



# 6 CHALLENGES & STRATEGIES FOR WHOLESALE DISTRIBUTORS

Leveraging TAB Bank's Expertise  
in Navigating Business Challenges

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# INTRODUCTION

Wholesale distributors act as a crucial middleman between customers and manufacturers. They make sure consumers have access to the products they need at prices they can afford, while easing the burden on manufacturers because the wholesalers shoulder the responsibilities of marketing and distribution. In a global market, this is more important than ever—with wholesalers gathering products from all across the world to bring them directly to customers.

However, being a successful wholesale distributor requires having your finances in line to make sure you have enough capital and support to deliver to your customers and meet all global requirements and expectations. To do this, you will need to find a financial partner that will help you navigate funding, compliance, and the ups and downs of the industry, so you can continue delivering the best products to your customers. TAB Bank specializes in working with wholesale distributors and deeply understands the pain points you experience as a business—and TAB Bank's expertise can help you navigate them successfully no matter the challenge.

To illustrate how TAB Bank can help your wholesale business overcome complex business challenges, **this guide will show you six common pain points and the solutions that TAB Bank can provide your team.**

## CHALLENGE 1

# REGULATORY COMPLIANCE AND CUSTOMS

Wholesale distributors—especially ones that operate at a global level—are shipping and selling products potentially through a wide network of regulations and customs laws. Your company might face a variety of rules about product safety, labeling, transportation, and environmental sustainability. If you aren't fully compliant, you run the risk of fines, legal action, or damage to your business reputation—none of which are desirable. Global distributors also need to ensure every product passes through international customs for each country they operate in.

One example to illustrate this challenge is Proposition 65 in California. This law requires all products with certain chemicals in them to be specially labeled to warn consumers about potential effects. While particular products might be able to be sold immediately in other states, a wholesale distributor working in California would need to make sure there's a process in place to properly label any products that meet the Proposition 65 requirements.

## SOLUTIONS & STRATEGIES

While managing all of the regulations and customs requirements can be complex, it's easier with the right strategies in place, like these:

- **Stay up-to-date with all requirements.** The main way to avoid any trouble down the road is to develop a system to track requirements and notify you of any changes. That might mean setting up software automation that can manage your regulation requirements or joining email lists for relevant groups that will send out information about changes. The goal is to find something that works for your company to ensure you hear about everything that could affect your wholesale business.
- **Perform internal audits.** Another way to keep your business safe from penalties is to do regular audits or inspections. For these, you'll likely invite a third party in to examine your systems and products. They'll know all of the rules and can let you know if there's something that doesn't meet regulatory requirements before it becomes a bigger issue. Many companies have these audits or inspections done annually to stay on top of any changes.
- **Work with a cultural expert.** Most of the time, the first two suggestions are enough to help you manage this challenge. However, some wholesalers work in countries where there are particular challenges or cultural elements to consider as well. If this is the case for your company, you might consider working with a third party expert on the culture, so they can guide you through the process of packaging and marketing your products for customers in that country.



## ✕ TAB BANK SERVICES

TAB Bank understands the complexities of keeping up with regulatory changes, and the financial investment that can be required to ensure compliance in a variety of markets. TAB's Business Banking tools and services help simplify your capital management amid complex demands.

### Treasury Management Services

Don't let managing your working capital become stressful. With TAB Bank, you'll have [customized treasury services](#) that are tailored to your specific needs—including your global needs. TAB Bank will partner with you to work out exactly what you're looking for, and you'll be able to build a relationship with your financial partner to create a solution for your capital. Our goals with treasury management are to:

- Retain a firm's liquidity
- Decrease the overall cost of funds
- Mitigate financial and operational risk
- Make the best possible use of cash

## CHALLENGE 2

# SUPPLY CHAIN VOLATILITY

Most of the time, the supply chain is simple: distributors take orders from clients and place orders with vendors in order to facilitate the distribution of goods from the component and product manufacturers to the purchasers and consumers. However, that process can get disrupted by supply chain issues. Anything from natural disasters, geopolitical instability, and supplier disruptions or mistakes can leave your company scrambling to meet client expectations and provide high quality products. On top of that, these challenges are often hard to foresee or prevent entirely.

