication of sales messages are a prerequisite of the manufacturer and a demonstrable understanding of these objectives is a major factor .

"Over recent years the partnership between a good distributor and one that is less successful has been largely influenced by the economic climate, and we believe, by the commitment made from each party. An imbalance between the two leads to frustration and usually one or other, or both, being unhappy through lack of business.

"At Vectair we have worked to gain a greater understanding of the distributor's market and tried to be empathetic to change by adopting a more flexible approach to business. Our expectations have not changed: in reality, what we have found is that where we had committed partners originally these relationships have flourished and both parties have seen tangible benefits."

Paul Wonnacott, managing director, Vectair Systems

"The distributor is an increasingly sophisticated business partner in line with the needs of the changing cleaning market. It plays a prominent role both in the logistics - which must be handled in the shortest time - and in after-sales and training.

"Together with the producer, the distributor shares important goals to respond as quickly as possible to growing market demand for product innovation and constant training on the proper and most efficient procedure for cleaning.

"And in the current economic climate the greatest change we have seen is in payment terms, which have inevitably lengthened ."

Continued page 6

Sergio Cervellin, president, IPC Euromop

"We see our distributors as business partners. We'd like to think that they see us in the same light. Certainly the more progressive distributors are constantly pushing us to work more closely with them. There's more strategic thinking and working together today than in the past.

"We need them to work with us as equal partners or we can't achieve everything we'd like to achieve for our business. Increasingly, our distributors are our prime source of end customer insight. They bring the package together for their customers – product aggregation is only a part of what they do for their customers. The name of the game is service. Some of our business partners are now very slick at serving their customers."

Stephen Kerr, regional sales leader UK, Ireland and Benelux, Kimberly-Clark Professional

The view from contract cleaners

"Ultimately, cleaning companies are reliant on janitorial suppliers to keep them abreast of any advancement that may be of benefit. Janitorial supply houses that do not manufacture their own chemicals and hardware are better focused on introducing innova-

tions from all sector manufacturers and not those that will necessarily afford them the best return.

"Just in time stock management is essential for most product suppliers needing to gauge stock levels to satisfy regular orders, but flexibility is critical in ensuring suppliers keep adequate stock levels to be able to satisfy emergency orders.

"Added value is also important. Helping cleaning companies open up opportunities to add to the range of products they supply clients is also critical in times such as these where margins on core cleaning are under significant pressure.

"Online ordering, invoicing and budgetary control helps make ordering and processing more efficient and less reliant on manual processing as well as helping produce meaningful information for budgetary control."

Jonathan King, joint managing director, Regent Cleaning

"We expect complete accuracy from our distributor, with the right order delivered in full every time. The distributor needs to know what the customer is doing now, next month and in the short, medium and long term. That way they can work with us to understand changing requirements, processes, restric-

tions on chemicals, new customer/growth, better use of green chemicals if appropriate.

"Product knowledge is essential, as is a 'can-do' attitude. We also appreciate different ordering options, such as website shopping basket, bulk orders, budget control built in and limits on product lines that can be ordered.

"Cost isn't everything but value is, so pricing needs to be keen but not such that the overall service is adversely affected.

"We also appreciate useful and flexible reporting against products, volumes, dates, customer delivery destinations and any other permutation of information deemed relevant – ideally all managed by the customer through the website."

Paul Sambrook, group commercial director, Servest Multi Service Group

"A good cleaning products distributor should be flexible and able to cope with rapid rises in demand, for example during the Olympics and other sporting events.

"An understanding of green cleaning technology is a must, together with the natural ability to innovate and be proactive with ideas. All too often we have to approach them for innovation whereas the distributors should

Continued page 8

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be 'bombarding' us instead. They must combine a service focus with strong relationship management attributes through a one point of contact account manager.

And they should be willing to really understand our business, to the extent that they become involved in our business development. On larger contracts having the flexibility and trust to deal direct with the supplier (and cut out the 'middle man - distributor') is preferred, allowing direct delivery and one-to-one contact with suppliers for training.

Paul Thrupp, director of cleaning, OCS

"The relationship cleaning businesses have with distributors is a working partnership for the future. The choice of distributor can make or break the financial security of a business so it is vital to pick the right one. Whatever is being bought, price is not the only factor. The value of the product is bound up with the end to end services that the distributor provides. As expectations of distributors have risen over the years, the entry level for being deemed a

good supplier has gone up too.

"The culture of a distributor is increasingly important. Contractors are looking for a supplier that offers honesty, integrity and credibility, as well as a professional service.

"Cleaning is a people business and the quality of staff that interact with the client is growing in importance. A supplier should offer an account manager, who reports to the client at least quarterly. The account manager should operate a continuous improvement process, including the proper training of all staff that service the account to eliminate problems caused by lack of knowledge. Where problems do arise, it is vital that they are resolved promptly and professionally.

"Financial support is also important to a successful partnership. No one is going to ask their distributor to make a loss on their behalf, but reasonable support for large tender submissions is a key element in the development of the long term partnership. The financial support also means that the distributor should carry sufficient stock to ensure

timely deliveries, including emergency cover if and when required. Distributors should also carry adequate insurance cover to manage any risks that their products and services might cause.

"Product knowledge is also important. Clients now expect their distributors to have a deep understanding of the products they sell and offer those products that support the client's cleaning operation and long term plans. Moreover, the distributor should be the eyes and ears of the contractor when it comes to innovations and new products. Training programmes for both chemical and machinery products should be available where required. The product range should be wide and offer both choice and value. The distributor should be able to offer a one stop shop.

"One area where clients are expecting more from their distributors is that of technological support. Not only must suppliers be able to offer a telephone help desk, including an out of hours service, but they should also provide an online ordering and management system that enables recording against budgets so that performance can be tracked. Accurate data on product usage is essential."

Andrew Large, chief executive, Cleaning and Support Services Association

ECJ interroge un groupe de fabricants de produits de propreté et d'utilisateurs professionnels sur la question de savoir ce qui définit un bon distributeur de produits et si les attentes qui s'adressent aux distributeurs ont évolué ces dernières années.

Das ECJ befragt eine Gruppe von Herstellern und Endabnehmern aus den Reihen der Vertragsreiner. Wodurch zeichnet sich ein guter Vertriebshändler von Reinigungsprodukten aus, und wie haben sich die Erwartungen, die an Vertriebshändler gestellt werden, in den letzten Jahren gewandelt?

ECJ chiede a un gruppo di produttori e appaltatori di servizi di pulizia utenti finali: cosa definisce un valido distributore di prodotti per il cleaning e come sono cambiate le aspettative nei confronti dei distributori negli ultimi anni?

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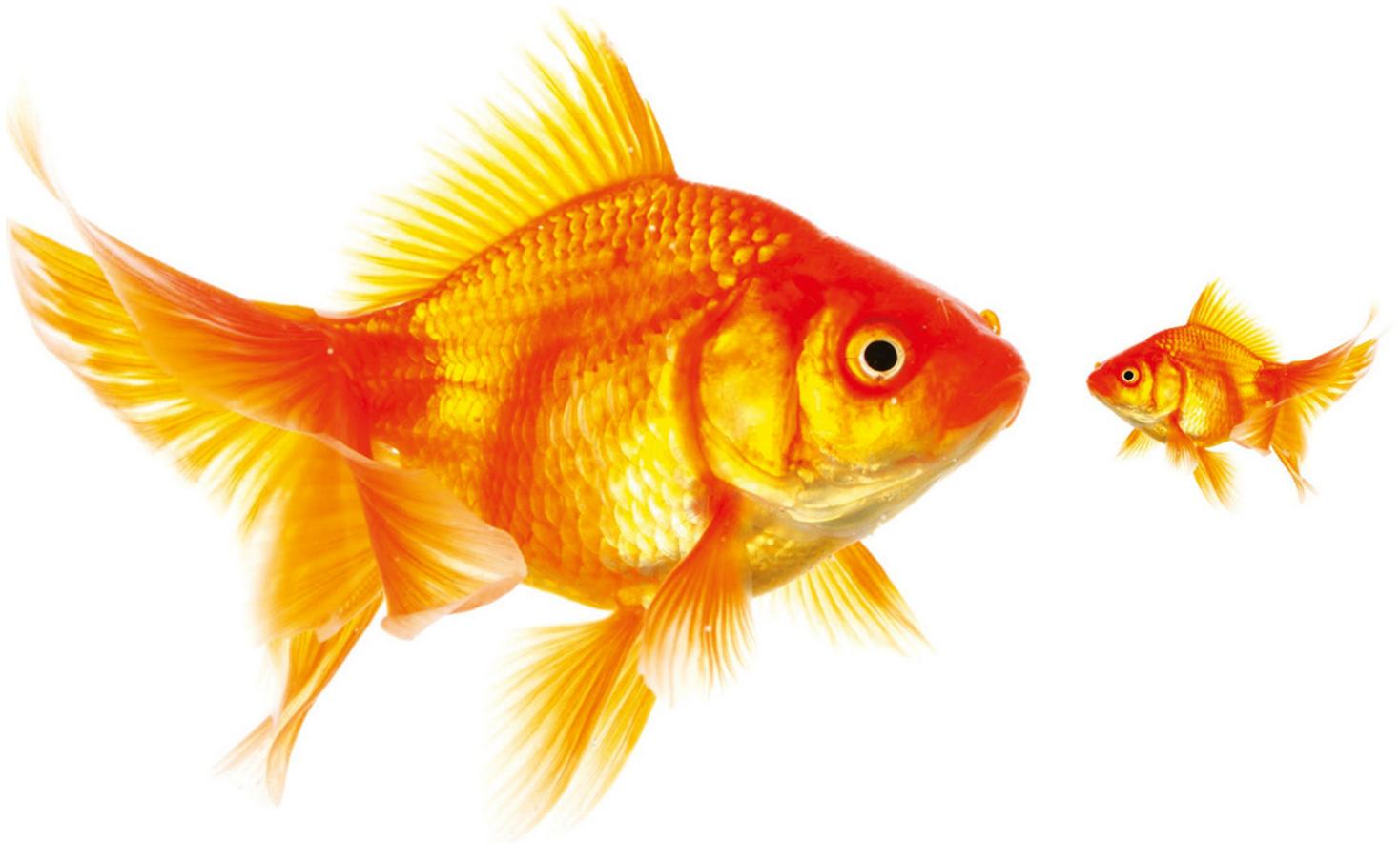
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Does size matter?



