



2011 Life Science Manufacturer-Distributor Relationship Report

Industry Opinions, Factors Contributing to Distribution Success and Failure, and Potential Opportunities for Improvement

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BioBM Consulting, Inc.

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Introduction

Distribution is critical to the success of many life science tools manufacturers. It allows companies to reach markets that they would otherwise not have access to and expand their effective sales and marketing capabilities far beyond what they would otherwise have the capacity for. For many companies, especially smaller and / or younger companies, improved distribution networks are a key driver of revenue growth.

Likewise, the relationships between life science manufacturers and their distributors are of great importance. While financial factors are generally the ultimate topic of concern to businesses, relationships can and do augment both individual and organizational behavior and are not to be discounted. All too commonly a business arrangement with great potential fails because the relationship between the parties does not flourish.

The failure of manufacturer-distributor relationships is an expensive problem. While termination of the agreements is often simple, it comes with great opportunity cost in the form of lost potential sales. Furthermore, it is often a problem that lingers for a long time before it can be resolved, or simply before it is resolved, and both companies suffer in the interim.

To maximize the value of distribution agreements, life science distributors and manufacturers must both place great value in nurturing, growing, and maintaining good relationships. To this end, we sought to gauge the opinions of both manufacturers and distributors in order to learn:

- What is important in the success of manufacturer-distributor relationships
- What general opinions distributors and manufacturers hold of each other
- How these relationships may be improved
- What are common reasons for failure in these relationships

We hope that individuals in the life science tools industry will be able to learn from the results of this survey and create more valuable, productive, and lasting distribution relationships.

Methods

SurveyGizmo (www.surveygizmo.com) was used to create two complimentary surveys. One survey was directed at distributors of life science tools, and the other was directed at manufacturers of life science tools. Both surveys had 25 questions, including 5 demographic questions. The questionnaires were a mix of multiple choice, matrix multiple choice, and open-ended questions.

The survey was publicized using BioBM Consulting's e-mail list, as well as Twitter and LinkedIn. In order to encourage participation in the study, we offered to share the

complete unedited results of both surveys with each survey participant.

The surveys were open from September 26th, 2011 to October 24th, 2011. Only completed surveys were compiled and analyzed. Forty-seven respondents completed the manufacturer survey and 35 respondents completed the distributor survey.

Results

Demographics

47 manufacturer respondents and 35 distributor respondents completed the survey. Only complete surveys were included in the final data compilation and analysis. Most of the respondents who completed the survey held middle-upper managerial positions, with 60% or more of both manufacturer respondents and distributor respondents indicating that they hold either a director-level or manager-level position. Manufacturer respondents were from a broad range of company sizes, while no distributor respondent indicated being from a company with more than 200 employees (although this is not surprising since distributors are generally more limited in the size of their operations compared to large manufacturers). Almost all respondents indicated that their company sells life science research tools (one distributor respondent indicated biopharmaceutical processing equipment and one manufacturer respondent indicated diagnostics), and respondents represented a broad array of product categories. Distributors indicated they have between 2 and 5000 suppliers (median = 15, average = 182, S.D. = 842.5). Manufacturer respondents have between 2 and 150 distributors (median = 30, average = 47, S.D. = 41.4). 48.9% of manufacturers indicated that they have offices nationally, while 51.1% said they have offices internationally.

