

The President's Message

Negotiating For Success

Include Your Dealer in the Conversation



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FEDA dealers couldn't serve our customers effectively without our valued manufacturers and their representatives. Our channel partners provide the goods we sell, technical knowledge, and support our dealer organizations before, during and after the sale. While all these facets of our relationship are greatly valued, the Achilles' heel that creates a disconnect in the relationship occurs when pricing is provided directly to our mutual end-user customers.

This issue has been discussed many times in the past, yet when we recently reached out to leaders in the dealer community, it was consistently stated as one of the top areas of concern. There are a variety of reasons why dealers feel this happens so frequently such as manufacturers not understanding the value-added services provided by dealers and the actual costs incurred by the dealer in providing these services. Today, dealers are expected to provide more complimentary services that were once revenue-producing elements of the sale. Additionally, the competitive marketplace, reliance on rebates vs. front-end margins, along with external economic factors, have reduced dealer profitability. There's simply less revenue available to support our businesses, creating a situation where every penny of profitability is necessary for the long-term health of the dealer organization and its ability to promote the manufacturer's products and serve the end user.

I'm certainly not advocating that manufacturers and representatives step aside and allow dealers to control every aspect of the conversation with the end user. We recognize that there's a high degree of value by going into a relationship with a strong manufacturer partner and a local representative in the field for direct end-user support. What I am advocating, however, is that when it comes

to direct negotiation with the end user, please include the dealer in the conversation so the dealer's true costs-to-serve are known and the dealer-manufacturer relationship is not harmed.

Many of our members have indicated that their participation will help secure the sale. Dealers don't want to lose the sale any more than our manufacturers or their representatives. We're all on the same team and have the same desired result in mind.

One of the cornerstone goals of my administration is to encourage collaboration among our industry partners. We're off to a good start with our open dialog and I'm presenting this issue not to chastise past behavior, but rather to highlight a sticking point within the dealer community in hopes that we can work together to change the future.

If you're a dealer, I encourage you to have a conversation with your partner manufacturers about why this issue is important to you and your dealership. If you're a manufacturer, I encourage you to listen with an open mind and strongly consider discussing this issue with your dealer on the next project you plan to negotiate directly. The overall risk is low—one project, one customer. Take the leap of faith and we, as dealers, will appreciate your efforts with enthusiastic support and loyalty. Working together, we can create a better future that will help ensure that all within the channel will have the resources available to serve our mutual end-user customers in the best manner possible. □

A handwritten signature in black ink that reads "Brad Pierce". The signature is written in a cursive, flowing style.