

BEST PRACTICES WITHIN THE PROMOTIONAL PRODUCTS INDUSTRY

This is a 'living' document, the contents of which have been approved January, 2007, by the Best Practices Task Force. It will be periodically reviewed, revised and updated as appropriate to detail the practices most valuable to business success for both promotional product supplier and distributor companies.

Executive Summary

The promotional products industry is a fluid marketplace that includes business entities from across the globe. Within the United States, the two core players in this supply chain are *supplier companies* who design, source, manufacture, and imprint promotional products; and *marketing distributorships* who promote, sell, and distribute these products. In the supply chain, each relies heavily on the other for critical business functions.

Based on this premise, it makes sense that these two core entities adopt a series of "Best Practices" that bring a greater understanding of each other's product, sales, marketing, and operational dynamics. It is clear that each brings a unique value to the supply chain and that each has specific needs and operational requirements to perform efficiently, effectively, and profitably.

As the industry's trade association, PPAI has empanelled a Task Force of both suppliers and distributors who have collaborated to author a key list of critical factors – "Best Practices" – that are central to each group's business success.

BEST PRACTICES FOR PROMOTIONAL PRODUCTS SUPPLIERS

Communications

- ▶ *Create a customer-centric focus on phone communications.* As the primary interactive tool between suppliers and distributors, train your team to be the best phone service agents in the industry. Maximize your use of voice mail by adopting a system that provides easy usability and maintains strong, open communications.
- ▶ *Set communications standards for your team that provide targeted metrics for responding to distributors.* Adopting specific metrics such as time frames for returning phone calls, e-mails, and acknowledging the receipt of artwork and purchase orders offers a consistent, open dialog to customers.
- ▶ *Take on the role of educator and advisor.* Distributors look to you as their experts in your product category. They welcome your advice and knowledge in all aspects of your business – on product, artwork, sales, and imprinting. Those suppliers who take on these roles report the strongest relationships with distributors.
- ▶ *Confirm verbal quotes in writing.* Whether it's via fax or e-mail, provide a written record for the distributor and your staff.

- ▶ *Clearly communicate all applicable charges and policies.* As a production-based operation, you offer a host of available value-added services, each with its own fee structure and operational policies. Outline these clearly in your catalog and on your website.
- ▶ *Adopt a proactive approach to problem solving.* When issues arise, advise the distributor immediately, seek consensus, and be prepared to offer options.
- ▶ *Recognize that distributors are primarily service-based organizations.* As such, they act as middlemen in the sales channel and may require additional time to communicate with their customers. Be flexible and plan accordingly.

Order Management

- ▶ *Provide a written or electronic acknowledgement for every order placed.* This document offers your understanding of the order and allows the distributor to verify the accuracy of the order details.
- ▶ *Track all conversations with your distributor client.* Accurately noting all conversations and changes will help your team stay organized and prioritize the details. The end result is better service to your customer.

Artwork & Imprinting

- ▶ *Clearly communicate your artwork requirements.* The nuances of crisp, clean artwork require great attention to detail. Make these clear and specific to distributors and be prepared to train them in the details of your imprinting processes.
- ▶ *Provide a written or electronic confirmation that artwork has been received.* Verify that it meets your quality standards and that you have aligned it with the correct distributor purchase order.

Finance

- ▶ *Utilize industry credit reporting services.* These reports provide a current snapshot of distributor payment histories and will help you make more sound credit decisions.
- ▶ *Forward invoices in a timely manner.* While naturally a critical factor in your firm's cash flow, getting invoices to distributors also activates the net terms of your purchase agreement. For faster processing, consider making invoices available in multiple formats.

Sales & Marketing

- ▶ *Develop marketing tools that are also end-user friendly.* Providing these tools in a way that can be presented to a distributor's customer will increase sales opportunities. An end-user friendly tool is one that provides no direct supplier contact information. Such tools include flyers, catalogs, and web sites.
- ▶ *Engineer these tools to allow distributors to customize them.* Many distributors re-label these tools with their own branding, resulting in more buyers seeing your product.

