



# **The Benefits of Rebates for Distributors**





Rebates are a common incentive strategy used by distributors across the globe, and it's easy to see why: there are a wide range of benefits for distributors that choose to leverage their rebates for strategic growth.

However, some distributors remain on the fence about implementing rebate programs as part of their overall incentive strategy. Perceived complexities and preventable challenges have scared some distributors away from rebates altogether, forcing them to miss out on the myriad financial and operational advantages that they can bring to businesses.

In this eBook, we'll be taking a closer look at how rebates benefit distributors, as well as the costs of foregoing these essential strategic tools. As you'll find out, distributors are in a unique position to take advantage of all the benefits that rebates have to offer – for both the supplier and the customer.

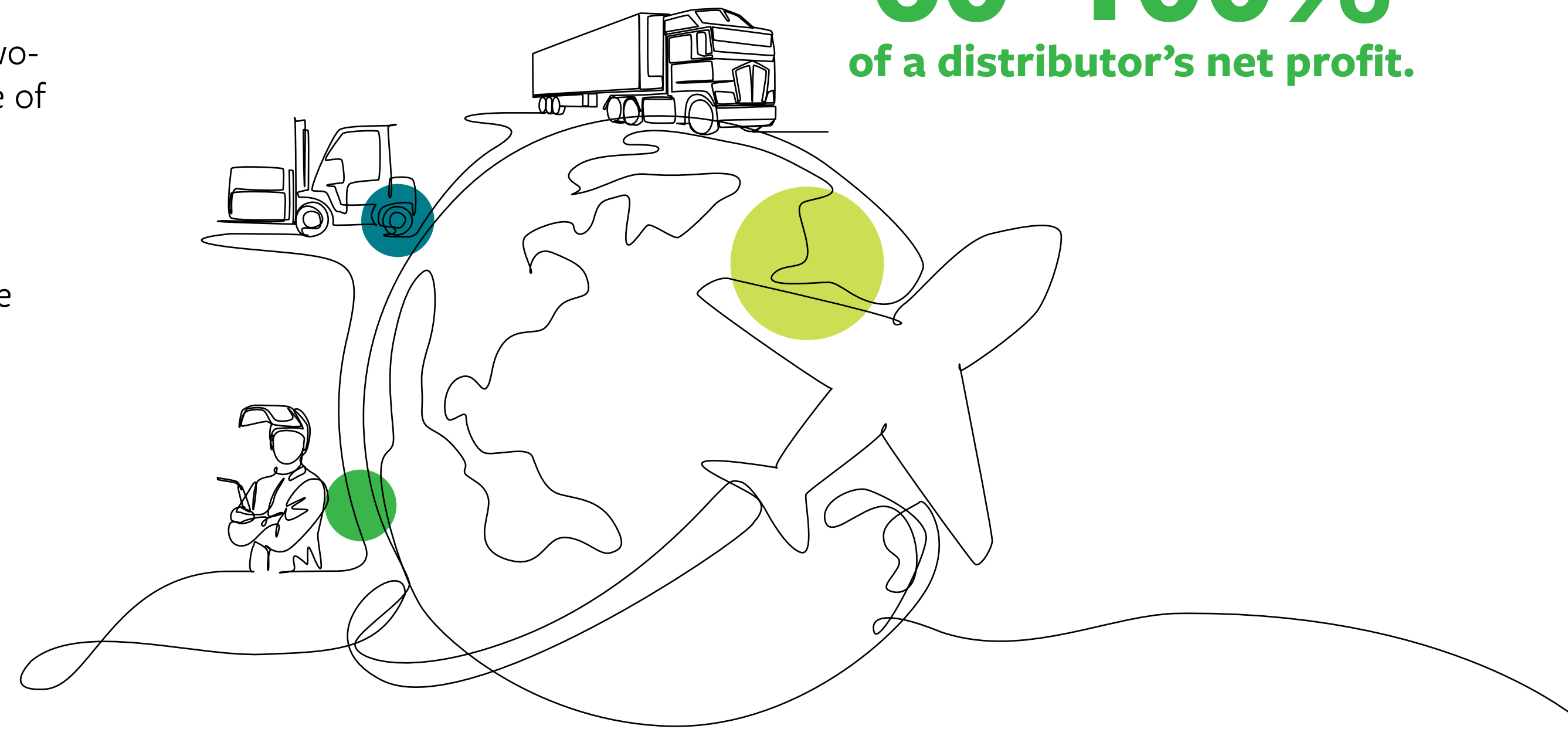


## How Important Are Rebates for Distributors?

Rebates are widely used by distributors across the globe to facilitate advantageous trading relations and stronger strategic partnerships. On average, distributors have rebate programs with 50 of their top 100 manufacturers, representing two-thirds of sales and an incredible 60-100% of net profit. This makes rebates one of the most important incentives in a distributor's strategic toolkit.