The distributor sector was once generally made up of small, service-led companies whose role was to deliver essential goods to customers within a limited geographical area.

However over the years a growing number of large distribution networks covering vast regions have begun to dominate the industry. These offer a range of benefits such as economies of scale, significant buying power, a broad range of services and multiple brands.

Smaller firms are unable to compete on the same playing field. But they can provide advantages of their own such as a more individual service, bespoke deliveries and that personal touch – something that may be difficult for their larger rivals to offer.

So can these two types of distributor continue to co-exist comfortably, and are each of them able to thrive in their individual markets?

Wendi Tarling is sales manager of SA Patient, a family-run UK business comprised of 15 members of staff. The company sup-

plies cleaning, hygiene and safety equipment mainly to customers in the south west of England. She believes that increased buying power is the only advantage that larger distributors can offer over smaller companies. "We feel we can provide a much more personal level of service and our customers really appreciate that," she said. "For instance we can make same-day deliveries to any customer ordering from us before 9.00am, and I don't know of any other company that can do that."

She says a recent request to SA Patient from a large food manufacturer provided another example of the type of personal service a smaller distributor can offer.

"The company phoned us with an urgent order because they had made a miscalculation and desperately needed more PPE equipment - otherwise production would have had to stop," she said. "I was able to deliver the equipment to them on a Sunday, something a larger distributor would just not do."

"I suppose bigger companies do have the advantage of carrying a wider range of stock

The size of today's distributor organisations can vary dramatically since the sector includes everything from large, multinational operations to small family-run businesses.

But what do each of them offer the customer, and can they continue to co-exist comfortably in today's difficult marketplace? Ann Laffey finds out.

– but there is no reason why a small company such as ourselves could not order in the same goods for the customer as and when these are needed."

Paul Lemieux is president and ceo of Pro-Link, a member-owned association of 90 janitorial supply distributors with 120 loca-

Continued page 12

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tions throughout the US. "Our member companies have an average annual sales volume of around US\$7,000,000 per year and in the case of individual companies this ranges from US\$2 million to more than US\$20 million," he said. "These firms would probably be above the median size for distributors who focus primarily on the high service janitorial supplies segment."

He says Pro-Link member companies serve both local and regional markets. "Most of them will consider any facility to be a potential account within their geographic reach," he said. "However local branches of national firms may be less accessible if purchasing decisions are made at a corporate location. So our members are capable of servicing both large and small accounts where they have access to the decision maker."

According to Lemieux the advantages of operating within a large network such as Pro-Link include classroom and in-service training, technical support, local and night-time deliveries and some managed inventory support. "Customers will select a service provider based on many factors and janitorial specialist distributors can provide many services that large 'box-mover' companies cannot deliver," he said.

He adds that smaller distributors have the advantage of being very flexible and tailor-

ing their services to the specific needs of customers. "They can also adjust to changing needs more quickly and fine-tune their offering to provide deeper support to specific niche markets.

"However, larger distributors may have a cost advantage when purchasing from suppliers along with some benefits of scale on the logistics platform. But smaller distributors that belong to buying groups may be able to offset the difference somewhat."

Future for all

He believes there is a future for both small and large distributors in the marketplace. "Small distributors excel at service creation and delivery and will always have an advantage in creating customer-centric solutions to cleaning and hygiene challenges," says Lemieux.

"Customers come in many sizes and degrees of sophistication and their needs will cover the entire spectrum - from those who are self-sufficient to customers who require a high level of service and support. Some customers may manage their own cleaning requirements using in-house staff, too, while others may outsource some or all of the work.

"While large distributors may have some advantages of scale in product delivery

for self-sufficient customers, smaller distributors can provide flexible and tailored services appropriate to a wide variety of requirements. Since there are many types of customers with varying needs, there is also a need for many types of distributors with different capabilities to support them."

Glen Smith is a director of Smith and Coburn, an independent washroom and janitorial company formed in 2008. The company tends to serve small, local customers close to its operating base in Hertfordshire in England.

"In my opinion customers prefer to deal with smaller companies since this means they receive a higher level of customer service," said Smith.

He concedes that larger distributors offer certain advantages such as national distribution plus the funds to pay pre-bates and rebates to national customers. "However, I think that however big you are, the vast majority of people prefer to buy from people," he adds.

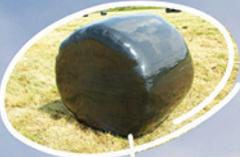
Best of both worlds

Some distributors feel their operation combines both economies of scale and a personal service allowing them to offer the customer the best of both worlds. Among these is CJS Portsmouth, a part of the Nationwide



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group. According to sales director Keith Churchill: "Unlike some of the really big distributors that only have a few depots, we have 22 of them. This means we have national coverage – while the fact that we deliver from local sites means that we can get products to customers faster."

Another organisation that considers itself to offer the best of both worlds is INPACS, a large European network of around 130 independent, family-owned distribution members. These have a total sales volume approaching 1.7 billion Euros and the network's partners range from small niche market manufacturers to multinational billion euro sales companies.

"We combine the power of a large company with the flexibility and customer orientation of smaller enterprises," says ceo Thomas Fastenrath. "We also target all customers – irrespective of size or sales volume – in our strategic market segments. For the requirements of regional or national potential customers our network has allocated 50 key account managers in Europe while our global accounts are serviced by a specialised international corporate account team from our headquarters in Berlin.

"Meanwhile our smaller customers are handled by our local distribution members."

He says INPACS customers value the company's service model which comprises good logistics, quality products, ongoing process support and technical support. "We combine the strengths of our industrial partners with our own to completely satisfy the customer," claims Fastenrath.

He feels that the advantages of larger distributors include logistics and technical support plus a wide assortment of brands and IT support. Smaller distributors, on the other hand, offer flexibility and a personal relationship with their key customers.

Sharpen their profile

However the market is becoming increasingly concentrated according to Fastenrath. "Independent small distributors urgently need to sharpen their profile to create a robust business model and find a competitive niche if they want to stay in this market in future," he said.

"Alternatively they will be required to enter into a distribution network such as INPACS as long as they provide added value for the network in their specific region. Otherwise they will need to sell their business or halt their activities."

Fastenrath believes the independent classical janitorial distributors will gradually disappear unless they radically change their business model.

"I am convinced that only medium and large, financially sound and well organised distributors will survive as part of a network such as INPACS," he said. "In fact the existing distribution networks in Europe will only survive when they convert themselves from a pure purchasing or 'friends' group to a real sales and strategic network.

"This step is not easy, as we experienced ourselves – but it is the only logical step to increase competition and protect associated members in local market positions."

Les distributeurs varient considérablement par leur taille. Les entreprises du secteur varient de la petite affaire familiale aux multinationales. Qui offre chacune d'entre elles au client et peuvent-elles continuer à coexister en confort sur le marché difficile du moment ?

Gegenwärtig gibt es bei der Größe von Vertriebsbändlern erhebliche Unterschiede, da die Branche sowohl große multinationale Betriebe als auch kleine Familienunternehmen umfasst. Was bieten sie den Kunden, und können Sie im momentan schwierigen Markt auch weiterhin nebeneinander bestehen?

Attualmente le dimensioni delle imprese di distribuzione variano moltissimo in quanto il settore include sia grandi aziende multinazionali che piccole attività a carattere familiare. Cosa offre ai clienti ognuna di queste attività, ma soprattutto possono continuare a coesistere senza difficoltà in un mercato così difficile come quello attuale?

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A light blue outline map of the Americas, including North America, Central America, and South America, positioned in the background of the upper half of the page.

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The IT advantage

Distribution today is about so much more than simply the delivery of goods. The supplier who is prepared to go the extra mile for their customers in other ways is the one most likely to keep the order books looking healthy.

Especially in these difficult times, customer loyalty can never be taken for granted and distributors are increasingly appreciating the role of technology in ensuring they keep their clients on board.