- ▶ *Date all marketing materials for easy reference.* Given the volume of materials distributors receive, allow them to quickly discern whether they have your most recent and accurate information.
- ▶ *Build a case history library for your best selling products.* Case histories are selling stories that describe unique ways of how others have successfully used your product. They are proven tools that positively influence buying decisions. Make your stories available in multiple formats.
- ▶ *Create an digital image library of your entire product line.* Offering a file of each product – down to the size and color SKU with no logo – allows distributors to expand their own marketing reach. Distributors proactively use these files for their own catalog, website, and virtual sample programs. Virtual samples alone go a long way to finalizing a buying decision and eliminate the cost of imprinting a physical speculative sample.
- ▶ *Position your products by selling benefits over features.* Benefits provide distributors with specific information about what makes your product so useful and how it can be applied to specific marketing challenges. Case studies are a popular way to communicate this and will also identify which markets and industries have successfully used your product. In contrast, promoting your product solely on its features, its basic characteristics such as size or color, does not offer the most advantageous buying scenario.

Technology

- ▶ *Provide online order and shipping status.* Distributors spend a considerable amount of time tracking the progress of their orders and providing an online venue allows them to respond faster to their customers.
- ▶ *Keep your website relevant and up-to-date.* This is your most fluid marketing and communication tool to distributors. Many distributors have come to rely on this tool to get many of the answers they are looking for, day or night.
- ▶ *Adopt ePSA Standards for order processing.* The ePromoStandardsAlliance is an industry body that has developed key communications technologies for electronically transmitting order information between suppliers and distributors. Depending on the size of your firm, you may be able to realize added efficiencies in order processing.

Shipping

- ▶ *Provide realistic shipping schedules that you can commit to.* Many orders are time sensitive and have a specific in-hands use date. If a committed ship date can not be met, advise the distributor immediately and be prepared to provide options.
- ▶ *Once shipped, provide an electronic format for advising shipping and delivery information.* Distributors are very interested in receiving this information consistently and timely.

BEST PRACTICES FOR PROMOTIONAL PRODUCTS DISTRIBUTORS

Communications

- ▶ *Be responsive and accessible to inquiries made by suppliers.* Their communications to you generally indicate a question or issue about your order and, pending an answer from you, places your order on hold until you instruct them on how to proceed.
- ▶ *Provide complete contact details on every purchase order.* This includes the sales person's information as they are most often in the best position to answer any questions. Also provide an alternate contact, such as a support person.
- ▶ *Consult your supplier's catalog or web site for any initial questions you have.* Most information is there and may save you both time and money.

Order Management

- ▶ *Provide a complete, accurate, and thorough purchase order.* Industry studies show that as many as two-thirds of distributor orders arrive at a supplier incorrect, that is, they are missing some piece of information that requires some type of follow up action.
- ▶ *Provide complete contact details on every purchase order.* This includes the phone, fax, and e-mail of a primary contact person to whom all questions can be directed.
- ▶ *Track all conversations with your supplier.* Accurately noting all conversations and changes will help your team stay organized and prioritize the details. The end result is better service to your customer.
- ▶ *Be specific about the true required "in hands" date of your order.* Padding an in-hands date impacts your supplier's production pipeline and may incur additional charges. Many suppliers primarily schedule their production flow using these dates, so avoid specifying "ASAP".
- ▶ *Recognize that suppliers are primarily manufacturing-based operations.* As such, they are the production arm of the sales channel and focus heavily on the details and logistics of manufacturing. Making changes to orders in a production pipeline requires time and there is often a cost associated with it. Be flexible and communicate this to your customers.

Artwork & Imprinting

- ▶ *Attend a PPAI Sm@rt Art Seminar.* It is a valuable seminar for you and your team, will help you communicate your needs better with your customer, and help you manage the dynamics of the dozens of imprint methods offered today.
- ▶ *Become an expert in the imprinting processes of your top suppliers.* Let your supplier teach you about their processes, their imprinting dynamics, and their challenges to creating great imprinting.
- ▶ *Become an expert in the electronic artwork requirements of your top suppliers.* Each will detail these specifications in their catalog and/or web site and meeting these requirements early on will not only save time and money but will yield the best imprinting results.
- ▶ *Provide complete contact and order details when sending artwork electronically.* Since this is often done to a separate supplier e-mail address,

this should include your primary contact, company, and e-mail information as well as your phone, fax, and purchase order numbers.