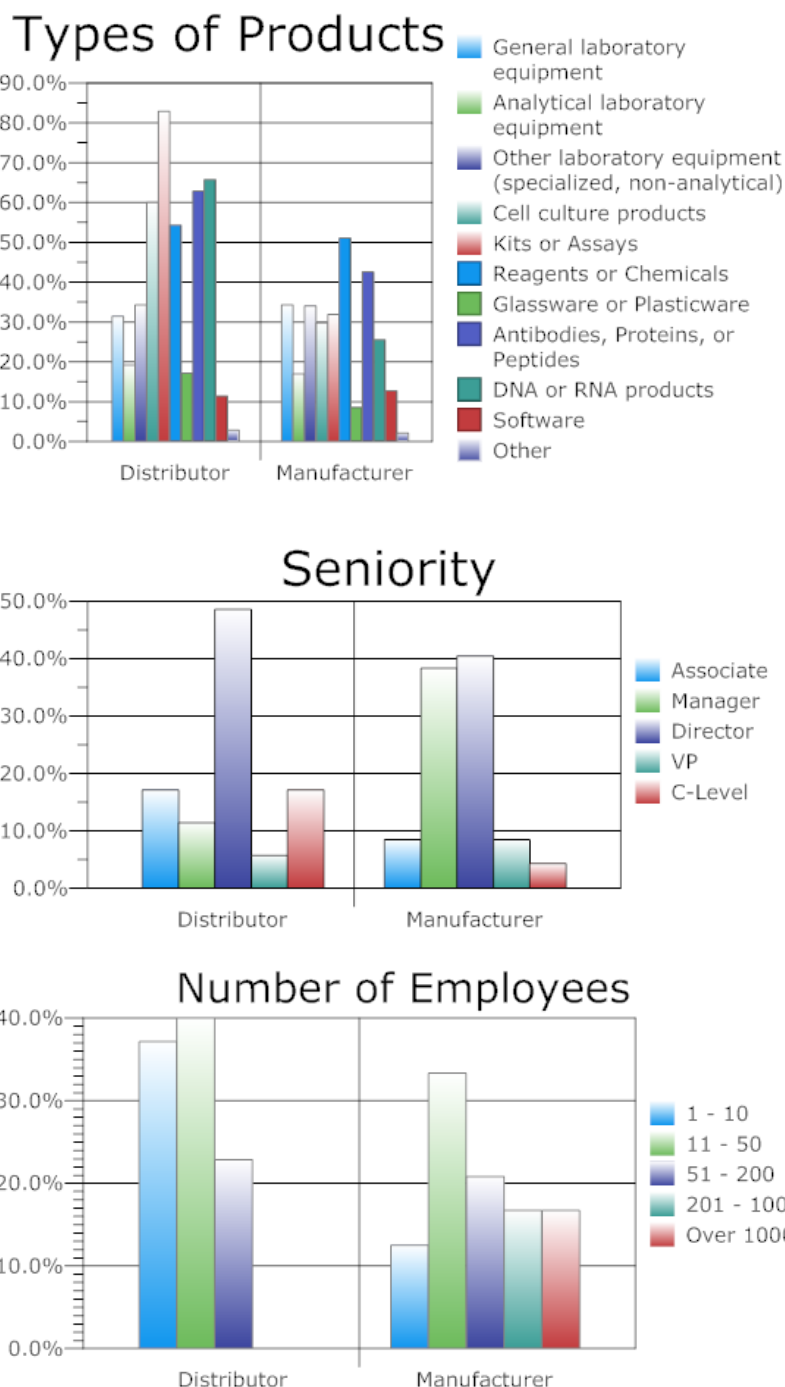


Figure Set 1: Demographics of survey respondents.

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The full paper can be requested free of charge at:

<http://biobm.com/idea-farm/reports-papers/>



About the Author

Carlton Hoyt, Ph.D., is a scientist-turned-businessman and marketer and is a Principal Consultant at BioBM Consulting. Both during and prior to his tenure at BioBM, he has been instrumental in driving breakthrough sales growth at multiple life science laboratory products companies. He can be reached for questions or comments at +1 313-312-4626 (+1 313-31-BIOBM) or by e-mail at carlton.hoyt@biobm.com.

About BioBM Consulting™

BioBM Consulting is a boutique consultancy providing wide-ranging business, marketing, and operations services to companies manufacturing and selling life science research products and services. BioBM specializes in providing affordable, effective, high-ROI solutions to small and start-up companies. For more information on BioBM and the services it provides, please go to www.biobm.com, e-mail info@biobm.com, or call +1 313-312-4626 (+1 313-31-BIOBM).

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WHAT WE ARE

BioBM Consulting is a boutique consultancy providing wide-ranging business, marketing, and operations services to life science tools companies, and specializing in serving small and start-up companies. Our goal at BioBM is to allow these companies to focus their energies and resources on their scientific and engineering core competencies, and we do this by providing broad, flexible, and scalable services.

WHO WE SERVE

BioBM serves all companies who market to life science researchers, be them in academia, pharma, biotech, the government, or other areas. Whether your company sells reagents, equipment, plasticware, software, chemicals, or other products used by life scientists, we can help you improve your business and grow your sales. Likewise, we can help manufacturers, distributors, and service providers.

If you want to grow your business, get closer to achieving your goals, and drive more sales through improved marketing, business, and / or internet practices, call or e-mail us. Our expert consultants are here to confidentially discuss your needs.

AT BIOBM, WE DEFINE SUCCESS IN THE SUCCESS OF OUR CLIENTS.

WHAT OUR CLIENTS ARE SAYING

- "When we hire BioBM we know the work will be done right and done quickly. ... With [BioBM staff members] help in marketing, we more than doubled our sales in a year."
- "BioBM's staff are a pleasure to work with – they are understanding of my needs and very responsive."

HOW WE'RE DIFFERENT

Most consulting firms charge exorbitant rates to only give advice. Structured especially for smaller companies, BioBM provides a full range of services that can be performed as consulting or fully outsourced to us. We can seamlessly integrate our services into your organization, allowing you to affordably and effectively increase your company's business, marketing, and internet capabilities.

WHY BIOBM

BioBM Consulting offers services at unmatched cost-to-benefit levels while maintaining a broad portfolio of services and a highly trained staff. Our consultants' deep scientific knowledge melded with extensive business and marketing skills and experience allow BioBM to keenly understand your company's problems and provide high-quality solutions designed to match your unique needs.