Sophisticated IT systems and software are being developed that not only improve the distribution process but also empower suppliers to help their customers make smarter buying decisions and greener product choices.

"Nowadays it's all about customer service and very, very low profit margins," said Mark Hughes, senior sales director of Epicor, a global provider of business software to janitorial suppliers and other markets. "In this age of multiple channels to market, it is so much easier for people to buy from different sources. So to keep their customers and win new ones, distributors need to use technology to continually offer a better service and gain a competitive advantage in the market."

Hughes stressed the need for software providers to be open to new ideas from their customers. "For example, recently we have had a lot of distributors wanting to have eBay stores, so they require an interaction from their ERP (enterprise resource planning) system into eBay to enable them to lift items directly," he explained.

"They can then maintain their inventory levels within their ERP system, having that shown on their online trading platform. This is of benefit to many smaller distributors who may simply not be big enough to have and maintain their own websites or web stores.

"Technology is addressing many other key areas, such as delivery confirmation, rebate tracking and traceability – being able to track products at serial number level in the case of cleaning equipment through to finding batch items such as cleaning chemicals. Suppliers also need the ability to distribute products in multiple units, assess what products they have in stock and pack sizes etc.

"What is relatively new with ERP software is the ability to have multiple stock locations and centralised buying, enabling the purchasing of the minimum amount of stock in terms of cost while still meeting the cus-

tomers' needs.

"There is a lot of clever stuff around data analysis – to say how much stock a distributor should be holding and where but now also having it across more branches so that a distributor might say 'I don't have this product here, but I might have it at another branch'. It's all about using very sophisticated methods for projecting the stock levels necessary to have 90, 95 or 99 per cent customer satisfaction.

"It's interesting, the way data analysis is going; taking all the valuable information people are collecting now and building data bases bringing in external feeds, such as interest rate trends. Suppliers are getting a better understanding of buying patterns, behaviours and the effect of external factors."

Strides are also being made in the develop-

ment of automated voice picking technology. This uses speech recognition and speech synthesis to allow workers to communicate with warehouse management systems. Massive improvements in order picking accuracy are claimed (up to 99.9 per cent), along with increased productivity and cost savings.

And cloud computing is gaining converts across the business world as security concerns are put to rest. Hughes said: "When it comes down to financials, customer lists and CRM (customer relationship management) people are reluctant to let them go into the cloud because they are at the core of their business. But I think in three to five years people will become more familiar with the cloud and the successful vendors will be those with other options.

"Our distribution software can be imple-

Continued page 18



In business, reputations flourish or flounder on the efficiency of the technology in place. Hartley Milner looks at how distributors of janitorial supplies are turning to the IT industry in their quest to improve customer service and enhance their profile

mented on site, remotely or genuinely into the cloud," said Hughes. "What that does is give smaller distributors the opportunity to run a sophisticated solution that is going to empower them to make better business decisions without having to invest in costly hardware and large up-front costs. People want their software to do more and that does require bigger and bigger boxes and more and more processors, so it makes sense to move to an environment where you just pay for the processing power you use."

Heavy investment

Not yet won round by assurances about cloud security is Mandie Kemp who runs Futures Supplies and Support Services, a distributor of washroom, cleaning and janitorial products. She has instead invested heavily in upgrading and streamlining the technology at her company's south London premises.

"We started up in 1995 before website and other technology was generally available and, as we know, it turned out to be a key development in driving the industry forward," she said. "We have always tried to be at the forefront of technology and were among the first to offer an online shopping facility. Having such robust systems in place have certainly helped us grow our business."

"Our software offers a fully integrated suite of multi-user application software designed to enable us to support and fulfil the specific individual requirements of our customers. The software encompasses facilities for call management, sales order processing, stock control, invoicing, sales purchasing and van routing. And it provides comprehensive management control, including detailed sales, stock and purchase reporting."

Futures Supplies' website order processing system runs at a hosted data centre linked to the company's main office server via its own dedicated broadband line. This enables the smooth transfer of customer orders directly into the main order processing system round the clock. Orders are then allocated to a delivery route, giving the customer an accurate date for their arrival, enabling Futures Supplies to manage deliveries more efficiently, provide more accurate delivery dates and be more efficient with delivery costs.

The company's delivery fleet is equipped with a Telematics GPRS tracking system that has led to improvements in routing and fuel consumption, and keeps customers

informed about the location of their order during transit.

The Futures Supplies website, meanwhile, has recently undergone a major upgrade. The site already generates 70 per cent of the company's business and online traffic and sales order volumes are increasing. And customers expect faster access to back office support and information, including their sales order history, proof of delivery and invoices and statements.

One facet of this is a fully integrated budget control tool that is widely used by the company's contract cleaning customers, producing considerable benefits and efficiencies for them in terms of back office time, cost control and savings on management time. To set up, it simply requires:

- An agreed 'materials' and 'rechargeable' list



Mandie Kemp of Futures Supplies

- The customer's budget data uploaded from a spreadsheet they provide
- A unique user name and password for the person nominated to place orders and for the customer administrator.

"Providing a clear definition between orders for materials and rechargeable, the system ensures that our client never forgets to invoice onwards for the rechargeables," explained Kemp.

"The customer administrator has access 24/7 to download and monitor monthly spend, summary reports, products ordered by site and allow or disallow budget-busting orders at the click of a button. A copy of the order is generated as confirmation to both the person who placed the order and the customer administrator."

As part of a quest to build long-term partnerships, Futures Supplies has also launched a number of partner website janitorial shops in a collaboration that aims to help its cus-

tomers grow their business. The shop is accessed via a link on the partner's website which enables their own customers to purchase an agreed selection of products. Futures Supplies takes care of the processing and delivery.

An unapologetic tree-hugger, Mandie Kemp is helping her clients make product choices with the environment in mind. Sustainable products are signalled on the Futures Supplies website by a green traffic light, indicating they have little or low environmental impact, are biodegradable, include recycled content or carry an authenticated 'eco' or green logo or label. Technology is also helping with the reduction of paperwork.

Integrated website

The Futures Supplies website dates from 2005 when Sean Heraghty of e-Business Systems brought in a proven e-commerce system that he then tailored to the company's and its customers' specific needs. A key requirement was for the website to be integrated with the system serving the back office, which processes orders and updates product stock and customer information.

"With an integrated website, orders taken on the website are automatically transferred to the back office system for processing," Heraghty explained. "And on the other side, any updates made in the back office to products, customer details and prices are automatically transferred to the website. Other things like safety data sheets and product pictures can be placed in a folder which is picked up by the website."

"But you cannot buy packages that do all this – someone has to actually integrate the website with the other systems so that they operate seamlessly together. With a properly integrated set of systems, there should be very little additional administrative effort to keep the website up to date."

With businesses so dependent on new-age technology, operational hiccups can prove costly. So Heraghty implemented a failsafe system that runs on a separate server and monitors the website every 15 minutes. "If the website doesn't respond within seconds, it is then restarted automatically. So even if there has been a technical failure, Futures Supplies' customers will rarely see any downtime on the website," he said.

Heraghty added that flexibility was a key feature of the website, enabling it to respond to Futures Supplies' evolving needs while providing the company's clients with facilities they may not have themselves, such as the order budget control system. "This system can save contract cleaners a great deal of admin effort in controlling the costs of their cleaning contracts. So the Futures Supplies website is offering a lot of added value to its customers."

En allant du commerce électronique et de la gestion de compte en ligne au contrôle des stocks, la technologie a aidé les distributeurs à rationaliser leurs opérations de chaîne d'approvisionnement. Quels sont les systèmes disponibles et quels sont les principaux avantages à y investir ?

Technologie hat von Online-Bestellung über Kontoverwaltung zu Bestandskontrolle eine wichtige Rolle gespielt, um Vertriebsbändlern die Optimierung ihres Versorgungskettenbetriebs zu ermöglichen. Welche Systeme sind verfügbar, und welches sind die wichtigsten Vorteile, die sich aus einer Investition in sie ergeben?

Dagli ordini online alla gestione dei clienti fino al controllo del magazzino, la tecnologia ha avuto un ruolo chiave nel permettere ai distributori di ottimizzare la gestione della catena della distribuzione. Che sistemi sono disponibili e quali sono i maggiori benefici nell'investire in questi sistemi?

