

A SOFT APPROACH TO CHANNEL CONFLICTS: ENHANCING DUAL DISTRIBUTION CHANNEL COORDINATION IN B2B MARKETS

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Abstract

Decision-making involving distribution/sales channels is among the most critical that an organization must make. Part of the reason for this importance is that relationships between the manufacturer and their intermediaries usually involve long-term commitments that are difficult to change. On the other hand, an organization must be ready to adapt its distribution practices to grow the business in an uncertain and highly competitive market. The dual distribution channel is often used in the B2B market to increase product sales and respond to various customer needs. This paper proposes soft system methodology (SSM) investigation and intervention as a change and learning process to improve the dual distribution systems, resolve channel conflict and channel coordination to increase revenue and stay ahead of the competition. The proposed change action using SSM involves engaging stakeholders and actively involving them in decision-making to create a sense of ownership of the change process. To facilitate this process, the paper adopts the 7-S framework from McKinsey as an auxiliary tool to identify relevant issues, worldviews, and required transformations in a time-constrained situation.

Keywords: dual distribution channel, channel conflict, learning process, soft system methodology, 7-S Framework

Abstrak

Pengambilan keputusan yang melibatkan saluran distribusi adalah salah satu yang paling penting yang harus dibuat oleh organisasi. Salah satu alasan pentingnya adalah hubungan antara produsen dan distributor biasanya melibatkan komitmen jangka panjang yang sulit diubah. Di sisi lain, organisasi harus siap menyesuaikan praktik distribusinya untuk menumbuhkan bisnis di pasar yang tidak pasti dan sangat kompetitif. Saluran distribusi ganda sering digunakan di pasar B2B untuk meningkatkan penjualan produk mereka dan menanggapi berbagai kebutuhan pelanggan. Makalah ini mengusulkan penyelidikan dan intervensi soft system metodologi (SSM) sebagai proses perubahan dan proses pembelajaran dalam meningkatkan system, menyelesaikan konflik saluran dan kordinasi distribusi ganda untuk meningkatkan revenue dan tetap unggul dalam persaingan. Tindakan perubahan yang diusulkan menggunakan SSM melibatkan keterlibatan pemangku kepentingan dan secara aktif melibatkan mereka dalam pengambilan keputusan untuk menciptakan rasa kepemilikan atas proses perubahan. Untuk memfasilitasi proses ini, makalah ini mengadopsi kerangka kerja 7-S dari McKinsey sebagai alat bantu untuk mengidentifikasi isu-isu yang relevan, pandangan dunia, dan transformasi yang diperlukan dalam situasi terbatas waktu.

Keywords: Saluran distribusi ganda, konflik saluran, proses pembelajaran, soft system methodology, 7-S Framework

INTRODUCTION

Marketing channels are among the most important elements of any value chain since they are responsible for the flow of manufacturing output. Manufacturers frequently adopt integrated (owned and controlled by the manufacturer) and independent (owned and controlled by an independent entity) channels of distribution to sell a product line/service to the same market within a given geography, which is called dual distribution. Several studies have identified this strategy as very frequent and used across several industries (John and Weitz 1988; Sa Vinhas and Anderson 2005).

In the last few years, there are some indicators that the dual distribution strategy is increasingly being adopted. In fact, a recent survey (Kabadayi, 2011; Takata, 2019) shows that 54% of US and 72% of Japanese industrial manufacturers use this strategy to market the products, suggesting that dual channel system is becoming the norm rather than the exception in industrial market (Krafft, et al 2015). Dual distribution appears to be a very attractive strategy, by increasing the number of channels utilized to serve customers, i.e using integrated and independent channels simultaneously, the manufacturer achieves higher market coverage and provides a better choice resulting in higher convenience for the customer as distribution channels may be located closer to them.

As suggested by previous research (Frazier, 1999), channel conflict and competition may become major problems, leading to lowered levels of support in the firm's integrated and independent channels. Some level of conflict

between the two channels, as they compete for the same customers, may be beneficial, as a certain level of competition between channels motivates them to be efficient (Coughlan et al., 2001). Manufacturers may be uncertain about which channel is currently the most efficient. Assessing current and future comparative efficiencies is very difficult because the Business to Business (B2B) channel environment is more turbulent and complex. In such a turbulent and complex environment, it is difficult for the manufacturer to predict changes in the business environment.