While there are relatively few risks to working with rebates, distributors that aren't using rebates may be missing out on critical opportunities to improve their margins, strengthen their supply chain partnerships, boost sales and drive customer loyalty.

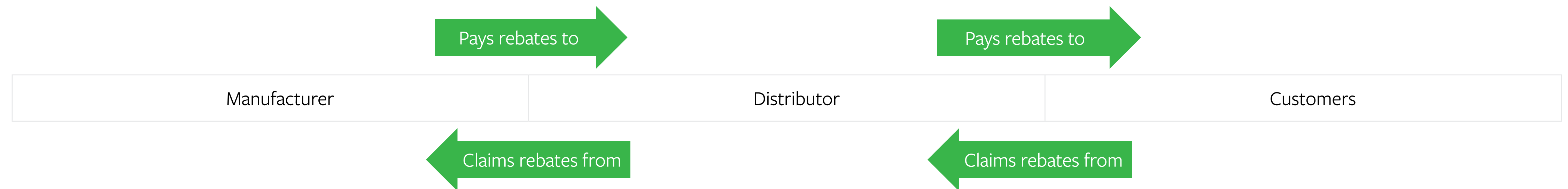
Rebates represent  
**60-100%**  
of a distributor's net profit.





## For Distributors, Rebates Are a Two-Way Street

Unlike businesses at either end of the supply chain (i.e., manufacturers on the “producing” side and customers on the “consuming” side), distributors fall somewhere in the middle, as distributors both buy *and* sell products. This means that distributors can make use of both sides of the rebate game. They can claim rebates from their suppliers and offer rebates to their own customers.



While this unique position can entail additional responsibility and a greater time commitment for your team (who now must manage both supplier and customer rebates), the benefits of these incentives are twofold for your business.

For distributors, strategy is the name of the game. It’s all about selling the right products at the right price, with a focus on preserving margin, driving customer loyalty and building strong trading partnerships. With a strong rebate strategy in place, you can construct an incentive program to help you achieve these goals in almost any situation.