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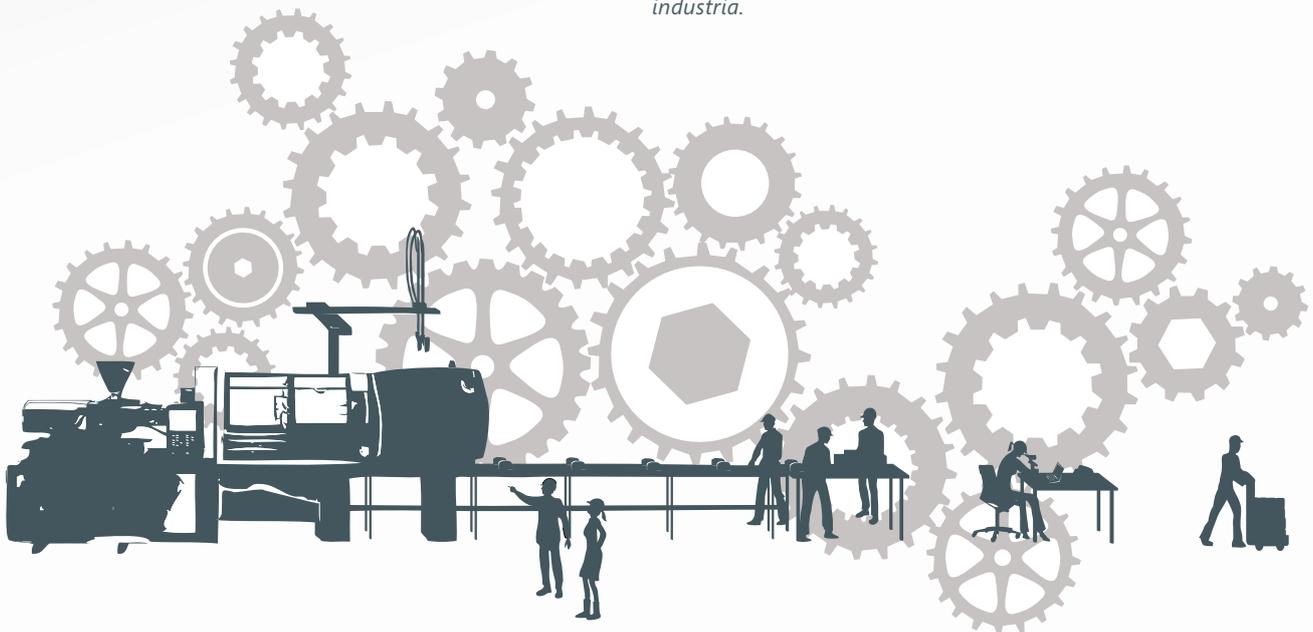
Chez Brightwell, l'équipe de designers experts travaille en étroite collaboration avec les distributeurs exclusifs de la marque autour du monde et la production high-tech en interne. Il n'est donc pas surprenant que le niveau de qualité et d'innovation chez Brightwell atteigne des altitudes inconurrencées. Systématiquement.

Qualität der Weltklasse.

Erfahrene Designer arbeiten eng zusammen mit exklusiven Händlern auf allen 5 Kontinenten und die hauseigenen Produktionsstätten sind auf dem neuesten Stand der Technik... Kein Wunder also, dass Brightwell stets höchsten Qualitätsansprüchen gerecht wird und immer wieder neue Innovationen liefert.

La calidad como razón de ser.

En Brightwell, el equipo de ingenieros trabaja diariamente en estrecha colaboración con los distribuidores exclusivos de la marca a nivel internacional. Esto, juntamente con la tecnología high-tech utilizada a través de toda la producción de sus productos, da a la empresa un nivel de calidad tal, que es reconocida como un estandar para la industria.



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Distributing Success

In a competitive marketplace, distributors need to work with brands that not only offer them the highest quality products, but are also willing and able to work with them to overcome any challenges they might face.



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Q What differentiates Rubbermaid Commercial Products (RCP) from other brands in the industry?

A The RCP brand is recognised worldwide as a leader in commercial products across a number of key categories – recycling and waste stream management systems (Brute® and Slim Jim®), washroom solutions (Air Care, Skin Care and Surface Care), cleaning equipment (Rubbermaid Hygen™), material handling and food storage, amongst others. We pride ourselves on our superior product performance and quality, as well as our user-centric approach, which puts the end user at the forefront of all of our new product development.

Q What are the benefits of RCP's complete range of products?

A For a distributor, partnering with RCP provides a huge advantage as with just one brand they have access to a tremendously broad product portfolio. This is the key difference between RCP and other brands – to cover the same product offering, a distributor would typically have to stock, manage and support at least 5 or more different brands. With RCP a distributor needs only one brand

for their product needs. Furthermore our complete range delivers superior and sustainable productivity to end users whether saving them time, chemicals and water or reducing their overall waste.

Q How can distributors in particular benefit from working with RCP?

A Distributors benefit from partnering with RCP by being able to provide end users with arguably the most innovative, productive and sustainable solutions available on the market. Today's market is fiercely competitive – distributors and end users need brands which offer differentiated solutions and products that help them grow, and this is precisely where partnering with RCP makes a difference. In addition, our end-user business development team works closely with key distributors by bringing major end user projects directly to them to support, as RCP's policy is to sell our products only through distribution. RCP also works closely with distribution partners to activate tailored local marketing programs. Lastly, distribution and end user training is critical to all of our success, therefore RCP offers a wide array of customized training programs to ensure

distributors and end users know how to best take advantage of RCP products and solutions.

Q What do you look for when recruiting new distributors?

A RCP looks for partners that offer the best fit between their strong local market knowledge and our superior product range. We look for partners who have a solution-oriented mindset and value presenting solutions, rather than just products. We are extremely passionate about our brand and our products, and we look for partners who are equally passionate about their business and the brands they support.

Q Are there any areas where you would like to expand your distribution?

A RCP has a solid base of longstanding and successful distribution partners across Europe, Middle East and Africa (EMEA), though we are always looking to build new partnerships. ■



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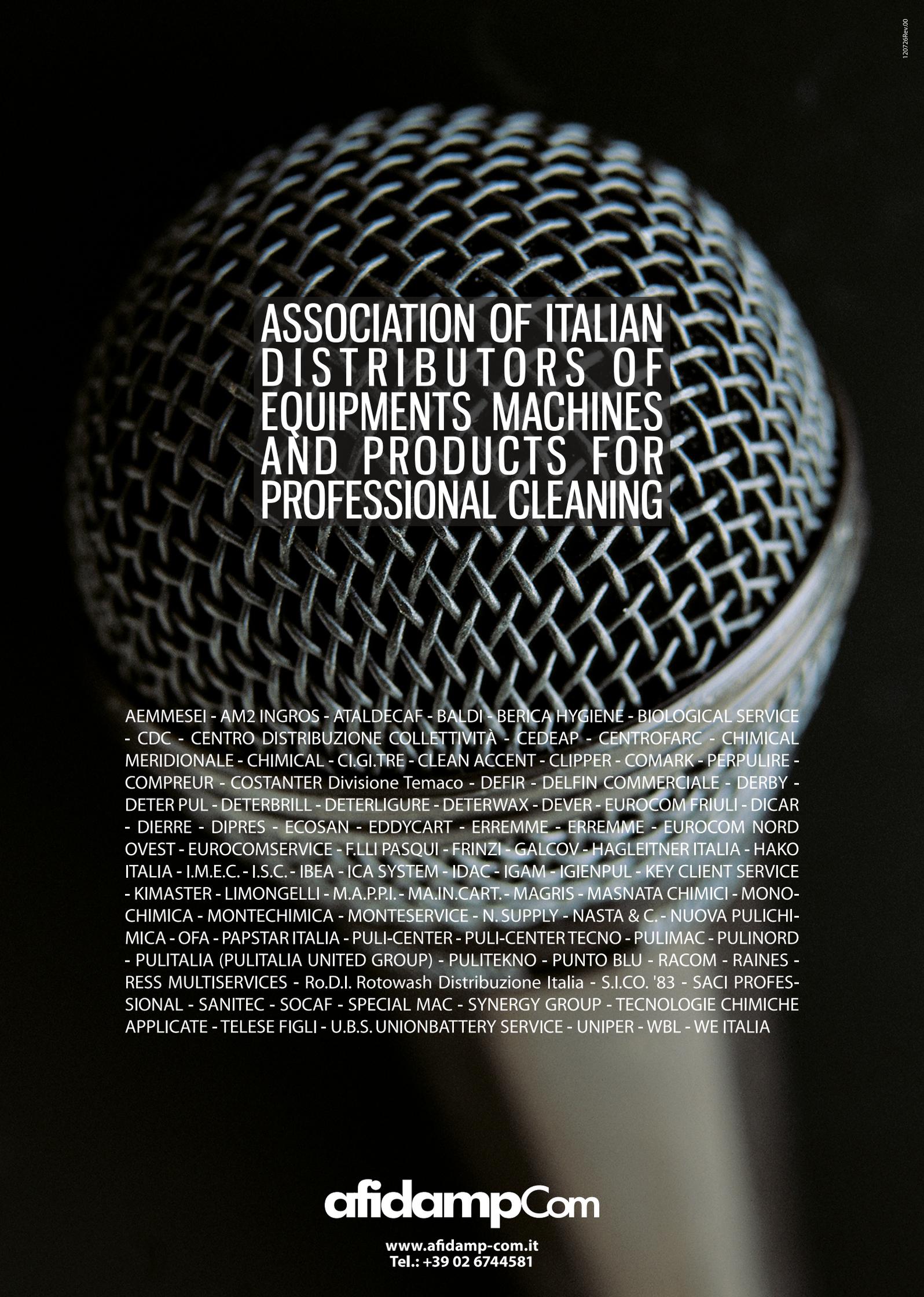
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Must add value

Keith Baker has spent virtually his entire career in the cleaning and hygiene industry. He worked for a major chemicals manufacturer before running his own products distribution business. He then served as chairman of the Cleaning and Hygiene Suppliers Association (CHSA) in the UK and trade association ISSA Europe. Since 2008 he has been director of Europe, Middle East and Africa services for the US based ISSA organisation.