On the other hand, the business relationship does not rely on a transactional marketing approach that stresses cost-efficiency. Hunt and Morgan (1994) suggest that manufacturers must develop their relationship marketing strategies because it will guarantee them long-term benefits. Relationship marketing is the future of the marketing paradigm. According to Gronroos (1994), relationship marketing is enhancing, establishing, and maintaining relationships with channel partners and customers at a profit to meet the parties' objectives. Mutual exchange and fulfillment of promises achieve this. Business relationship in Indonesia is naturally more focused on relationship marketing (Setyawan et al., 2016).

Understanding effective B2B sales and channel management first and foremost requires an understanding of customer behaviour, how to value add, and how to effectively meet customer needs. The rising expectation of customers and more aggressive global competition are affecting marketing channels, forcing manufacturer to reconsider fundamental assumptions about how they reach their market.

There are three main objectives of marketing channel as mentioned in

Table 1.

Table 1. List of marketing channel objective

Identify Customers	Understand customer wants and needs
	Identify whom to target and how to reach them
Satisfy Customers	Proposed the right product or service available to the right people at the right time
	Make everyone feel better off from the exchange
Retain Customers	Give customer a reason to keep coming back
	Find new opportunities to win their business

Source: data processed by researchers, 2022

Our customer is somebody else's customer who sometimes buys our product. Tokyo is great, so are Paris and Berlin and Milan.¹ In highly competitive market, loyalty comes from customer satisfaction. No matter how great the product and service are, the company will not be able to make customers happy if the company don't understand their experience when they meet the company. In the past customer journey used to be linear. Today, it consists of highly connected, nonlinear moment., with emphasis on building and maintaining relationship with customer.

LITELATURE REVIEW

Principal – Agency Theory

According to agency theory (Eisenhardt, 1985, 1989), principals and agents need to have compatible aims and purposes. Agency theory in the context of sales addresses the issue of how the principal may assess, monitor, and evaluate the agent's activities to ensure that organizational goals are met. The basic assumption is that both parties have different objectives and usually do

not communicate. Given this aim incongruence, the agency's challenge is to identify the best ways to eliminate ambiguity and guarantee that all parties' demands are addressed.

Examples from the literature on sales and management clearly show how agency theory may be used to guide the selection of the best methods for measuring and evaluating sales performance to minimize uncertainty. Wiseman and Gomez-Mejia (1998) proposed sales performance indicators, remuneration design, and behavior evaluation criteria to ensure the organization's goals are achieved. Ideally, sales performance is an integrative component of an organization's strategy. Sales performance measures should be consistent with the organization's mission and objectives, motivating salespersons to engage in activities that contribute to the organization's value outcomes.

Channel collaborative effort or teamwork to achieve a common goal is also an important element to enhance sales performance. Through teamwork, salesperson can deliver higher level

¹ Interview with marketing manager

of performance and value to the organization, thereby stimulating overall business performance. Positive behavioral feedback, coaching and motivation from sales managers to salesperson and distribution partners should be engaging to stimulate sales performance.

Conflict in Dual Distribution Channel

Independent distributors may be worried about losing business to the manufacturer-owned distributor in dual channel settings. Channel conflicts become apparent in destructive behaviors, such as refusing to refer leads, hiding information, and withholding assistance (Sa Vinhas and Anderson, 2005, 2008). These conflicts result in poor channel sales performance. Thus, manufacturers must design conflict management systems to restrict such behaviors (Claro et al., 2018; Webb and Lambe, 2007). In addition, conflicts may also arise among managers responsible for managing the independent and manufacturer-owned channels (Web and Hogan, 2002).

Brown and Fern (1992) identify two mechanisms that cause horizontal conflicts in dual channel systems:

- Include domain disagreement. Sometimes, companies have trouble deciding who they should sell their products to. For instance, manufacturers might sell their products directly to big customers but use independent distributors for smaller ones. However, as the number of customers changes, it can become unclear which approach is best for each customer.
- Perceptual differences of reality. an independent distributor may feel like the

manufacturer is giving better products, services, and deals to their own sales team. This makes the middleman worry that the manufacturer is trying to cut them out of the sales process. Both sides see things differently, which creates a horizontal conflict.

Previous studies (Moriarty and Moran, 1990; Sa Vinhas and Anderson, 2005) has identified two types of conflict management systems.

