



## ***Elements of Industrial Distribution***

*Elements of Industrial Distribution* is a four module course (15-20 lessons per module) covering the basics of industrial distribution. It was designed to serve as an overview of the industry for those unfamiliar with industrial distribution. The course is available in print and online. There is a post-test for each module so you can review the questions and see how much you've learned. The four modules are:

- **Module 1 – *ID Fundamental Organizational Overview*** –Sets the stage and begins to outline the purpose of the course and what types of positions are available in the industry. This module looks at how industrial distribution fits into the overall global, economic landscape, and the various business models that exist in the industry.
- **Module 2 – *ID Functional Operations Overview*** --Moves to the basic, functional levels of ID operations and sets the stage for the student to be able to recognize the basic organizational structure of an industrial distributor, define the roles and responsibilities of various employees within the industrial distributor, and describe the various career ladders and opportunities within the industrial distribution industry.
- **Module 3 – *ID Customer Service & Technical Sales*** – Provides students a deep understanding of the customers' needs in a technical sales environment. The students will come away with a better understanding of the supplier and customer relationships.
- **Module 4 – *ID Marketing and Profitability*** –Offers an understanding of how marketing plays a very important part in the sales process and the profit equation of an industrial distributor. Students will gain an understanding of a simple financial statement and how to use them to evaluate branch performance. They will develop an appreciation of economic value - how to evaluate it in different business situations, and how to create it.

[See all the lesson topics within each module](#), [register or purchase the course](#) or [learn more](#).

Two lessons follow to give you an idea of what you can expect when you register or purchase the course.

*Industrial Careers Pathway*<sup>®</sup> (ICP) is a program of the PTDA Foundation.  
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## Module 1, Lesson 1: What is Distribution?

**Distribution** is an often invisible function in the many stages of transforming **raw materials** (unprocessed natural products used in manufacturing) into finished products that appear in stores or are used to keep our communities and the economy working.

At the most basic level, those who have products to be used or consumed are **suppliers**. Those who purchase products to use or consume are **customers**.



Often suppliers do not have the capacity to efficiently reach and serve customers, even if they have the right product to meet customer needs. And customers may not have the resources to seek out and obtain the best products and services to meet their business needs.

**Physical distribution** is the process by which products move from suppliers at the point of production to customers at the point of use or consumption. Distributors, or companies in the business of distribution, are also responsible for **procurement**, sales, service, technical assistance and problem solving related to products as well as storage and transportation of products. Distributors serve both suppliers and customers.

Distributors add value to the **supply chain** through **efficiencies** beginning with acquiring products from multiple suppliers and selling to multiple customers. For suppliers, the distributor is an extension of the sales, **marketing** and customer service functions and logistical operations. For customers, the distributor adds benefits including fast, reliable service and support, product knowledge, lowered costs of acquiring needed products and solutions to improve operations.

[See all the lesson topics within each module.](#)

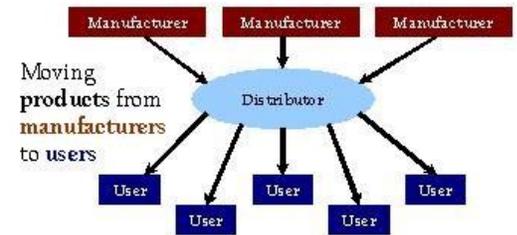
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## Module 3: Lesson 1: Distribution – A Sales-Driven Business

Industrial distribution is a **business-to-business** operation. Distributors make money buying products from a supplier, often a manufacturer, at a price lower than they can sell to users of the product, the customer. They can generate revenue by selling:

- products in **volume** with **low markup**.
- low volume, high-need products at higher markup.
- related services, either priced separately or incorporated into product costs.



Industrial distributors overall operate on very narrow **profit margins** in a highly competitive environment. Supply chain **competition** relentlessly drives prices down, so distributors are constantly seeking ways to maintain their market advantage, work with preferred suppliers and grow their customer base.

From the supply side, manufacturers look to distributors who sell their products to generate **sales volume**, service a large number of company accounts, align with marketing strategies, achieve **market penetration** and grow **market share**.

From the sales side, customers usually have options for obtaining products. Customers will place different values on aspects of product availability, delivery, price and services and will purchase from the distributor who best meets their specific needs and desires.

There are basic ways to generate more profit from sales:

- Increase **margins** (make more on each product).
- Increase **sales volume** at acceptable margins to existing customers (sell more products).
- Find new customers.
- Increase product offerings.
- Decrease operating costs or increase operating efficiencies.
- Sell services related to the products sold.

Distributors choose as primary strategic drivers to have a “price” strategy that relies on cost control and operating **efficiencies** or a “value” strategy based on understanding the customer and meeting their needs. In many well-run distribution organizations, “price” strategies are implemented, driving up **productivity** in the industry. A focus on “value” strategies requires a well-prepared sales and customer service workforce actively involved in providing value to suppliers and customers.

[See all the lesson topics within each module.](#)

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