He is well qualified then, to share his views about distribution businesses in the professional cleaning industry - how they have had to adapt to so much change and where their future success may lie. In the past 10 years alone Baker says he has seen enormous shifts in the sector.

"Within 10 years we've had the prosperous times, when distributors were enjoying very good margins, then we've been faced with the commercial reality of more difficult economic conditions. This has led to a real need for businesses to be more commercially savvy," he explains.

There are a number of reasons why this is so crucial. "Distributors are encouraged by manufacturers to buy container-loads of product, for example. They may offer significant discounts as an incentive. So the distributor will buy a container full of product, then break that bulk down many, many times - sometimes hundreds of times. The distributor's risk is then spread around many customers and he must handle invoicing and collecting payment.

"Meanwhile the manufacturer is issuing a single invoice and expects payment to be made within a determined period of time. If distributors do not manage that whole process well - credit control, cashflow etc - it becomes a real problem. And manufacturers do not always understand the significant financial risks distributors must take."

One of the other key challenges distributors have faced in recent years is erosion of margins, which has led to much price cutting in the industry. "Those that don't compromise on price have to justify that by providing real value to the customer," Baker believes.

Add to this the fact those customers can now choose to buy their cleaning supplies from numerous general websites - office supplies for example - at much lower prices, and the value proposition becomes an even greater focus.



ECJ editor Michelle Marshall speaks to Keith Baker, director of European services at industry trade association ISSA, about the changing role of the distributor in today's marketplace and opportunities for the future.

It's this added value that Baker sees as being critical to all successful distributors in today's marketplace. "A distributor that truly understands cleaning processes and has deep knowledge of the products involved will bring real benefits for everyone - the end user, the distributor and the manufacturer.

Squeezed prices

"In some cases that aspect has been lost to a certain extent as prices have been squeezed so hard. However it's so important because end users don't always fully understand the applications for different products and what those products are doing for their business. They rely on the knowledge of the distributor. That's where the interface between manufacturer, distributor and cleaning contractor can be so valuable."

Baker explains the vast majority of end users are now supplied by distributors. "Contractors can deal directly with the manufacturer in terms of their relationship, with a logistics agreement in place for delivery, etc at an agreed margin for the distributor. But invoicing the client is often done by the distributor, which brings yet another risk."

Successful distributors are beginning to specialise in certain sectors - HORECA for example - whereby they sell a range of products covering all the needs of those businesses, alongside cleaning solutions. Office supplies companies are increasingly selling cleaning products, for example. "I believe specialisation is the key to success and survival. You must focus on what you want to achieve and understand your market."

Continued page 24

Another issue distributors must face when handling products from foreign manufacturers is the regulation surrounding imports. "They must also contend with the fact that most overseas manufacturers want to fill a container with product in order to make it more economical to send, but for the distributor that may just be too much for his business. So the manufacturer wants to move huge volumes of product while the distributor wants small consignments. It's easy to see why the relationship can be an uncomfortable one."

To Baker this demonstrates the very real need for greater understanding between manufacturers and distributors about each other's businesses and particular challenges. "They could do much more to communicate," he says. "For example many manufacturers have the perception that distributors make a large amount of money – that's simply not the case. It is often the distributor that loses out on margin."

"When relationships work well they can be

very successful but when they don't it can be very costly for the distributor involved."

In Baker's opinion the distributor is at the very heart of the relationship between manufacturer and the end user. "Most manufacturers are simply not geared up to deliver to small customers anymore so the role of the distributor is pivotal. The distributor is often responsible for advising end users in product choice, and can be the eyes and ears of manufacturers and contractors when it comes to gathering information and communicating trends for example."

"There is so much that's good about the relationship between all three when it works to its full potential."

The more knowledge the distributor has about products and cleaning processes, the better says Baker, and he believes manufacturers have a key role to play in achieving that. "Manufacturers should have a strong enough relationship with their distributors that they train new staff: they should be driving distributors to become better

qualified and better equipped. In turn the distributor can then pass on better advice and knowledge to end users about methods and products."

Communicating innovation into the market on a practical level is a significant challenge for distributors, Baker adds, and they are speaking to customers on a local level in a way manufacturers simply cannot do. "That's what makes the role of the manufacturer so important – in training distributors' staff rather than simply introducing new products to them. Sales training is also a key skill that requires improvement."

In Baker's opinion the relationship between manufacturer and distributor must grow closer. "They must work together better and build a greater understanding and appreciation of each other's businesses. They may appear to be strange bedfellows but they really do need each other."

"In turn, distributors must work smarter. There has certainly been some contraction in the market but new opportunities are always arising and good distributor businesses will not be under threat. Margins are under pressure but those that compete purely on price will not have a future. What it comes down to is providing value and knowledge to the end user."

ECJ parle avec Keith Baker, directeur des Services européens chez ISSA, l'association professionnelle de la propreté, de l'évolution du rôle de la distribution sur le marché actuel et de ses perspectives futures.

Das ECJ unterhält sich mit Keith Baker, Director of European Services beim Industrieverband ISSA, über die sich wandelnde Rolle des Vertriebshändlers im gegenwärtigen Markt sowie die Chancen für die Zukunft.

ECJ a colloquio con Keith Baker, direttore dei servizi europei dell'associazione di categoria ISSA discute il ruolo in continuo mutamento delle imprese di distribuzione nel mercato attuale e le opportunità per il futuro.



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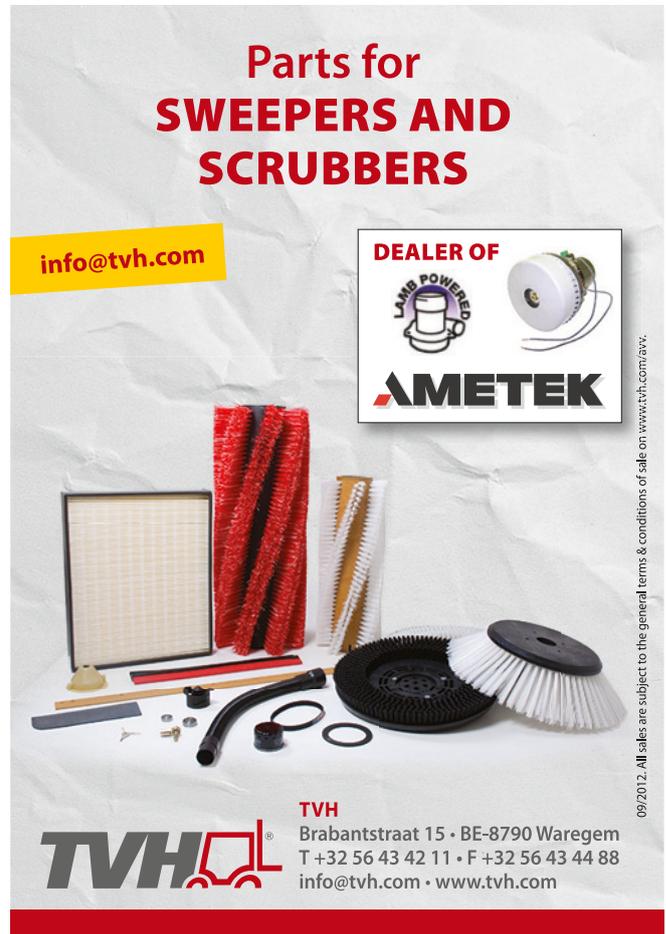
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A great deal has been written and said about sustainability over the past few decades. Manufacturers are increasingly building 'green' considerations into their businesses right from the initial sourcing of raw materials through to production, logistics, transport and waste disposal.

Some are stating a preference for dealing only with sustainable suppliers and are scrutinising the practices of all those companies they work with to make sure that these are sufficiently environmentally aware.

Meanwhile distributors are playing their own part in this sustainability matrix by, for instance, streamlining their deliveries to reduce the number of vehicles on the road and to minimise the amount of emissions they create. However if this reduction in deliveries has a knock-on effect on the company's service standards it may not always be practical. And there is a question mark, too, over whether or not end customers are really concerned about the sustainability or otherwise of their distributor.

Sales director of CJS Portsmouth in the UK Keith Churchill confirms this to be the case, at least in his experience. "Most people talk about sustainability and seem to like the idea of it – until they have to pay for it," he said.

"At our company we try to set up our deliveries by area and group them together where possible. But there is a lot of lip service paid to sustainability. I think people would like things to be greener - but when there is an economic squeeze on they are more concerned with saving money and just trying to stay in business."

As far as Churchill is concerned it is the larger paper and chemical companies that provide the driving force behind sustainability in the cleaning sector. "These manufacturers seem to set a lot of store by sustainability - but for the end user it doesn't matter a jot," he said. "There are a lot of people out there who just want cheap."

Independent distributor Smith and Coburn has its own sustainability policy which includes the recycling and reducing of office waste and double sided printing of documents. The company also ensures that all office and warehouse equipment is switched off when not in use and that energy efficient light bulbs are used where possible.