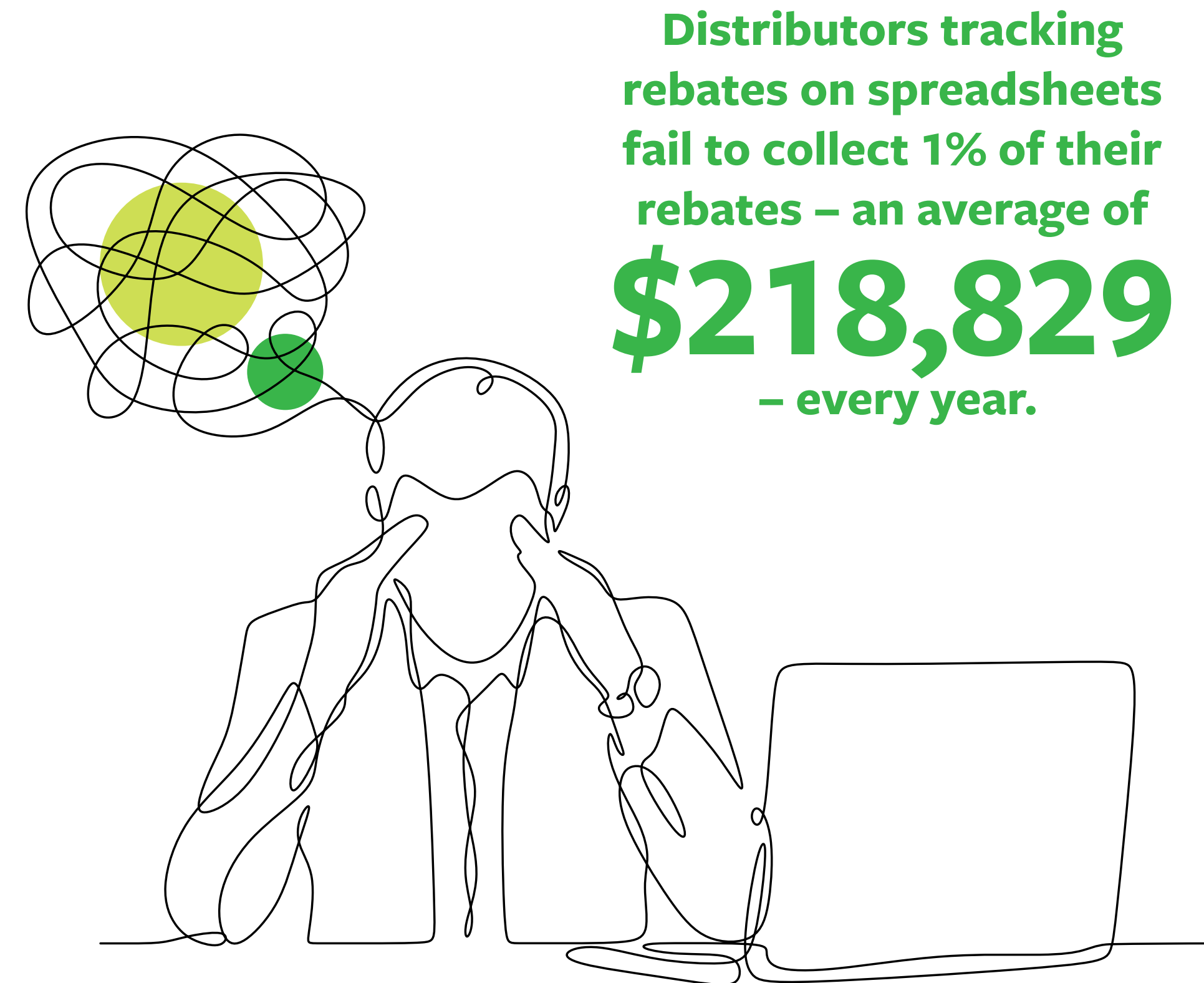
## Conditional Benefits: The Importance of Rebate Management

We believe that rebates can help almost any business – especially when they are managed efficiently.

Let's take a look at one of the most common rebate management methods: spreadsheets. Of the distributors that track their progress toward rebate goals, just over 1 in 4 use spreadsheets. While many of these distributors have turned to spreadsheets to keep better track of their rebates, few actually end up seeing this benefit. According to our recent survey, distributors using spreadsheets to manage their rebate programs typically fail to collect 1% of the rebates they're owed. On average, these distributors are losing out on \$218,829 every year.

Spreadsheets are one of the most error-prone and time-consuming methods a business can choose. Spreadsheets lack specific tools that can make rebate management easier, including automated calculations, collaborative capabilities, a full analytics and reporting suite, error prevention features or streamlined upload/import systems.