Nearly every wholesale distributor experienced the effects of supply chain volatility during the Covid-19 pandemic. It was harder to get products, and certain items were in short supply in a wide range of industries—from car manufacturers to retail suppliers. This was a challenge that many wholesalers weren't prepared to handle, and many experienced hardship. While future crises like this are unpredictable, something smaller like an ordering error or an earthquake at a production plant could halt your supply chain and have negative effects on your distribution efforts and profits.





Despite supply chain volatility, when you partner with TAB Bank, you can be assured that you won't be alone during these challenges. The experts at TAB Bank will work with you through the volatility to find solutions and help you maintain your finances, which is something unique about working with TAB Bank. At TAB Bank, we are committed to providing flexibility and support in all stages of business growth and through any economic condition.

## SOLUTIONS & STRATEGIES

To help you handle a supply chain problem, consider these top strategies:

- **Use data.** One of the ways you could anticipate some challenges is by monitoring your supply chain and leveraging that data to fuel your business decisions. Using tracking software, you can watch important supply chain KPIs such as inventory turnover, supply chain costs, and customer order cycle time. That could alert you to a problem or help you identify the most important areas to focus on during a crisis.
- **Mark products on backorder.** To help manage customer expectations, it's important to mark items as backordered when you aren't able to get them in on time. This helps your clients know that there's a supply chain problem and that this particular order will be delayed.
- **Rank your suppliers.** Have a list of each of your suppliers and place orders based on quality and speed. This will help you know which of your suppliers you can turn to in a crisis. Then if you do have a problem stocking an order, you can turn to your most reliable suppliers to get more inventory.

## ✕ TAB BANK SERVICES

Below are specific TAB Bank offerings that can help your wholesale company when you experience a challenge with your supply line:

### Asset-based lending (ABL)

This service you get from working with TAB Bank allows you to [leverage inventory](#) or receivables for necessary liquidity during disruptions. Get working capital when you need it, so you can focus on your business operations during volatile times. If you experience a disruption, this program provides you with:

- **Collateral-based credit line:** Unlike factoring, where invoices are sold, ABL allows you to use unpaid invoices as collateral for a line of credit. This provides a flexible financing option that lets you retain ownership of your receivables while still accessing cash to help your business stay afloat, even when the supply chain fails.
- **Flexible access to funds:** ABL offers a revolving line of credit, meaning your wholesale distribution business can draw and repay funds as needed, depending on the current cash flow situation. This flexibility is particularly important when you experience a supply chain disruption and are facing unexpected expenses.
- **Cost-effective financing:** ABL can be a more cost-effective solution, particularly for businesses that don't qualify for cash flow lending. With asset-based lending, wholesalers can stay on track to meet their business goals.

### Invoice factoring

TAB Bank wants to support your company when you need additional cash, which is why you can take advantage of invoice factoring. This service lets you exchange your unpaid invoices for immediate access to working capital. You will be paid in advance and will not have to worry about collections, letting you prioritize your orders and customers. Stay afloat in difficult times with these services:

- **Immediate cash flow:** Factoring involves selling outstanding invoices to TAB Bank in exchange for quick access to cash. This process turns accounts receivable into working capital, allowing you to cover daily expenses without waiting for customers to pay. It's a way to make sure you have access to money, so you don't miss any opportunities to procure the supply or materials you need.
- **Improved liquidity:** With the liquidity provided by factoring, your wholesale business can better manage day-to-day operations, such as paying employees, covering utility costs, and finding alternative suppliers, when needed. This can help to stabilize your business even when the supply chain and industry aren't performing.
- **Minimal documentation and fast processing:** TAB Bank's factoring services are designed to be straightforward and efficient. The application process requires minimal documentation and, once approved, you can receive funds quickly.

## CHALLENGE 3

# SEASONALITY TRENDS

During certain times of the year, there are peaks and valleys in demand for certain products. Seasonality can be affected by the climate, holidays, and cultural events that spark customers' interest in particular items. For example, during the winter, there's often a high demand for heavy coats to protect against potential snowfall. With the end-of-year holidays, there's usually a higher level of requests for party attire, certain gift items, and holiday decor. During these peaks of activity, wholesale distributors may struggle to keep up enough stock to fill all customer orders. On the other hand, there are then periods of low demand where wholesalers may struggle to turn a profit or get caught with too much inventory on hand.

Whether you're experiencing a peak or valley in your seasonality demands, TAB Bank will work with you to make sure your needs are met and that you have the capital to keep business running. Unlike most other banks, TAB Bank can partner with you through ups and downs, even dependable ones like seasonal and holiday demand shifts.