"Customers are encouraged to accept fewer deliveries and suggestions on how to accomplish this are agreed in partnership," said director Glen Smith. "By effectively planning orders with customers and encouraging staff to car share, the number of journeys made by company vehicles can be limited."

However he agrees with Churchill that sustainability only matters to a relatively small number of customers. "We have over 100 customers of which I would say only about 10 per cent expect us to be sustainable," he

Sustainable distribution

How much of an impact has the recent drive towards greater sustainability had on the distribution business? Has it forced an attitude change regarding transport and logistics on to Europe's distributors, or are customers relatively unconcerned about sustainability? Ann Laffeaty finds out.

said. "It tends to be mostly the larger companies that have a strong opinion, but when the recession finally finishes I believe sustainability will be of more importance than it currently is."

According to sales manager of SA Patient Wendi Tarling the percentage of customers interested in sustainability is closer to 70 per cent. "We try to be as environmentally friendly as we can and ensure the products we sell are sustainable," she said. "We also play our own part as a company and recycle our waste wherever possible."

Streamline deliveries

"Another initiative has been to streamline our deliveries using the shortest possible route. By doing so we are helping our customers to tick the right sustainability boxes as well as being more sustainable ourselves."

Rob van der Walle - who is responsible for sales, marketing and purchasing for Euro Products in the Netherlands - says his company has a firm sustainability policy. "Many of the products we sell hold the EU Ecolabel and we are gradually changing our packaging over from boxes to recyclable plastic," he said. "Our customers tend to be very interested in sustainability. We sell to wholesalers and some of these sell to government and council customers who are committed to dealing with sustainable suppliers."

The company holds ISO 14001 and also has a corporate social responsibility certificate. "Customers are becoming increasingly concerned about sustainability in the Netherlands and CSR is particularly important to them," said der Walle.

Director of Netherlands based distributorship Exclusiva Simon van Dijk confirms this to be the case. However he claims that Dutch customers' interest in sustainability is a relatively recent phenomenon. "Around 20-25 years ago it was only price and economics

that mattered when making a sale, but sustainability has become increasingly important," he said. "Today's cleaning contractors are showing more interest in sustainable sales arguments and they are concerned, for example, about whether their paper products are recycled and their chemicals are sustainable. It has also become important to them that minimal water and chemicals are used in the processing of the goods they buy."

He says Exclusiva has its own programme to reduce energy and water use. "We have built a new carbon-neutral warehouse in the east of the Netherlands that is heated and cooled entirely by solar and water power," he said. "The government has given us a 'green' label for this warehouse. We like to think we are playing our part in helping the future of the world."

The German-based Igefa Group, a member of the European INPACS distribution group, claims to be the first European service company to adopt an integrated sustainable management framework according to the new international Sustainability Quotient (UL/SQ) programme.

Business and marketing director Horst Rose claims that customers are becoming increasingly focused on sustainability in the light of climate change, scarcity of natural resources and catastrophes such as the Fukushima Daiichi nuclear disaster.

"We are currently trialling various concepts that aim to dovetail remuneration schemes with sustainability goals," he said. "We are offering incentives for logistics managers based on vehicle capacity utilisation and company car schemes that favour environmentally friendly models. We are also looking at incentives for sales staff to consolidate their sales areas as well as increase sign-up for electronic ordering processes."

The company promotes the use of sus-

tainable processes with customers and other interested parties via training programmes, trade fairs and various publications. "As part of the purchasing process suppliers are also obliged to abide by the key aspects of sustainability and are evaluated against suitable criteria," said Rose.

Igefa offers its customers a tailored product range that includes EU Ecolabelled products and sustainable services including consolidated deliveries and electronic invoicing. "The sustainability principle is adhered to throughout all our processes," says Rose.

Igefa is currently field-testing hybrid delivery vehicles to improve fuel consumption along with improved route planning software and video conferencing facilities for national and international meetings.

"We have recently added an extension in Dresden that is powered by solar panels and we have also built new logistics centres with improved star ratings and solar orientation," he said. "We use paperless processes for ordering and invoicing where possible, and the paper we do use is recycled."

Proprietor of Ireland-based Western Hygiene Kevin Collins also feels very strongly about sustainability. "We try to be sustainable in everything we do," he said. "For example, we were becoming concerned at the fact that our van drivers were spending a great deal of time stuck in traffic jams where they were running the risk of repetitive strain injury when constantly changing gear. So we switched to automatic vehicles which are not only 15 per cent more fuel efficient, they are also much easier for our people to drive."

He says the company has mapped out all its routes to find

Quel a été l'impact de la volonté croissante de durabilité sur le commerce de la distribution. A-t-elle conduit à des changements d'attitude face au transport et à la logistique pratiqués par les distributeurs, ou les clients sont-ils relativement indifférents devant le thème de la durabilité ?

Wie stark hat sich der in letzter Zeit spürbare Drang zu größerer Nachhaltigkeit auf das Händlergeschäft ausgewirkt? Sagen sich die europäischen Vertriebsbänder gezwungen, ihre Einstellung zu Transport und Logistik zu ändern, oder machen sich die Kunden relativ wenig Gedanken über Nachhaltigkeit?

Di che entità è stato l'impatto che la recente spinta verso una maggiore sostenibilità ha avuto sulla distribuzione? Ha obbligato i distributori europei a un cambio di atteggiamento per quanto riguarda i trasporti e le logistiche oppure i clienti non sono particolarmente interessati alla sostenibilità?

the shortest possible journeys to further improve efficiency and reduce emissions.

"Last year 99 per cent of our deliveries were in full and on time," he said. "If that figure were only 90 per cent it would mean that our operation would not be as efficient and the added costs would inevitably have to be passed on to the customer."

According to Collins the company uses no paper in its offices and encourages staff to send only emails and texts rather than letters. "We have also put in a lot of shrubbery around our offices to avoid any negative impact on the environment and the community," he said. "And we have applied for

planning permission for a 25 thousand euro water recycling plant which will allow us to use natural rainfall for washing our vehicles and cleaning our yard. We consider this to be an investment for the future."

According to Collins there is no alternative to being sustainable. "We pass the sustainability message on to our staff and try to build sustainability into all our processes," he said. "I believe it benefits our business because if we can help the customers to be more sustainable, they will also become more efficient. If everybody made a small contribution to sustainability the total impact would be huge."

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Bunzl and ISS

Bunzl is the exclusive distributor to world leading facility service company ISS in the UK for all its janitorial and consumable products. The companies have worked together for the last six years.



Bunzl Cleaning and Hygiene Supplies is the largest distributor of cleaning and hygiene materials in the UK. It is a local branch based business with each of its 22 locations consisting of a branch manager, office manager, warehouse manager, stock controller, drivers, warehouse staff and customer care advisors.

Greg Robinson, UK procurement director for ISS UK describes what the company looks for in its distributor. "We need a distributor to be flexible in its approach to supporting our business. This includes its approach to our IT developments and its support in what we are trying to achieve with our Cleaning Excellence Programme.

"Bunzl has established a great network with many of the ISS business units and employees to ensure a direct point of contact. This in turn allows for good knowledge sharing. Besides, it is important this relationship also includes working under our Code of Conduct that con-

Growing together

Relationships are key to the success of any distribution business: relationships with product manufacturers and with end users, often contract cleaning companies. *ECJ* looks at a number of successful relationships and asks what makes them work so well.

stitute the principles on how we carry out our operations. This includes the conduct of employees, corporate responsibility and workplace standards."

Robinson goes on to explain how its day-to-day relationship with Bunzl operates. "We have a dedicated national account director who only works on our account. He is supported by a team of key account managers who engage with ISS at all levels of our business. We order via two e-procurement platforms currently, which ensures orders are processed immediately and without errors.

"It also ensures that our sites are only ordering from our agreed core range of products. We have an agreed minimum order quantity and all orders placed should be delivered within our agreed time frame. We have constant dialogue with Bunzl and have quarterly contract reviews that are documented and

acted on."

Bunzl has 22 strategically positioned depots that can distribute all over the UK using its own vehicles without relying on third party couriers – Robinson sees this as a key strength. He adds: "Our business is fast moving and sometimes we get very little notice of when a new contract starts. Bunzl's assistance when mobilising new contracts is paramount to ensure a seamless delivery is achieved to our customer base."

ECJ also spoke to Freddie Forsyth, Bunzl Cleaning and Hygiene Supplies national account director for ISS, about what he sees as being its key role when serving a client like ISS. "We are often consulted for advice on best practice, best products for the job and value for money," he explains.

"We are also consulted on startups, and when bid teams are tendering, especially for



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consumables. We offer British Institute of Cleaning Science (BICSc) accredited training at all levels and we support ISS with a complete suite of management reporting that allows in-depth analysis of what is being purchased and our efficiencies against pre-determined KPI's. Mobilisation of new contracts is a key role to ensure ISS delivers a professional service offering from the beginning."

Forsyth also explained Bunzl's role in introducing new technologies to ISS. "We work with a wide range of suppliers that ISS doesn't necessarily have relationships with, therefore we can introduce initiatives that ISS may not otherwise be aware of. We have also been actively involved in ISS' e-commerce progress. Bunzl introduces any innovations via the ISS procurement team to highlight new products and suppliers. However it is essential this process is managed correctly so that non approved suppliers are not introduced into ISS."

