



Joe Grispo  
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B. Braun Medical Inc.

# Working with distributors fuels growth

B. Braun's evolution away from self-distribution model helps the manufacturer reduce costs, win new business

“I don't think we would be growing as fast as we are now if we had remained with our old self-distribution model.”

“We had been operating with a direct sales model in the U.S. for many years. We worked a little bit with distributors, but, with 33 busy distribution centers of our own, we were clearly a distributor as well as a manufacturer. This made it very difficult to forge strong relationships with distributors since they clearly saw us as a competitor.

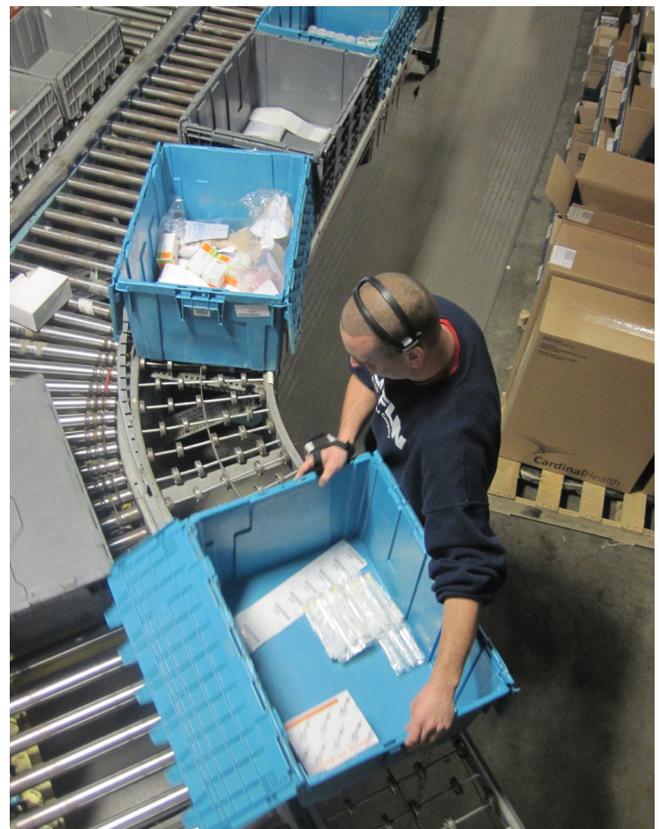
“Flash forward half a decade or so, and we sell nearly all of our products through distributors, and it has been a very successful evolution for both sides. What led us to make such a dramatic change in our operating model? It came as a result of a hard look at our operations and the marketplace.”

## Meeting today's challenges

“Over time, customers, especially hospital customers, have become more and more sophisticated. Today's customers want to have shipments every day, with multiple shipping points in their facility. And if that's not your core competency, it's very hard to do well. So, in trying to meet these needs, we were in the position where our expenses were going up while our customer satisfaction levels were going down.

“Meanwhile, we studied our reps in the field, and found that they were being forced to spend more than half of their time involved in non-selling activities, such as handling ordering issues, returns and so on. We had a lean sales organization to begin with, and here

they were being bogged down as well as outnumbered! This model had been put in place when we were a much smaller organization, and it became clear that we would need to expand our sales organization significantly, with many more feet on the street, better information systems and greater logistical capabilities.



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“Or, alternatively, we could refocus our sales organization on our core competencies, and let the experts take over the distribution.”

### Successful new model

“We had to ask ourselves ‘are we in the manufacturing business, or are we in the manufacturing and distribution business?’ After thorough analysis, we realized that making the enormous investment it would require to be a successful distributor just didn’t make sense. It seemed we were duplicating the effort of distributors, just not doing it as well. We thought ‘why not be on the distributor truck, rather than pulling in behind it?’

“So instead of adding significant head count and building a new organization, with all the investment, the growing pains and the challenges that that would entail, we refocused the sales force we had, taking the day-to-day administrative issues off of their shoulders and allowing them to spend the vast majority of their time selling and presenting the benefits of our products, which is where they excel.

“We did add some people. We added managers to help build the bridge between our sales rep and distributor reps. In order to go from selling against distributors to partnering with them, we needed to re-educate our people, as well as demonstrate to the distribution community that we were serious.”

### A winning partnership

“We began a methodical, but aggressive move to close all but two of our distribution center. This saved us millions, but just as importantly, it showed the distribution community, as well as our people, that we were all in. We opened up the dialog that we were a partner, not a competitor, and that we wanted to have a full business relationship. Our classes of products are very clinical, so having that sales support I think is very valuable to the distributor, and, certainly, having the distributors’ feet on the street, as well as the ability to handle all the administrative and delivery functions was very valuable to us.

“We were very open, telling the distributors that we were interested in being a focused vendor and worked hard to be visibly and enthusiastically involved with their programs. Our logistics people tied in with theirs to find efficiencies that benefitted both parties, such as delivering products by rail rather than by truck.

“I have to say that the distribution community was extremely positive. We went from having a strained, mixed relationship to, just a few years later, a situation where several of our key partners have selected us as their “Manufacturer of the Year,” honoring us at their annual meetings. That is a big change in the way we see each other. Before we were often at odds; now we are tied at the hip working together out in the field, supporting each others’ efforts. It’s a great way to do business.

“Together, we have been able to win significant new accounts. B. Braun has grown every year since and I don’t think we would be growing as fast as we are now if we had remained with our old self-distribution model. This has no doubt been the right move for us. B. Braun is a manufacturer at heart. We want to develop great products, get them out in the marketplace and fund the R&D to develop even better ones. And we’re able to do much more of that now, thanks to our distribution partners.”

*Joe Grispo has been with B. Braun since 2002. He has more than 20 years of experience in medical supplies sales.*

## ABOUT B. BRAUN MEDICAL INC.

- Founded in 1839
- Part of a \$5.9 billion international healthcare corporation with more than 41,600 employees worldwide
- A leading manufacturer of infusion therapy, pain management, anesthesia and other medical products
- U.S. headquarters in Bethlehem, Pennsylvania