## SOLUTIONS & STRATEGIES

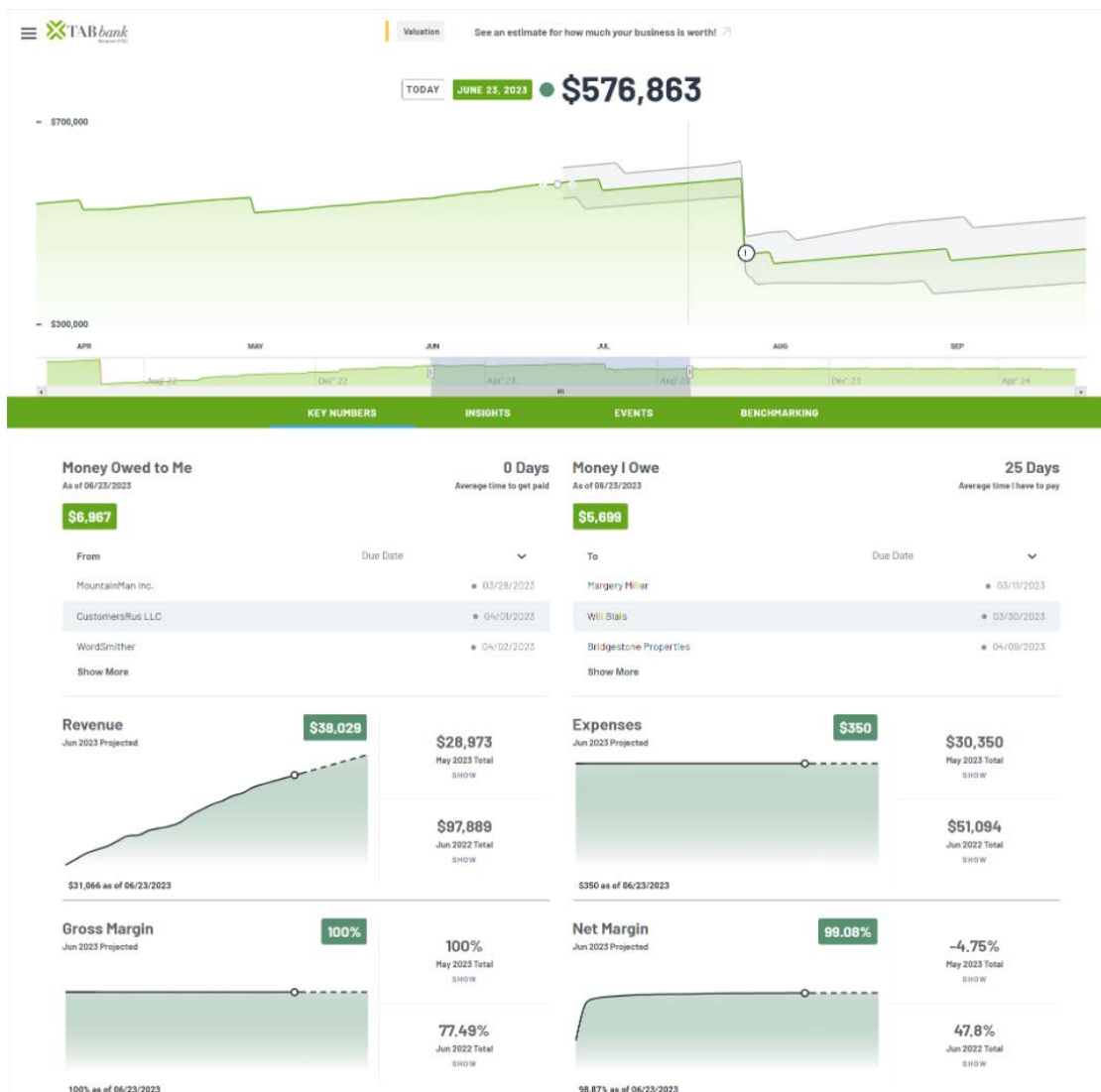
Preparing for peaks and valleys can help you handle both the stressful level of requests in busy periods and the lows where demand is less than you want. Prepare for and handle these situations with the following strategies:

### Tracking and forecasting

It's hard to determine a strategy for seasonality when you aren't sure when your peaks and valleys will occur. That's why it's important to track your data to be able to accurately forecast when you may experience high demand and when you might hit a valley. Knowing in advance when you can expect a peak will help you have enough stock—and know how to adjust your marketing and pricing strategies. And being able to predict when you might experience lower demand can help you prepare your finances and marketing efforts to handle that seasonal period.