Futures and Principle

Principle Cleaning Services in the UK has enjoyed a long and successful relationship with its distributor, Futures Supplies. Jim Freeman at Principle explains what he expects from his supplier.



"It is important to us that all of our suppliers share our commitment to genuine partnership working. We look to have trust in our cleaning products supplier to help us meet the promises we make to our customers.

"This is not only in meeting deadlines and supplying the correct products but also in being actively involved in sourcing innovative new solutions and guiding us through the range of products available." He adds: "Futures has helped us with exploring new cleaning products and have helped us incorporate these into our tender proposals. It has a very proactive account management team who are always on hand to offer advice and to provide support."

Freeman describes Futures' key strengths as being in its product knowledge, proactive account management and its availability. "It is imperative in a cleaning product supplier that we can get answers to the questions our customers raise. The management team are all very happy to support our business and regularly go beyond the norm in helping us meet the demands of our customers." And he is confident that Principle's relationship with Futures has had a positive impact on the business. "We have supported each other through our development and we have both benefitted through a reputation for delivering a genuinely world class service."

At Futures Supplies Mandie Kemp explains

the company's ethos. "We aim to deliver service, quality, value, and reliability with environmental consideration through continual improvement and technology. Our role is to deliver more than just cleaning products."

Kemp continues: "Our role involves providing, through a dedicated account management team, the best advice on the right products to deliver value and quality, outstanding customer service, reliable and efficient deliveries on time, back office support, as well as delivering innovative and original technologies in both products and the services we provide.

"This begins through support at the tender process, the provision of on site training, regular meetings, reporting and maintaining high standards throughout the provision of contracts and beyond."

The distributor has always sought to be at the forefront of delivering new technologies, not just in the product range it offers but also throughout its business processes and operations. Sustainability has been at the heart of its drive to introduce new cleaning products. Futures also has a highly credible approach to climate change, offering Carbon Neutral supplies since 2006 and achieving a net zero carbon footprint. It worked closely with Principle in fact, when the cleaning company attained carbon neutral status and has been a valuable partner in its environmental management.

Continued page 30

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Kemp continues: "Working together we have established robust systems, supplied invaluable training and support in sustainability issues and methods, recommended new and innovative products and supported the company in both its own and its clients' green and CSR events."

"This has included providing personnel to support Principle customer events, samples and manufacturer support. We also fully support, not only financially through sponsorship contributions but also by proactive involvement, Principle's chosen charity."

Summing up Kemp says: "Understanding the cleaning industry and the needs of contract cleaners is a fundamental part of our business. We see ourselves as an extension of their business and work closely to deliver expertise along with exceptional added value."

Western Hygiene and SCA

Ireland-based Western Hygiene supplies cleaning products and equipment to over 11,000 customers in the hotel, catering, industrial and healthcare sectors. The company has been a distributor for Tork manufacturer SCA for nearly 25 years.

"It is an excellent relationship," said proprietor Kevin Collins. "We don't deal with any other tissue companies and Tork represents 65 per cent of our business. We align ourselves with Tork and embrace all its values, such as high quality and concern for the environment."

He says having joint goals has helped to cement the relationship. "For example some years ago SCA was targeting the healthcare sector and we helped it to secure a large healthcare contract in Ireland. Then when SCA began focusing on the facilities management sector we jointly gained some FM business in the north east of the country."

According to Collins, remaining committed to one brand within the tissue sector has been an important factor in the relationship's success. "There are people out there selling commodity paper products and trying to be all things to all customers, but we would rather not confuse the message. And if you believe in a product, then the customer sees that."

"We don't have an exclusive agreement with SCA but we are totally loyal to the Tork brand. And SCA has been very supportive to us and has encouraged us to take actions to help grow our business. Being in a good distributor-supplier relationship is like being in a good marriage. We have some fights, but the bond remains very strong."

Tork sales manager Sheona Ritchie says the relationship between SCA and Western Hygiene is unique within the organisation.

"Western Hygiene believes in an absolute partnership and the company only sells Tork, so we share some of our training and other initiatives with them," she said. "Kevin Collins is a unique character because he is not a commodity sales person – and he totally believes in the value of the Tork brand."

SCA supports Western Hygiene's own strategies and business plans and the sales forces of both companies take part in joint sales meetings. In 2008 when Western Hygiene celebrated its 20th anniversary SCA held an awards ceremony and dinner for its distributor.

Staples and Diversey

Staples, the world's largest office products company, has been distributing products from global cleaning and hygiene specialist Diversey since 2006. Heather Barnes, channel account director for Diversey, explained the background to their relationship.

"Recently there has been an evolution in the distribution landscape, and cleaning and hygiene is no longer the preserve of just the traditional 'jan san' distributors. Competition in the marketplace has increased as a wider group of distributor partners has moved into this area, seeking to expand the categories with which they can serve their customers' needs, and attracted by the growth opportunities and often higher returns cleaning products can offer versus their traditional core ranges."

"Food wholesalers, cash and carries, mail order companies and office supply distributors are all examples of new routes to market that have opened up in the past few years for the cleaning and hygiene sector."

Barnes continues: "This trend is not only driven by distributors looking for growth and improved efficiency in their network. Professional end users are also seeking simplification of their own operating processes, rationalising the numbers of suppliers they deal with and valuing the

benefits of the 'one stop shop'.

"For Diversey too, this offers great opportunities for growth, as we are now able to reach professional end users in markets where previously we had limited or no reach."

Diversey's knowledge in cleaning and hygiene, coupled with Staples' multi-channel business model, excellence in logistical services and marketing power are a good fit and offer significant growth opportunities for both companies. The two businesses now have solid relationships in many countries across Europe.

Barnes acknowledges the benefits its relationship with Staples has brought to the Diversey business. "Within the delivered trade area, our partnership has given us reach into segments of the market that previously would not have been viable or economical for us, such as small and medium sized offices and high street stores."

The benefits are very much mutual, as Barnes explains what it offers to Staples as a distribution partner. "As cleaning and hygiene is a relatively new category for Staples, Diversey is able to bring expertise and an in-depth understanding of the needs of the professional end user, built up over decades of experience in the market.

"We work hard with Staples on running promotions to really drive awareness of the category with its customers and increase penetration, and provide assistance wherever we can to raise the profile of its cleaning and hygiene offer. Another critical success factor for growth is alignment of our respective sales forces to win new business."

Ruth Coates is cross channel marketing program manager Europe at Staples Europe HQ in Amsterdam, the Netherlands. "Our relationship with Diversey is important in developing the solutions our customers are seeking in the facilities category. By combining the expert knowledge of Diversey with our client solution expertise we can offer our clients good value and maintain high standards in product quality and sustainability."

Coates explains the Staples relationship with Diversey is a close one. "Key to the success of our collaboration is the cooperation not only at an Amsterdam head office level but also with numerous local business units across Europe. This collaboration is also strengthening all the time as our relationship with Diversey grows beyond our merchandising department to other areas including marketing and sales."

Diversey also provides support to Staples in servicing its end user customers. "Whether this is helping our contract clients understand what sustainable professional cleaning programmes could look like for their cleaning contractors, or working together on promotions across our retail and online channels, Diversey is willing to collaborate."

This means the Staples relationship with Diversey has brought very real benefits to the



business. "Working with Diversey has enabled Staples to achieve credibility with our customers and also has increased the awareness of the company within the facilities category. Our relationship has also helped us to serve our customers better through offering expert cleaning solutions - rather than simply cleaning products."

MTH and Kärcher

According to Kärcher, its dealer network has always been one of its key strengths. MTH in the UK is an appointed Kärcher Center, which Simon Keeping, managing director of Kärcher for the UK and Ireland, describes as "the highest level of expertise we can offer a customer."

MTH has been a Kärcher dealer for 30 years, explains Keeping. "The relationship just gets stronger, borne out of a mutual respect for the competencies of the other partner. MTH expects Kärcher to continue to innovate - both with cleaning solutions and marketing approaches to assist it in the market. Kärcher in return knows that MTH is the face of Kärcher in its territory, and that customers will receive great service from knowledgeable people."

Kärcher's vice president for global sales management Marc van Ingelgem emphasises how its relationships with distributors have altered in recent years. "Today it is much more than a pure supplier-buyer relationship. It is our task to make our distributors successful. Therefore we have to analyse the market jointly to understand the potentials and the main customer groups."

With all its large distributors Kärcher agrees and develops a marketing plan every six months. "This includes the definition of the target groups we focus on as well as activity," continues van Ingelgem.

"We also offer all our Kärcher Centers on-site training for all new products once a year. Together with all other training in service and sales this helps to train all our partners' staff, not only selected people."

Kärcher appreciates that MTH knows its customers and respects its knowledge when it comes to the needs of the local market. "Kärcher Center MTH was offering machine leasing and contract hire to its customers well before Kärcher appreciated the market need for example," adds Keeping. "The business is perfectly equipped to provide its customers with the optimal solution to meet their cleaning needs."