- 1) Boundary systems, which differentiate:
 - a) Target Customers are divided into size, volume, and customer type.
Integrated and independent channels have differentiated sizes, volume and customer type (OEM or End User).
 - b) Geographical Areas
Integrated channel restricts which the two channels can sell to a lead customer in a certain geographical area.
 - c) Offered Products
Manufacturer developed rules which channel can offer for certain product line-up or special specification.
- 2) Compensation systems, which give a channel a financial incentive if it contributes significantly to the sales of the other channel, such as join sales calls and refer customer leads.

Although prior research has shown that boundary and compensation systems are practical in resolving horizontal disputes, it has also shown that these systems are challenging to put into practice. Sa Vinhas and Anderson (2005) state on page 510 that channel members

frequently reject boundary regulations, “a traffic management system (like a boundary system) can become cumbersome and may be difficult to create and enforce”. According to Sa Vinhas and Anderson (2008) (p. 134), channel members characterize their contributions as vague, making a compensation scheme typically difficult and expensive to manage.

Several studies indicate that not all manufacturers can effectively implement conflict management systems; only a few can reduce harmful behaviors in their channels. A company's Conflict Learning Capability (CLC) may be linked to its ability to establish an efficient conflict management system. When disputes arise between integrated and independent channels, your business investigates the causes and derives lessons from these situations. Your company has the expertise to manage competition between integrated and independent channels based on experience. Dual distribution methods facilitate organizational learning and knowledge sharing.

Conceptual Framework

This paper intends to use 7-S from McKinsey a Framework (F) to close the research gap and soft system methodology (SSM) as a methodology (M) to support the research. The framework enables organizational analysis encompassing many elements that influence

organizational effectiveness. Today, academicians and practitioners continue to use the 7-S framework to identify and further investigate any misalignment within the organization and produce a prescription to identify organizational elements that require change (Kaplan Robert, 2005; Hayes, 2018).

According to the 7-S framework, an organization's seven components—strategy, structure, systems, staff, staffing, style, skills, and shared values—interact with each other. This framework deviates from the traditional organizational approach, which primarily focuses on an organization's strategy, structure, and processes, often overlooking its human resources, leadership styles, capabilities, and shared values. In accordance with the 7-S paradigm, misalignment among these factors leads to organizational challenges. It's important to note that the excellence of any individual or combination of the 7-S components does not necessarily guarantee superior organizational outcomes. This paradigm elucidates why a company with a modest level of 7-S components, but a harmonious alignment may achieve excellent results, in contrast to an organization with higher standards of 7-S characteristics but a lack of alignment (Kaplan Robert, 2005, Hayes, 2018).

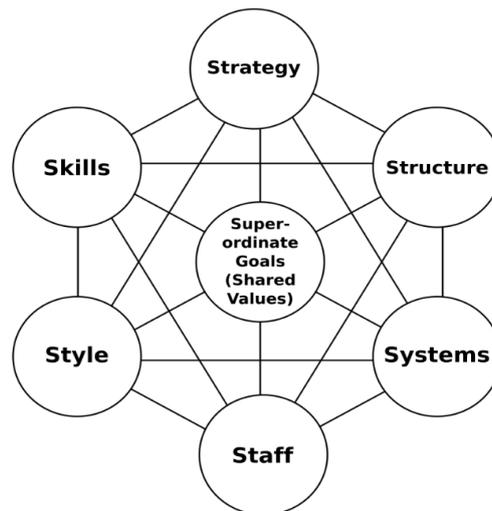


Figure 1. The 7-S Framework
Source: data processed by researchers, 2022

RESEARCH METHODOLOGY

Soft System Methodology (SSM)

SSM is used to model a system with many interests and perceptions. It is an appropriate approach to finding solutions in the form of multi-objective system problems that are equally important and complex and involve human activities (Checkland, Poulter 2010). The study proves that soft approach is an appropriate approach to manage channel conflict and coordination between integrated and independent channel that accommodate complex system with differing perception. The main reason is SSM has been used for a wide variety of task particularly common uses being organizational structuring and performance evaluation (Mingers, Taylor 1992). SSM aims to help key stakeholders understand the challenges they are facing and the viewpoints of other stakeholders, facilitate the negotiation of the appropriate course of action, and facilitate the consensus-building process for that course of action.

To gain a comprehensive understanding of

the situation and formulate the necessary steps for improvement, Checkland devised SSM through a seven-stage analytical process involving human activities:

1. Identifying the problem situation.
2. Expressing the problem situation.
3. Generating the root definition through CATWOE analysis.
4. Constructing a conceptual model.
5. Contrasting the conceptual model with the real-world context.
6. Providing recommendations.
7. Implementing solutions.