Planning for seasonality helps you stay on top of a dynamic market that's always shifting. Consider investing in inventory management software to help you predict your seasonal trends, because they may differ depending on the industries you serve. [Business Banking](#) customers at TAB Bank can also use the Forecasting and Event Planning tools included within TAB's Business Insights portal to better understand and prepare for market shifts from seasonality.





*Business Insights Portal within TAB Online Banking*

## Handling peaks

One of the most important factors to successfully managing a period of high demand is to have enough inventory. That being said, sufficient inventory is a fine line to walk—too much in stock can lead to unnecessary expenses as well. The key here is to analyze historical sales to anticipate what will be in demand and when, so you can order in enough stock without creating additional inventory expense.

To handle all of these orders and inventory, many wholesalers also hire seasonal help, which is an additional expense to consider. Ordering stock and hiring new personnel is one reason why it's so important to have a financial partner who can work with you through seasonal ups and downs and help you with your financing options during both.

Another important consideration for these peaks is your pricing strategy. With more people interested in certain products, you could consider offering bundles, deals, and discounts to attract new customers. The goal here is to successfully balance making a profit and creating new business, so you'll only want to lower prices to a point that you can still maintain a healthy profit margin.

### **Maintaining cash flow during low demand**

When your business hits a seasonal valley, one of the most important strategies is to maintain enough cash flow. You could offer incentives to encourage customers to purchase during these periods, like free shipping, loyalty rewards, or referral programs. Or you might discount items that don't normally sell well during that season. For example, selling heavy winter coats for cheap in the summer can offset inventory holding costs and incentivize customers to make a purchase when they might not normally do so.

On top of that, working with TAB Bank can offer you options during low demand times. For example, asset-based lending can help you leverage your inventory for necessary liquidity during low periods. That can help you have enough cash on hand to keep the business running smoothly.

### **Amplifying marketing efforts**

Marketing matters for both highs and lows. During peak seasons, you will likely want to focus your marketing efforts on advertising that you stock high demand items for good prices to draw in new customers. Off-peak marketing should focus on maintaining engagement with your customers. For example, you might run giveaways, respond to comments, post interesting content regularly, and display your products and deals in a visually appealing way.





## ✕ TAB BANK SERVICES

Similar to supply chain volatility, these TAB Bank services can help you when you experience seasonal fluctuations:

- **Asset-based lending.** [This service](#) lets you cover cash flow gaps during seasonal lows and helps you free up the capital to hire new employees during seasonal highs.
- **Invoice factoring.** With TAB Bank, you can sell your [outstanding invoices for immediate access to working capital](#) that you can use to help your business during peaks and valleys.





## CHALLENGE 4

# BUSINESS EXPANSION

Most businesses want to expand and reach new markets. However, doing so can be a long and complicated process. Your wholesale distribution business might want to enter new geographic markets, expand with a vertical integration, or just make a bigger version of your current company. No matter what kind of expansion you're moving toward, you'll likely experience some of these challenges:

- **Inventory management.** Maintaining the right stock levels to avoid overstocking or understocking, so you're able to fulfill orders without having too many expenses.
- **High competition.** When you grow or add a new area, you could be facing competition from other wholesalers and potential direct-to-consumer sales from manufacturers.
- **Logistics and transportation.** As you grow, it could be more difficult to manage complex logistics networks, optimize shipping routes, and deal with potential cost fluctuations in transportation.
- **Regulations and compliance.** Adding a new geographic region usually means meeting and staying up-to-date on new regulatory requirements.
- **Talent acquisition and retention.** With a larger business, you'll likely need to find new employees and develop strategies to encourage longevity, particularly in areas like sales, logistics, and customer service.

If you're doing a vertical integration, your company will take on some of the burden of creating or selling products. That will likely lead to challenges with getting the right equipment, supplies, and employees to operate in this new capacity.



## SOLUTIONS & STRATEGIES

Regardless of what kind of expansion your company is considering, understanding these strategies can help you mitigate some of the challenges.