- ▶ *Train your staff in the Pantone Matching System (PMS).* PMS is a numerical color matching system that classifies colors into families of color stories. PMS has become an integral part of the industry and understanding the nuances of color is critical to your company's success.
- ▶ *Submit a hard copy of your artwork together with your PO.* Since electronic art files can become corrupt during transmittal, a PDF or fax will provide an accurate, proportional representation of the required imprint.
- ▶ *Review paper/electronic proofs from your supplier carefully.* This includes spelling, layout, and design elements. Respond quickly with any changes and detail specifically how these edits should be made.

Finance

- ▶ *Take good care of your credit rating.* There is an industry credit rating service and suppliers make regular submissions of poor payment histories which are accessible to other suppliers. Suppliers make conscious credit decisions based on your past payment history.
- ▶ *Pay your invoices within the agreed upon terms.* Net 30 Days is the industry standard, however, you may be able to negotiate other terms with your supplier. Likewise, paying your supplier only after your customer has paid you is not an acceptable practice.
- ▶ *Understand that communication is key in resolving credit issues.* Such issues are commonplace in the industry so help your supplier understand your situation.

Sales & Marketing

- ▶ *Learn to use supplier-developed marketing tools.* Suppliers are experts at presenting their product and have absorbed the costs of creating these tools for you. The best tools – catalogs, flyers, web sites, and samples, for example – will be end-user friendly and offer your team a no-cost avenue to increasing sales and profitability.
- ▶ *Give suppliers access to your sales team.* These individuals have been trained to discuss the best applications for their product and focus on providing case histories of how their product works best in specific markets. They are a valuable training resource for product, artwork, imprinting, and sales information.
- ▶ *Support regional and national trade shows.* Suppliers invest heavily in providing your team a central venue – a large showroom, so to speak – for product ideas, inspiration, and education.

Technology

- ▶ *Learn to use the enabling technologies of your top suppliers.* Based on sheer numbers, many suppliers will process a factor of perhaps 10-15 times the volume of orders, sales calls, and artwork files of your firm in a given year and therefore must automate some of their functions. As a result, such tools as online order tracking, digital artwork proofing, virtual sampling, and automated phone attendants can be valuable ways for you to manage your orders.

- ▶ *Adopt ePSA Standards for order processing.* The ePromoStandardsAlliance is an industry body that has developed key communications technologies for electronically transmitting order information between suppliers and distributors. Depending on the size of your firm, you may be able to realize added efficiencies in order processing.

Shipping

- ▶ *Be very specific with your selected method of shipping.* Contact your supplier for any questions about what the best shipping options may be. Depending on the product, the supplier can advise you on alternative methods that may be more timely or cost effective.
- ▶ *Verify and validate your shipping address.* The slightest error can affect the timely delivery of your client's order. As a rule, carriers charge the actual shipper (the supplier) and not the "third party" for errors in addresses.

JOINT BEST PRACTICES FOR SUPPLIERS & DISTRIBUTORS

- ▶ *Develop a code of ethics for your firm.* Train your team in fair business practices, respectful communications, and mutual problem resolution.
- ▶ *Recognize and adopt UPIC (Universal Promotional Identification Code).* Many industry companies have adopted this identification for their businesses. Key company information, including credit histories, are available with this Code.
- ▶ *Take responsibility for your mistakes.* It is understood that mistakes will happen, however, how your team handles these situations is what can set you apart from others.
- ▶ *Provide extensive training for new employees and continuing education for current staff.* Core topics should include the industry, product, imprinting, the customer, and communications. Providing a solid initial knowledge base means a more consistent delivery of customer service.
- ▶ *Be respectful of each other's place in the supply chain.* Both suppliers and distributors face challenges unique to their role in the industry. The greatest partnership successes occur when both sides are understanding and respectful of these dynamics.

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