



Distributor Manual

Policy and Guidelines

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1.0 Introduction

Dear Distribution Partners,

Welcome to 2013, and thank you for sailing with us during last few years.

I am making this document swiftly to explain the main Roles of Distributor in 2013

This document is swift, pin pointed and clear.

It shall cover points like the following:

- a) What is Dealer and what is distributor
- b) How to Deal with your Dealer
- c) How to issue Pricing to your Dealers
- d) What is Rebate Policy
- e) Where to sell in your market
- f) How to build a future and gain momentum

2.0 What is Dealer and what is Distributor

Many People get confused about the difference

We can list the Definition in Professional terms:

- 1- Dealer is the Service provider to customer Direct (B2C)
(Dealer do not invest in stocking, and order after securing the Project using project Money mostly)
- 2- Authorized Dealer/Distributor is the Stocking and Training center for Dealers locally that should protect and should not compete. (MIX)
(In some smaller countries the Distributor might act as Dealer also but must not compete in same project at all, and must always protect to allow his dealer to take the project instead in case they both have to offer to same customer)
- 3- Pure Distributor is the Business and Network developer that deal with Businesses only (B2B)
(Distributor is the Investor that invest in stock, support centers, warehousing ++ with future business growth vision to make a return on his investment)

And we can summaries it in few levels based on family members:

- 1- Dealer (is the Child, want everything for himself only to eat and grow fast)
- 2- Authorized Dealer (is the Big Brother that is ready to assist his younger brother to walk)
- 3- Distributor (is the father that Give fairly and Strictly)
- 4- Master Pure distributor (is the Grandfather that Give with love, and like to see the whole family grow happily)



3.0 Dealing with Dealers

3.1 Universal Price:

Distributor must follow the following Universal Pricing Policy:

Distributor must maintain the same Price worldwide to avoid losing the grip over his territory borders. Many Distributors become Greedy, and raise prices on dealers aiming for Fast Cash, and justify that by paying for their good service..

(The fact experienced is: after Distributor plant, train, project design & support, after he specify, and after he help his dealers close many projects.. then they go behind him and buy from other sources in many different ways and colors especially if the Project is Huge.)

3.2 Calculation of Universal Price:

Many distributors do not understand the Universal Price policy and the way of calculation of price based on different countries governmental policy.

Accordingly here is the hint example of the calculation:

- 1- (OPL) Original Price Level = The Dealer level Price in the Official Pricelist issued By Smart-Group
- 2- (SC) Shipping Cost = KG Shipping cost average for full home sized shipments from x-factory
- 3- (CD) Custom/import Duty and clearance cost = cost of Import duties, fees, clearance and Transport.
- 4- (ST) Sales tax = Local Sales and Other Luxury Taxes in sum as Per country Laws

Accordingly the Universal Price level (**UPL**) will be according to this formula:

$$\text{UPL} = (\text{OPL}) + (\text{SC}) + (\text{CD})$$

Then in Invoice as standard add the needed (ST) below:

Dubai Example: if (OPL)=\$100, (SC)= 4%+1%=5%, (CD)=5%

$$\text{UPL} = (100) + (4+1) + (5) = \$110$$

3.3 Calculation Markup:

Many People Make the Mistake of calculating Markup as following,

Example: If Merchant like to make Mark-up of 15% on item that Cost landed \$100

$$\text{Wrong Practice Calculation} = 100 * 1.15 = \$115.00$$

$$\text{Accurate Practice} = 100 / 0.85 = \$ 117.6471$$

Why Wrong? To know why, please Try to Give discount of 15% on both Outcome Figures if you like to sell back at cost without Markup. You will discover that you are **losing \$2.25** if you follow wrong Practice.



3.4 Why Dealers Go behind:

Distributor must understand the following trade Facts:

- 1- Today the world is a small place because of Internet and Airplanes.
- 2- Anyone can get anything from any place by using friends, or even establish company in different countries. (no one can stop any One)

- 3- Dealers are similar to children, they want all things for themselves only
- 4- Dealers are young mostly and think inside the box, yet they like to feel big, and assume that they are cleverer and more secure if they deal direct with Factory.
- 5- Unless same price is availed universally, then there is no use for the extra privilege.