The shortcomings of spreadsheets highlight the importance of choosing the right tools and strategy to manage your rebates. The process of rebate management, when executed efficiently, offers a wide range of strategic advantages for distributors:





## **Saving Time with Streamlined Rebate Management**

Ever hit the wrong key in Excel and spent the next several hours digging through hundreds (or even thousands) of lines of data to find out where you went wrong? This situation – as tragically common as it may be – is not exactly the most productive use of your team’s time.

That’s why automating your rebate management processes can be essential to their success: it streamlines time-

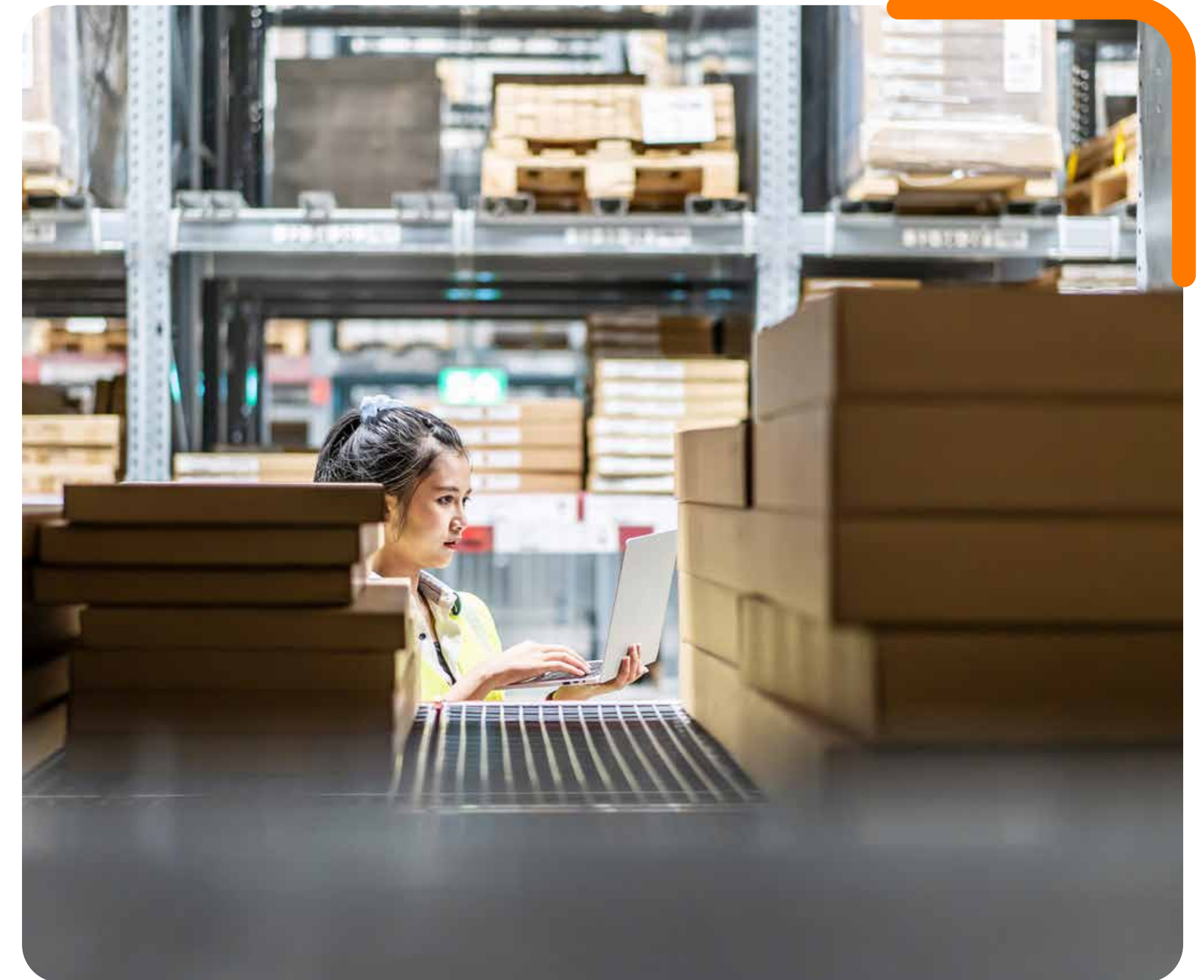
consuming tasks, prevents your team from wasting time resolving errors and facilitates productive collaboration. We aren’t just talking about a few extra minutes at month end; streamlining your rebate management processes can take you from a position of administrative reactivity to proactive strategy, giving your team more freedom to experiment, modify and perfect your rebate programs.



