



## NEWS FEATURE

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### **Adding Value: Manufacturers and Distributors**

As global manufacturers seek to expand their business, one of their biggest challenges is to decide how to market their products in different parts of the world. A key part of this their ability to understand industrial sectors in different parts of the world and to find the best ways to communicate with customers. The question for the manufacturer is where best these processes can be performed and by whom. They have the choice of using their own employed staff or to utilise third parties e.g. Local Agents or Distributors.

Employing staff in differing countries can be extremely difficult for manufacturing companies whose primary focus is the design and supply of products. Options for the manufacturers include employing their own staff or utilising the services of a third party such as a Sales Representative or Agent. Employing and managing staff in multiple locations can be a costly and difficult process. Another option is the appointment of a third party such as a sales representative or agent to represent the interest of the manufacturer. These independent sales organisations have, as their primary focus the selling of products and services to specific markets. They can often provide specific sales support to manufacturers and do this in a manner that entails lower costs and quicker results.

Of course there are always concerns that adding organisations to a channel of distribution will result in increased costs. The experiences of Manufacturers and their third party Sales Representatives or Agents are however, different from this.

Typically once the relationship of the Manufacturer and Sales representative is stabilised the overall cost is reduced. The reason for this is that manufacturers and distributors are themselves always trying to reduce their own costs and to improve their own processes.

Flowserve is a recognized supplier to the Oil and Gas Industry. In addition to its extensive pump and seal lines, its valve brand names include Serck Audco lubricated plug valves and ball valves and Valtek control valves,

As a manufacturer with aggressive global expansion targets Flowserve needs Sales Partners that provide quick, accurate information and have the insight of the local market and the energy to deliver new business

In 2007 Flowserve Oil and Gas appointed H S Pipeequipment Ltd as their Sales Representative for Control Valves for the Engineering Contractor Market in the UK.

HS Pipeequipment is a leading distributor of valves and actuated valves in the UK. The Company represents many world class valve manufacturers including OMS Saleri, Larsen and Tubro and Bonney Forge. The Company has been operating for 30 years and aside from an in depth understanding of the industry and its people, the Company has a reputation for World Class service. Its credibility enables it to have first class relationships with customers throughout the UK, especially with the UK based Engineering Contractors (e.g. KBR ) that service the Global Oil and Gas Industry. As a result of this unique position in this sector, Flowserve appointed HSP as its Sales Representative for control valves with these customers.

In this role HSP is able to guide manufacturers in their understanding of the EPC market and the requirements in terms of regulations specifications and documentation as well as to help them win business. In this arrangement the two Companies work together by sharing information and agreeing strategies for business.

Sales Representatives like HSP add value to the Supply Chain by providing skilled, local and responsive staff to assist with all aspect of the supply of products and services. They also add value by building their product portfolio in such a way that they are able to offer a complete package of valve requirements. In addition Sales Representatives like HSP hold stock of valves and spares that can be of critical value when short deliveries are required.

It should be noted that whilst manufacturers and distributors will formalise their working relationship with written agreements it takes time for the relationship to "bear fruit". In a long

established marketplace where other products are available it can take time to establish a new brand in the market.

The key to success as a Sales representative is good communication and understanding with their Manufacturers, many of whom are based in different parts of the World. It's constant communication that enables the Manufacturer to optimise its channel of distribution and ensure the Sales Representative provides the best service to its Customers.

Customers can therefore be confident that the addition of organisations to the supply chain does not necessarily result in increased choice. More often it results in more choice, lower costs and added value.

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