### Market research and analysis

Before expanding, it's important to understand the sector you want to expand into. By researching the customer needs, existing demand, and competitive dynamics, you can get a solid understanding of what your company might need to grow. Look into emerging trends and specific products that might be in higher demand in your new region or market, if you're expanding geographically. If you're expanding vertically or just growing, you might also want to look into potential competitors and what gaps in the market you could fill. The Benchmarking tool within TAB's Business Insights portal can help you dive deep and compare metrics across the market.

### Build strategic partnerships

Partner with businesses or distributors in your new geographic area to leverage their expertise, distribution networks, and customer base. These partnerships can provide valuable insights and reduce entry costs. If vertical integration is part of your strategy, consider acquiring key suppliers or distributors in the supply chain. This approach can improve control over costs, quality, and lead times.

### Developing new distribution channels

If you don't already have a website, one way to expand successfully is to do so. An e-commerce platform can help you reach people who you might otherwise not and can provide potential customers with more information about your business and products. On top of that, you might consider listing your business on B2B marketplaces which can increase visibility and help attract new customers in your target regions.

### Managing financials and cash flow

One of the most important aspects of planning your business expansion is determining how you'll manage your finances and cash flow. Adding new warehouses, buying more equipment, or increasing your shipping routes requires access to capital—and to do that, you'll want a financial partnership with a good bank. After you expand your business, keeping your cash flow healthy will also require managing your prices, marketing, and scaling efforts.



## ✕ TAB BANK SERVICES

To help your business grow, these are some TAB Bank offerings that can help you have the cash flow and funds you need to expand:

### Business term loans

Whether you need new equipment or have found an expansion opportunity you can't pass up, a [small business loan](#) can help make that a reality. A loan from TAB Bank requires no collateral and comes with competitive interest rates to help your company grow. These are some of the benefits of TAB Bank's business loans for your wholesale business:

- **Quick funding:** The application for the loan is simple and straightforward, and our experts will review it promptly. Once approved, you'll receive funds quickly, so you can begin expanding without delay.
- **Flexible terms:** You can choose from several options, so you repay how and when will work for your business.
- **Larger (and smaller) loan amounts available:** No two businesses are exactly alike, which is why TAB provides term loan amounts from \$30,000 to \$300,000.
- **Lower APRs:** TAB Bank offers competitive interest rates, and our goal is to help you find a loan that works to fuel your company's success.

### Business line of credit

After filling out a simple online application, a financial expert from TAB Bank will get in touch with you about opening a [line of credit](#). This can be used to fund your expenses as you expand, whether you need a new piece of machinery or the funds to build an e-commerce site. Working with TAB Bank gives you:

- Competitive interest rates
- Flexible options
- An easy online application process
- Approval without collateral in most cases

### Equipment financing

If you're a U.S. based business expanding to a new geographic market and want to build or grow a transportation fleet, TAB Bank offers [equipment financing](#). This custom financing option can help you purchase the vehicles you need to reach and service these new areas successfully.



## CHALLENGE 5

# INVENTORY MANAGEMENT

One of the biggest problems nearly every wholesale distributor will face is inventory management. Successfully stocking products requires walking a fine line between overstocking and understocking. When you have too much of one product, that could hurt you financially by boosting your storage costs and potentially leading to products becoming obsolete. The reverse is also true: having too few in-demand products can lead to frustrated customers and a loss of sales. You may run into inventory issues if you experience any of these underlying problems:

- **Insufficient tracking.** Without the right data, your company might not know when you can expect seasonal changes or what inventory you already have in stock. That could lead to understocking a product during a peak season or ordering more product when you already have enough.
- **Changing demand.** Sometimes a product can become obsolete or go viral and become incredibly popular overnight. When customer demands shift, you might find yourself with too much of something or running short on a product that people now want.
- **Inventory loss.** Perishable products could expire, or an accident on the warehouse floor could lead to an unexpected loss of product. This can quickly lead to a shortage.
- **Poor planning.** Misordering could cause you to have too much stock or too little. It could be due to poor communication, misaligned expectations, or unintentional delays.