## How Rebate Management Mitigates Business Risk

Making rebates a part of your incentive strategy can help to mitigate risk in a variety of ways. Rebate programs can act as a hedge against market uncertainty, driving growth and loyalty even in adverse market conditions. Rebates allow you to take a strategic approach to your sales instead of submitting to the whims of a fickle and unpredictable market.

Fortunately, a trustworthy and reliable rebate management system can mitigate critical risk factors in your rebate processes, ensuring a thorough and comprehensive audit trail is always available to any party that needs it. In the event of an audit, it's essential that everyone knows where their money is and what money they're due.







## Overcoming Calculation Challenges: Choosing the Right Rebate Management Tool

Many of the perceived complexities associated with rebates stem from the calculations and accruals process. In fact, it's common for distributors to forego performing their own calculations to avoid complicating their rebate management processes, relying solely on manufacturers to calculate their claims and trusting that their data is accurate. This ambiguity can quickly spiral into larger disputes when year-end comes around and accruals aren't adding up.

If you want to get everything possible out of your rebates, you need the right tool for the job. An ERP is an excellent solution, especially if your rebates are relatively

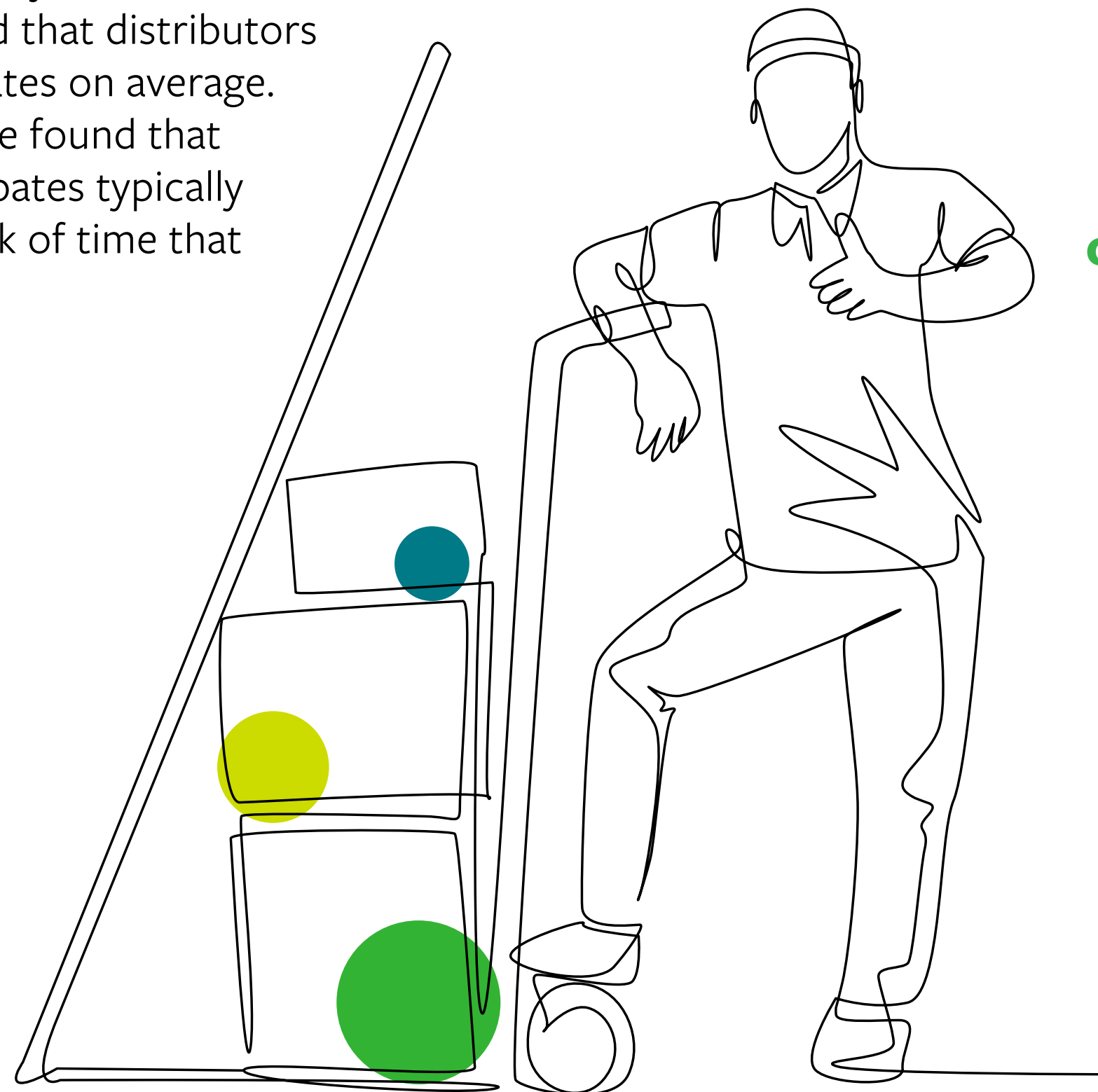
simple. But many distributors find that calculating both what they owe and are owed in rebates is a complex process that ERPs just can't support.

