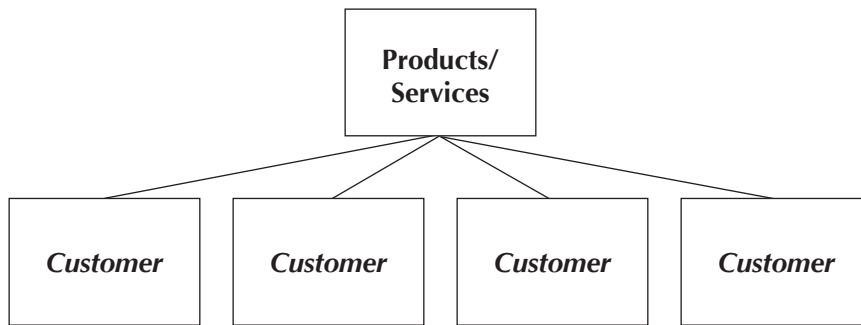




Distribution Models

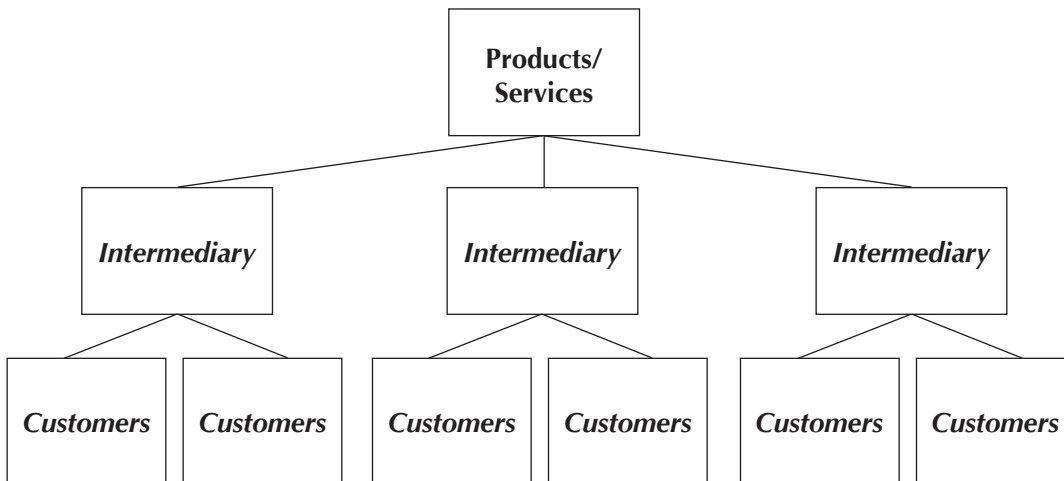
For many entrepreneurs, distribution of their products or services is managed directly by the company. As their companies grow, these entrepreneurs increase their internal sales force and operational capabilities to meet the demands of their customers. Distribution in these companies resembles the illustration below.

Offering the Same Products/Services to Multiple Customers



Some entrepreneurs prefer to expand their capabilities for growth by going outside the company to intermediaries such as independent representatives, wholesalers, or distributors. For these entrepreneurs, distribution may resemble the following illustration:

Offering Products/Services Through Intermediaries





Many high-growth entrepreneurs use intermediaries because they can provide these benefits:

- Find more customers for products/services without hiring additional internal sales staff
- Use their customer and community relationships to garner more business
- Share the risk of sales and doing business in the market by assuming responsibilities for marketing, sales, and distribution
- Advertise at the local level
- Receive and monitor customer feedback in the market
- Break down bulk shipments into smaller units for resale
- Move goods throughout the market efficiently
- Consolidate goods and services for distribution
- Manage point-of-purchase promotions
- Finance purchases
- Provide customer service and support on a local level

The most successful companies are those who have the widest distribution to deliver products or services to their customers. By mass-marketing through Wal-Mart and K-Mart, Altissimo! gains access to a multitude of potential customers.

A distribution network requires additional inventory, literature, training time, and hotline support on your part—in short, an outside sales force that must be managed.