SSM employs two distinct perspectives: the real-world viewpoint and systems thinking. The real-world perspective is employed for recognizing problem situations, comparing conceptual models with real-world scenarios, and proposing solutions. Conversely, when crafting the root definition and conceptual model, the systems thinking perspective is applied to understand the real world.

Applying 7S-Framework within SSM

Hermanto R. et al. (2022) argue that the 7-

S framework can help newcomers to SSM identify relevant issues for improvement.

When conducting the investigations through interviews and observations, enquirers can begin by examining the 7-S framework elements in steps 2 and 3 for any problematic aspects. Any issues identified may have implications for other components within the 7-S framework, including strategy, structure, systems, shared values, style, staff, and skills,

enabling the enquirer to uncover additional pertinent problems. Consequently, this approach minimizes the risk of overlooking crucial details that may necessitate adjustments to each party's perspective.

It's important to note that, at this stage, the 7-S framework is not intended to replace a comprehensive overview. Instead, to act as prompts in identifying issues that will then be illustrated in the rich picture.

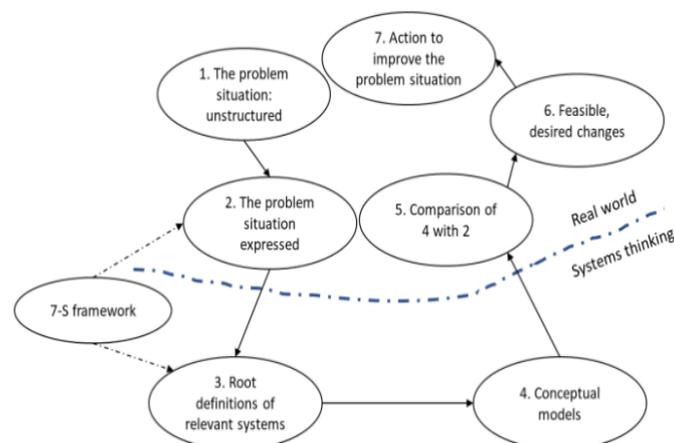


Figure 2. Applying 7S Framework within SSM
Source: data processed by researchers within SSM, 2022

RESULT AND DISCUSSION

Step 1, Entering the Situation Considered Problematic

The research object of this paper is two company in dual distribution channel between manufacturing-owned channel (SMID) and independent channel (HEJ). Both companies provide the same product and service for B2B market in Indonesia with more than 1000 corporations as customers spread all over the country. Both companies should organize sales based on territory. All customers, be it big or small, are grouped based on such territory. All customers received the same treatment and level of service.

SMID faces many challenges in pursuing shareholder's demand for constantly growing the market by 10% annually. The shareholders of SMID have create "Medium-Term Management Plan (MTMP) 2023" as a road map to construct robust entity, measure the performance, improve corporate value, and expand the ESG contribution. Indonesia is emerging and potential market to grow. However, the risk of severe global recession in the year 2023 and political year 2024 can be other challenge for SMID.

To strengthen its collaboration with HEJ, SMID has formulated an action plan for 2023 called the Silver 25K Program. The program aims to achieve a minimum sales booking of

USD 25K per month in each of the 22 HEJ branches, thereby reaching the annual target of USD 6.6 million. The SMID Country Manager will oversee the coordination of efforts with the HEJ Product Director to ensure that the Silver 25K Program is a success. To achieve this, each SMID salesperson will be assigned to a specific territory and will work with the HEJ branch manager to conduct joint visits with customers, improve technical presentations, and refresh product training for HEJ staff. SMID’s salesperson will received compensation from

any sales outcome generated from the branch they are assigned to.

Regrettably, the Silver 25K initiative has not yielded the desired results, and the collaboration between SMID and HEJ has become problematic. The issue at hand is not merely a matter of compensation structure. The author conducts the investigation are list issue owners who are concerned or affected by channel collaboration situation, and they have the power or influence to decide.

Table 2. Issue Owner

SMID	Managing Director
	Sales Director
	Country Manager
	Consultant
	Area Sales Manager
	Sales Support
HEJ	Product Director
	Product Manager
	Sales VP

Source: data processed by researchers, 2023

Step 2, Expressing the Problematic Situation

Based on in-depth interview using 7-S framework, there is some important point being acknowledged by issue owner.