When you're managing your rebate strategy correctly, you always know what you owe or are owed. Those calculations are quick and easy — and happen at the click of a button. Plus, you have insight into progress against goals, so you know when you're close to meeting a threshold for volume rebates or what percentage of a product mix incentive you've purchased. Information like this is critical if you want to successfully manage your rebates, and spreadsheets just don't measure up.



## Automating Rebate Management for Distributors

Choosing a truly efficient rebate management method has measurable benefits for distributors. For example, automated software can eliminate many costly errors and manual tasks that waste your team's time and energy. In fact, we found that distributors using a dedicated rebate management software earn 1.82% more rebates on average. That's an extra \$182,000 on every \$10m rebate income! In addition, we found that companies using a dedicated software solution to manage supplier rebates typically spend 40% less time on month-end activities. That's a significant chunk of time that your team can return to important, value-add tasks.



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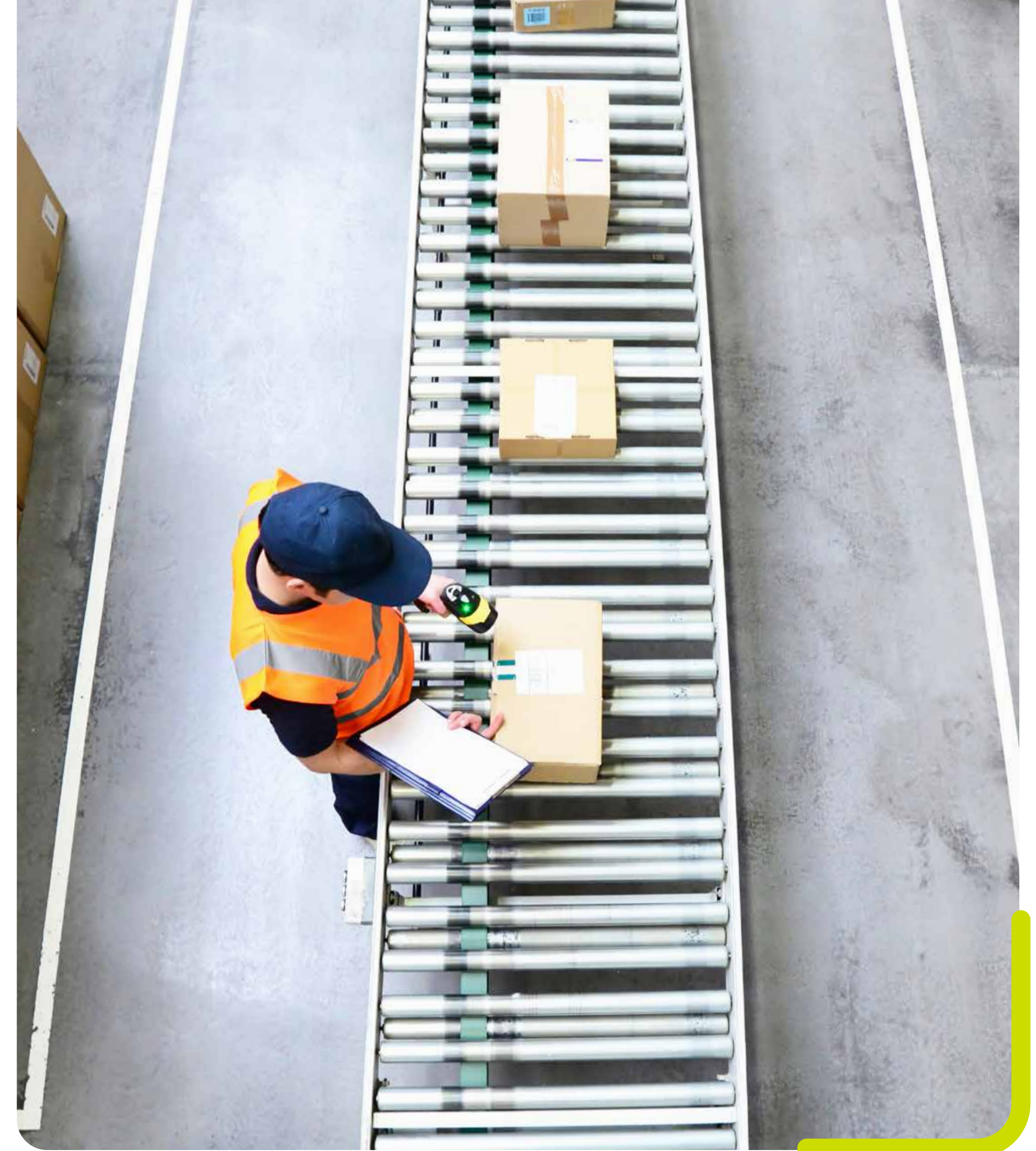




## Are the Benefits of Rebates Worth It for Your Business?

While we believe that rebates can help almost any business, at the end of the day, the decision ultimately lies with you and your team. However, if you believe that rebates can help your business achieve your goals, you shouldn't let the perceived challenges stand in your way. Simply choose a capable rebate management system such as Enable to support your strategy and supplement your team's abilities. Rebates can open up a whole new world of strategic growth for distributors that know what it takes to wield them.

Ready to bring the benefits of rebates to your business? Learn how to take the next step in our blog, [\*\*How to Implement a Rebate Strategy at Your Company.\*\*](#)







# About **Enable**

Enable helps manufacturers, distributors, and retailers take control of their rebate programs and turn them into an engine for growth. Starting with finance and commercial teams, Enable helps you better manage rebate complexity with automated real-time data and insights, accurate forecasting and stronger cross-functional alignment. This lets you — and everyone in your business — know exactly where you are with rebates. Then you can extend Enable externally to suppliers and customers, setting them up with one collaborative place to author, agree upon, execute on, and track the progress of deals. Find out more and try it for free at [\*\*enable.com.\*\*](https://enable.com)