"We are far more demanding of our dealer base than we were previously," he contin-

ues. "They are required to become experts in selling and maintaining a far larger range of cleaning machines than was historically the case when we were predominantly a supplier of high pressure cleaners."

"We put a great deal of emphasis at Kärcher on how we can become truly 'customer-centric' - not only meeting the customer's needs, but anticipating them. Our dealers play an integral part in that."

Keeping believes Kärcher can help its dealers to become even more adept at targeting their local markets. "Ultimately, I think we can still learn a lesson from the premium automotive marques. If you walk into a showroom anywhere in the country, or indeed online, you should be met with the same level of service - consistent branding, knowledgeable friendly staff offering great products and excellent after-sales service."

Van Ingelgem adds that modern business methods have brought about the greatest changes in how a manufacturer can now relate to its dealers. "The most significant changes are in the speed we are working in. For example deliveries: large amounts of stock are no longer necessary. Almost all of the machines can be shipped within 24 hours, parts the same. This reduces capital investment from the dealer's side and improves the service level to the customer."

Heading up the MTH Kärcher Center, which is a family-owned business, is Chris Banks. He explains: "Our strength is in supplying quality equipment and providing a first class backup service to our extensive local customer base. Our sales representatives and service engineers are trained to a high standard thanks to Kärcher's excellent training academy. We have become expert in understanding the needs of our customers."

Banks speaks positively about its relationship with the manufacturer. "We have mutual respect for each other and we find that any approach made to Kärcher, whether it be to discuss potential new equipment or sales and marketing, is always handled professionally and our partners there always assist us to the best of their ability."

When MTH first began selling Kärcher equipment it only dealt in high pressure cleaners. This has extended to now encompass floor cleaning machines, commercial and industrial equipment, and even retail (home and garden) - which has inevitably led to a substantial increase in business.

Training has been an essential element of the relationship, Banks believes, and he rates the Kärcher Training Academy highly. Through this MTH staff have been equipped to offer its customers the knowledge and expertise that are now so essential in today's more demanding market.



Le maintien de bonnes relations déterminera le succès de toute entreprise de distribution : relations avec les fabricants et avec les utilisateurs finals, qui seront souvent des entreprises de propreté. ECJ se penche sur un certain nombre de relations d'affaires réussies et examine les raisons de leur succès.

Beziehungen sind ein wichtiger Bestandteil für den Erfolg eines Vertriebsgeschäfts. Beziehungen mit Produktbestellern und mit den Endabnehmern, bei denen es sich häufig um Vertragsreinigungunternehmen handelt. Das ECJ betrachtet einige erfolgreiche Beziehungen und fragt, aus welchen Gründen sie so gut funktionieren.

Le relazioni sono la chiave per il successo di ogni attività di distribuzione: le relazioni con i produttori dei prodotti e gli utenti finali, spesso imprese di appalti di pulizie. ECJ prende in esame alcuni rapporti di lavoro di successo e chiede cosa li renda così produttivi.

The US view

The USA is home to one of the most mature distributor markets in the world, with an estimated 7,000 businesses operating in the FM sector alone. *ECJ* takes a closer look at the characteristics of this sector, with the help of Alan Sadler, president of Triple S. Triple S is a nationwide network of sanitary supply distributors with over 175 locations throughout the USA.

With an estimated 7,000 businesses operating in distribution for the FM sector alone, the USA is undoubtedly one of the world's largest and most mature markets. Sales totalled \$23.6 billion (19.2 billion euros) in 2010 according to a survey carried out by *Sanitary Maintenance* magazine in conjunction with the distributor trade association ISSA.

ECJ spoke to Alan Sadler, president of nationwide distributor network Triple S, about current trends and challenges facing the country's businesses. Sadler has worked in the professional cleaning industry for 34 years - in the USA, Europe and Asia.

"Distribution has been faced with growing pressures that result in increased costs - energy, healthcare, technology and wages - while at the same time experiencing an erosion in trading margins," Sadler says. "This comes from internet retailers that have lower operating cost, big box stores that offer product with little or no training and support as well as large national/multi-location users and GPOs (Group Purchasing Organisations) that are leveraging their size and collective purchasing power to gain lower pricing."

Sadler also feels there are issues with manufacturers. "The manufacturing community appears to be uncertain with respect to where its loyalties lie. Manufacturers that wish to sell through all available channels, without giving much thought to the 'cost to serve' the end user, at times put distribution in a poor light with respect to the end user customers' view of monies paid and value received.

He continues: "This is further compounded by distribution's struggle to communicate its value proposition in a clear and concise way.

"Many US distributors have also been

hurt by the intentional destruction of brand equity at the manufacturing level. When a distributor has invested 20 or 30 years in building a brand presence on behalf of a manufacturer and then witnesses the cancelling of the brand it has the potential to turn its world a bit upside down."

Is the market dominated by large companies or are there still many small- and medium-sized businesses in the country? Sadler replies: "The full gamut of distribution firms are still in play in the US marketplace, while the numbers have decreased significantly, according to ISSA. Approximately 7,000 remain active in the FM sector.

Non traditional players

"The most significant change has been the widening presence of the non traditional distribution players that are more or less dominant in other channels. These are the 'box on a dock' players that have limited ability to provide after-sales support, training and education with respect to systems and procedures. We have also seen an increased presence of 'virtual distributors', an outcome of the growing presence of the internet."

Sadler adds that his company, Triple S, focuses on the full range of independent distributors - small, medium and large. "We believe our ability to provide them with a national proprietary brand, a national logistics programme, consultative sales training, a shared national/multi-location account platform and a national e-commerce platform are central to their long-term ability to not just survive but prosper.

"In my view a number of the independent distributors that choose to 'go it alone' will fall away altogether or shrink to a 'boutique' status: they simply can't muster the critical mass required to meet future demands. I also think some of the big box players will lose

interest in the market space as they discover the challenges inherent to building market share are greater than they expected."

The vast majority of cleaning products sold in the USA are handled via distributors. Sadler estimates somewhere between 75 and 80 per cent although this varies according to manufacturer. "Of course a significant level of business has moved from traditional to non traditional forms of distribution. Manufacturers are not in a position, and never have been, to put thousands of salespeople on the street or hundreds of warehouses across a country the size of the US. Bear in mind the distance from Boston to Brussels is approximately the same as the distance from Boston to Los Angeles.

"Our recent research has confirmed that manufacturers still place a high value on the sales and post sales support roles that distribution plays. The problem is many manufacturers want to play in multiple, if not all channels, without giving proper thought to the services provided by one channel versus another channel."

Sadler continues: "For example if an internet retailer takes an order and then asks the manufacturer to drop ship the order, what is that internet retailer's 'cost to serve' compared to the full service distributor? A full service distributor that is holding stock, maintaining a fleet of trucks, supporting a salesforce (that in many instances introduced the customer to the product in the first place), that provides the after-sales service and support.

"It is obvious, to me anyway, which entity is providing a higher level of service and thus has a higher cost to serve yet the manufacturing community appears to be oblivious to this reality when putting together its channel pricing policies."

Expectations from US manufacturers and end user customers have dictated that distributors do much more than shift boxes in order to justify their existence. "The box movers don't have the expertise and thus can only focus on product cost (10 per cent of the budget) versus the labour costs (90 per cent of budget)," explains Sadler. "The ability to play a consultative solutions provider role versus a traditional vendor role is key.

"The development of computer analysis and work-loading programmes are an example of the tools that have been developed in response to the need for distribution to shift the conversation from 'product at a price' to delivering 'lowest total cost' solutions."

Some US distributors have enjoyed success expanding into other product categories, such as safety and food service. "However the majority understand the need to hone and build on their core competencies in an effort to make them a competitive advantage," concludes Sadler.

www.triple-s.com

Les États-Unis abrite l'un de secteurs distributeurs les plus matures du monde, et quelque 7000 distributeurs y sont actifs dans le seul secteur du facility management. ECJ se penche sur les caractéristiques de ce marché, avec le concours d'Alan Sadler, président de Triple S.

In den USA ist einer der ausgereiftesten Vertriebshändlermärkte der Welt zu finden, wobei schätzungsweise 7000 Firmen alleine im Bereich Facility-Management tätig sind. Mit der Hilfe von Alan Sadler, Präsident von Triple S, betrachtet das ECJ die Merkmale dieses Marktes eingehender.

Gli Stati Uniti d'America sono la patria dei mercati di distribuzione presenti sul mercato mondiale da più tempo, con un totale stimato di 7.000 aziende che operano nel settore delle gestione delle strutture. ECJ esamina da vicino le caratteristiche di questo mercato con l'aiuto di Alan Sadler, presidente di Triple S.

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- **Double Plugged Rewind Facility**
- **Wand Storage System**
- **Adjustable Handle**
- **TriTex Filtration**

ProVac Cable Rewind

Our 12m cable rewind and storage system is legendary but the new ProVac design is truly unique having a double plugged cable so that damaged cables, and it can happen, may be exchanged with a replacement cable at any time without need for an electrical engineer.



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reliability means everything



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Trojan Battery understands that **reliability means everything to your operations** day in and day out. That is why we offer the broadest portfolio of quality, deep-cycle batteries to fit your every need.

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