3.5 What Will Dealer Lose if he deal with factory:

If Dealer Deal with factory he will lose many things, but mostly dealer is not that clever, and cannot see these things, that is why Distributor Attitude is most important to make **Reverse Psychology**.

3.5.1 Clean Reverse Psychology

(Distributor must give complete open way (No doors closed) for his Dealers with dual options:

- a) To deal direct and order from factory
- b) To order through Distributor and take from Local stock,

(Distributor must always maintain transparent price policy) similar to what we already use today without fail and shall recommend hereinafter.

3.5.2 The losses dealer will experience when dealing with factory direct:

- a) Must apply for Dealership from scratch (Lose old Status)
- b) Must come to factory for Training (Lose Time and Money)
- c) Must Buy Demo Kit again (Time on Negotiation)
- d) Will take untrained price first, then Trained Price
- e) Must arrange his Own Shipper and documents (Extra Work)
- f) Must arrange his own money transfers (Risk)
- g) Must ship by himself and insure and clear from customs (Time, Risk)



3.6 What Will Dealer Gain More if he deal with Distributor:

If Dealer Deal direct and always with Distributor he will gain many things:

- 1- Status, trust and respect
- 2- Project protection and coordination
- 3- Leads forwarding
- 4- Training for all his Staff and New tech
- 5- Local Project design and commissioning support
- 6- Faster delivery from Local Stock, or more secure importation

- 7- Easy Replacement locally
- 8- Rebates from Distributor on purchase buildup monthly and Quarterly.
- 9- Specification, Marketing, and Strong Distribution Network Image (one Team)

Always Communicate with Dealers and Never assume that they understand.. Proper education Matters

4.0 Dealer Pricing Policy

Following is the Price level Policy used worldwide and must be applied and adhered to by all distributors:

4.1 Customers

There are many levels of customers

- 1- End user (Must be given End user Price, with some Discount Level up to 20% max)
- 2- Real Estate Developer (can be Given More discount)
- 3- Hotel mass Project (can be Given More discount)
- 4- Mass Housing and Mega Project (can be Given More discount)
- 5- Contractor (can be Given More discount)

Usually it is up to Distributor to set his country wide sales, promotional packages and discount policy



4.2 Dealers Price Levels

There are many levels of Dealers

- 1- Unregistered Dealer/installer = Any 3rd party installer in the same industry that handles customers needs but is not officially registered with Distributor as official dealer
- 2- New untrained Dealer = Any Dealer that has registered and has been approved after submitting credentials and fully filled forms but did not take training. (But has at least Bought one Training Kit Package Minimum)
- 3- Trained Dealer = The untrained Dealer that has Bought the Training Kit, and has Attended at least one technical Training
- 4- Solid Dealer = the trained Dealer that has purchased and completed at least 3 Different Projects and orders. This Dealer must have also Completed at least level 2 training or higher
- 5- Root Partner = the Solid Dealer or Agent that Has Trained and is supporting at least 20 Dealers in a registered contracted Geographical Territory, and is Promoting only Smart-Group Brand
- 6- Distributor = The Investor that Has Committed with P.Guarantee to Stock, Promote, support, specify, train, educate, forecast and make the Brand dominant in the Territory contracted

4.3 Dealer Registering Process

To register as Dealer the following must be completed:

- 1- Fill Dealership form <http://www.smarthomebus.com/dealers/Others/Smart-Home-Group-Dealer-Application-2011.pdf>
- 2- Attach Valid Trade License Copy
- 3- Attach Owner's and General Manager's Passport Copy
- 4- Attach Company Logo
- 5- Attach Company Profile and Organization chart with Reference Projects and Brands
- 6- Get approved and then receive Dealer acceptance Certificate.