## SOLUTIONS & STRATEGIES

Stay on top of your inventory with these strategies:

- **Invest in inventory management systems.** Find software that can help you gather data about your processes and anticipate seasonal changes. You may also want a tool that will help you forecast potential problems and to anticipate when you'll want to order more of your products.
- **Refine your delivery process.** Are your products readily available at the exact location in the warehouse when you need to deliver it? If not, consider how you could improve your delivery process. Doing so can help you reduce what inventory is sitting in your warehouse and help prevent any perishable stock from going bad.
- **Set a minimum order quantity.** Balancing how much you need of a particular product to have just enough is tricky. However, once you have an idea of how much you end up needing at one time, you can set a minimum order quantity. That will help you order a good amount of product consistently in the future.
- **Establish strategic partnerships.** Fostering strong relationships with your suppliers can help you if you run into a problem with your inventory. For example, if you find you're short of a product that's suddenly in demand, having a good supplier you can work with may mean you can order new inventory faster and have it in stock sooner.

## ✕ TAB BANK SERVICES

These TAB Bank services can help you deal with inventory challenges as they arise:

- **Business term loans.** A [small business loan](#) can help you pay for the inventory you need or the software to keep track of it. TAB Bank offers you low interest rates and flexible term lengths to help meet your financial needs.
- **Asset-based lending.** [This service](#) allows you to leverage inventory or receivables for necessary liquidity during disruptions, helping you restock your inventory after a problem.

## CHALLENGE 6

# TECHNOLOGICAL INTEGRATION

A long-term wholesale distribution business might be relying on outdated technology or even paper documentation and tracking. A brand new business might not have the funds or supplies to invest in great tools. This is why so many wholesalers run into technological integration issues where their businesses seem to be falling behind competitors or finding themselves unable to manage higher levels of demand.

Staying up to date with technology can help your business manage inventory properly, anticipate and forecast problems or periods of high demand, and keep track of regulatory requirements. It helps you stay competitive with other wholesalers and retailers and stay current with your customers' needs.

## SOLUTIONS & STRATEGIES

These are some ways to help your business stay competitive and on top of technology:

- **Prioritize certain types of software tools.** Some of the most important tools to start with are enterprise resource planning (ERP) systems, customer relationship management (CRM), and inventory management systems. These particular tools can help you gather data about what products are doing well, how the industry is performing, and what customers will likely want. Starting with just these three tools can help you strategically update your systems in areas that are most important.
- **Implement changes in phases.** Making a lot of changes at once can be tricky to balance and potentially confusing for your employees. Making changes in phases can help ease your workers into the update and help you update your technology affordably. For example, you could update your inventory tracking system immediately and then a few months later add a CRM.
- **Consider automation.** One of the most cutting-edge technology developments more and more companies will be implementing is automation. Automating repetitive tasks can speed up business processes and improve your overall efficiency, while freeing up your employees' time to focus on more important or complex tasks. You might automate your inventory tracking, so you get regular updates on your stock without having to manually count how much you have.

## ✕ TAB BANK SERVICES

TAB Bank wants to help your business obtain the finances needed to invest in your technological development, which is why we offer:

- **Business term loans.** One of the main roadblocks people experience while trying to automate processes or implement new software is cost. It can be expensive to adopt a new technology, but if you're not able to, you could fall behind in your industry. That's why it can be revolutionary to get a [small business loan](#). These business loans can be used to invest in new technology platforms that streamline international and internal operations. With low interest rates and flexible terms, you're able to get the capital you need to stay on top of your technology efforts.

# WHY WHOLESALE DISTRIBUTORS LOVE WORKING WITH TAB BANK

Wholesale distribution can be a rewarding industry where your company is able to help both customers and product suppliers and developers. You make accessing products easier for people all around the world, and the suppliers that make the products can instead focus on innovation while you handle the rest. However, wholesale distributors can face some challenges that make operating difficult, like supply chain disruptions, inventory management, and demand seasonality.

TAB Bank can provide wholesale and distribution businesses with tools and financial instruments to help navigate unexpected challenges, maintain smooth operations, and expand as new opportunities arise. TAB Bank financial experts will work with you from the start to determine what you need and how TAB Bank can support your team. From there, your TAB Bank team will be a partner to you as you weather the ups and downs that are inevitable in wholesale distribution—and provide you with options to finance growth. A larger bank might not meet your needs or be willing to work with you through supply chain disruptions and seasonal volatility. Whether you need a small business loan to buy new software or want to utilize invoice factoring to manage seasonality, TAB Bank can be your financial partner through it all.

[Contact TAB Bank](#) to learn more about how we can support your wholesale distribution business.

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