



Distributor Contract Checklist

The items of the contract have generally 3 dimensions:

- o Sales-planning items aimed at creating business for both parties
 - > Operational items to agree on timing, production, delivery, payments, logistics etc.
 - [] All general items closely related to the legal aspects and terminations aspects of the agreement.
- Please note that any termination arguments often include blue (>) items as well.

- [] Clearly define the 2 parties
- [] Territory
- [] Exclusive or preferred supplier/distributor
- [] Expected performance in general terms
- [] Period of contract and notice period
- o Present product range
- o New products handling
- o Account planning by the distributor
- o Principles on pricing and discounts
- o Personnel planning at the distributor
- o Training and information planning of manufacturer
- o Brochures and other sales material provided by manufacturer
- o Samples
- o Exchange of market information
- > First budgets, prognosis and agreed frequency of updates
- > Set of benchmarks for reports and planning
- > Information channels, fixed contact points in both organizations
- > Minimum order quantities, payments, delivery and shipping terms
- > Policy for referring information requests
- > Complaint handling
- > Product liability
- > Stock levels
- > Return goods policy and costs
- > Use of brand-names and protection
- [] Terms for termination
 - [] Failure to perform according to agreed plans and goals
 - [] Abuse of brand-names
 - [] Not meeting payment terms
 - [] Misuse of products or wrong applications
 - [] Changes in ownership of distributor
 - [] In case of legal arbitration, country and court

This checklist is primarily made from the perspective of the manufacturer. A good distributor will certainly add some items that will strengthen his position in operational as well as legal terms. Our list is not exhaustive and should be further completed depending on the type of business. It is made with utmost care but we cannot accept any responsibility for its content nor for any actions or events resulting from this list. In all cases we advice to have your contracts checked by proper legal specialists.

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Source: the marketingprofs.com newsletter, Managing Channels of Distribution (K.Rolnicki), Kotler, Blackwell and Veraart Research documentation on Distributor contracts