This will make the Dealer automatically eligible for untrained Dealer Price Level for any Samples Needed

5.0 Rebate Policy

All Livings demand rewards on good Performance, accordingly the Smart-Group has established solid Policy to serve such demand immediately, which help in both:

- a- Distributor communication/References and stock movement,
- b- Dealer Net profit Cash flow achievement and dealer Liability decrease

((Based on New 2013 applicable to all Smart-BUS Products Price List))



5.1 Monthly Evaluation Rebate Bonuses Policy

(Calculated **Within Every Month** Separately)

- Monthly **1st Order** Per Each New Month = No Rebate
 - (USD 60 Only as Processing Fee shall be charged if order less than USD 5000)
- Monthly **2nd Order** Per Each New Month = 2% Discount Rebate
 - (USD 40 Only as Processing Fee shall be charged if order less than USD 5000)
- Monthly **3rd Order** Per Each New Month = 3% Discount Rebate
 - (USD 20 Only as Processing Fee shall be charged if order less than USD 5000)
- Monthly **4th Order** Per Each New Month = 4% Discount Rebate
 - (USD 0 Processing Fee shall be charged if order less than USD 5000)
- Monthly **5th Order** Per Each New Month = 8% Discount Rebate
 - (USD 0 Processing Fee shall be charged if order less than USD 5000)

5.2 3-Months Dealer Evaluation & Additional Quarterly Volume Rebate Policy

Every 3 Months (Annual Quarter) the Total Volume Ordered shall be cumulated for that Quarter then the Total amount shall be evaluated for eligibility for Volume Rebate as per following:

If Volume of Orders for 3 months are between 10,000 and 25,000 = 2% Free Products Rebate applies

If volume of Orders for 3 months are between 26,000 and 50,000 = 3% Free Products Rebate applies

If volume of Orders for 3 months are Greater than 55,000 = 4% Free Products Rebate applies

6.0 Distributor Market Development

Distributor can develop market in many Different ways some are direct and some are indirect:

6.1 Direct Market Development

Distributor can develop sign and train partners in these Industries as following examples:

- 1- System Integrators (Complete system)
- 2- Electrical Contractors (Lighting controls simplified)
- 3- Audio Video Installers (Zone audio, Speakers, IR Macro +)
- 4- Air-conditioning Suppliers (HVAC, DDP, IR)
- 5- Office Interiors Contractors (Meeting Room Systems, Lighting, HVAC, PA)
- 6- IT Companies / Security Installers (New Systems and solutions value adding)
- 7- Light Fixtures Showrooms (Simple Light Controls as DIY)
- 8- Hardware Stores (Simple Packs for DIY)



Distributor can even Divide the Country into regions, cities, sub-divisions then assign Territorial Sub-Distribution Partners to develop sign and train partners in the above Industries in their Territorial area.

This is called **Creating Pyramids**

6.2 Indirect Market Development

Distributors can also Plant Seeds to develop market for future farming as per following examples:

- 1- Specify with Consultants and Designers Offices
- 2- Make 3rd Party Integration Bridges and Introduce to Competitor's Dealer Network
- 3- Convert Competitor's Distributors into OEM partners to distribute and develop their own Brands
- 4- Make the Smart-BUS Solutions part of the Technical Syllabus of Universities
- 5- Introduce the Smart-BUS Gear to Different Technical Institutes for Testing as Energy Saving Solution for Pushing into Governmental Policy and standards as Green Building recommended Product
- 6- Educate Developers and Real Estate Mass Building Investors on Faster selling ability if units are smart Ready
- 7- Educate Bankers on collateral resale added value
- 8- Educate Contractors on Savings in Materials and Labor compared to conventional systems
- 9- Educate architects and ID's on Elegance, Comfort and Flexibility

7.0 Making Profit

The rule of thumb says: Make success story, Sell Volumes with Low Margins (you make allot)
Distributor is somebody that selected to invest his experience, age, and money in Selling to the Masses in order to live with the Elite.

Smart-Group had done accordingly a good Profit and Reward Policy that satisfy such targets as per Distribution agreements and commitments policy standards.