

## Chapter 10

# Performance Evaluation and Logistics

### ABSTRACT

*This chapter will deal with varied areas and their interactions with the distribution system and the marketing channels of the company. The first area discussed is the evaluation of the channel members. This is important as proper evaluation of the performances and other characteristics of the channel members is connected with their motivation as well as the overall performance of the company itself. The distribution system or the marketing channels of service-oriented companies are also discussed as the economy, especially of developed countries, are fast moving towards the service sector. In the service sector the basic principles remain the same – however, there are some major differences with the marketing channels of products. The distribution channels are so complex for large organizations that a very robust information system has to be in place in order to maintain the operations of the system and also to have proper control and evaluations of the channel members. The backbone of the distribution systems of large organizations are the logistics and the supply chain management of the company. Proper utilization of the tools and techniques of modern logistics and supply chain management is a prerequisite for efficient and effective functioning of the entire distribution system. Again, in this open world, companies are increasingly looking at the entire world as their prospective customers, and hence, a proper understanding of international channel management is necessary for all companies.*

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## **LEARNING OBJECTIVES:**

- Evaluation system for the channel members
- Marketing Channels for Services
- Channel Information System
- Logistics and Supply Chain Management
- International Channel Management

## **INTRODUCTION**

### **Evaluation of Channel Members' Performance**

It is now apparent that the intermediaries are appointed primarily to augment the performance of the distribution system, the sales and marketing set-up, and, overall, the company as well. It is also obvious by now that the intermediaries are responsible and accountable for a whole lot of objectives, jobs, and activities. So, when the company is so much dependent on the channel members, there are obviously measures to evaluate their performances. Evaluation is not only used as an instrument for improving productivity of the intermediaries, but also act as a tool for motivation of the channel members. Just like the employees of an organization, there are rewards and punishment linked to performance for channel members as well. Rewards and awards for good work can be given to channel members only when they perform well and this must be a transparent process for all the intermediaries. These evaluations are linked to performance relative to opportunity. This means, the budgeting and quota system also must be fair to all the members. Targets for an intermediary working in the weaker markets cannot be the same as that of the intermediary working in strong markets. So, the executives of the company has the responsibility of devising a fair and transparent system the primary objective of which is to bring out the best performance from each and every channel member. Another important area of the implementation of the evaluation system is that the system must be communicated very well to each channel member, and it must be ensured that each of them understands the system. After all, each channel member has the right to know and appreciate completely the rules and processes and metrics that is going to be used by the company in the evaluation of his performance.

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