

Items that Negatively Affect the Cash Flow of a Distributor

Distributors may have internal and external problems such as:

- Receiving defective finished goods for resale from manufacturers
- Receiving the wrong goods rather than what was ordered
- Short shipments versus what was ordered
- Over-shipment of goods that they ordered
- Being loaded up by their suppliers
- Choosing a supplier that has cash flow problems
- Tightening up of credit terms by suppliers
- Price increases that were increased by manufacturers and passed on to them
- Over- or under-selling of a produce by the sales force
- Poor marketing campaign
- The distributor's customers may have short paid what is owed and disputed the difference for various reasons
- Cost of borrowing to meet cash flow and capital needs versus leasing
- Competition
- Economic downturns
- War, acts of God, terrorism, fire and so on
- Shipping delays of goods in or out
- Labor problems