Strategy: Our strategy is for SMID to focus on OEM customer, which have lower margins higher booking values, while leaving lower booking higher margin customer to be handled by HEJ or agents. Did the person on top direct the company really talk to distributor and agree with this idea?

System: The reward system for meeting individual targets is more lucrative than that for supporting distributors, with direct sales commissions being at least three times higher due to their potential to generate greater profits.

Moreover, SMID salesperson has an individual target to focus and no responsibility for distributor target

Structure: The flow of communication between SMID-HEJ is limited. The authority and responsibility for managing the channel is undefined clearly.

Skills: It would be beneficial for SMID to provide training and additional support to strengthen channel capabilities.

Staff: A shortage of personnel to support channel engagement necessitates the formation of a cross-functional team that meets bi-weekly

Style: Insufficient leadership. Senior employees’ attitude should not be adopted as they tend to promote conflict rather than resolve

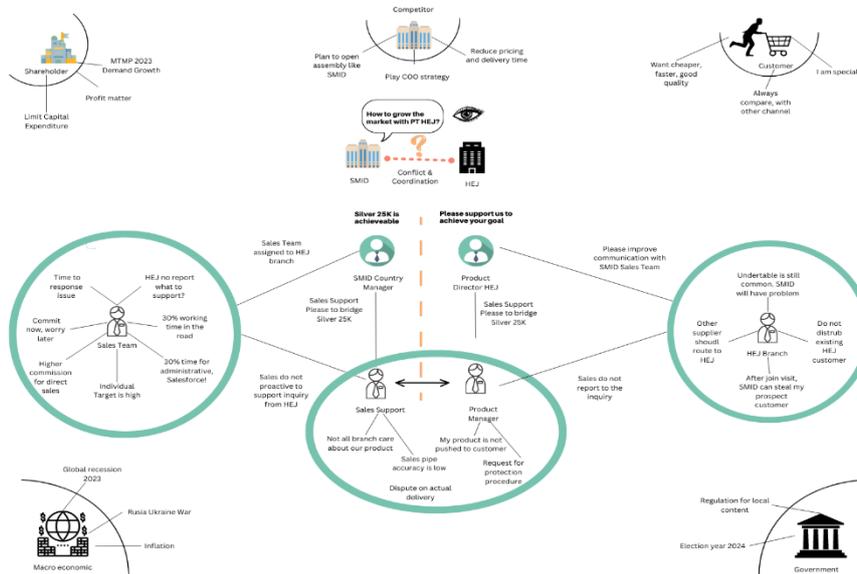
it.

Share Value: The behaviour of a sales team can reflect the company's values and culture and can have a significant impact on how the company is

perceived by customers and the market.

The agreed rich picture then between SMID and HEJ as shown in Figure 3.

Figure 3. Agreed Rich Picture



Source: data processed by researchers, 2023

Step 3, Formulate Root Definition of Relevant Systems

Root Definition

A SMID system that transform from traditional direct sales approach to collaborative approach with distributor HEJ to grow the Indonesia market and stay ahead of competition.

Customers	Shareholders of SMID
Actors	Primarily all sales division. Secondarily all related division
Transformation	From traditional direct sales approach, transform into collaborative approach
Worldview	SMID existing traditional direct sales approach in engaging customer has grown the market, but HEJ market has not. SMID has limited resources. SMID should build the system to collaborate with HEJ, improve communication and build trust that already eroded with conflict
Owners	SMID Country Manager
Environment	Competition intensifies and customer expectation are rising

Subsystem Root Definition

HEJ should be open-minded and understand that having dual distribution channel is unavoidable and reformulating the approach to coordinate with SMID accordingly

Customers	The owner of HEJ
Actors	Primarily all sales division. Secondarily all related division
Transformation	Reformulate the approach to coordinate with SMID accordingly.
Worldview	HEJ has remained loyal to SMID and has not sold other products for 40 years. While HEJ are willing to coordinate with SMID, HEJ emphasize that all existing and potential customers must belong to HEJ, especially the end-user customers.
Owners	Product Director
Environment	More than 70 products and hundreds of potential customers, yet resources are limited (capital and human resources)

Figure 4. Formulate Root Definition of Relevant Systems

Source: data processed by researchers, 2023

Step 4, Build the Conceptual Model of Human Activity System

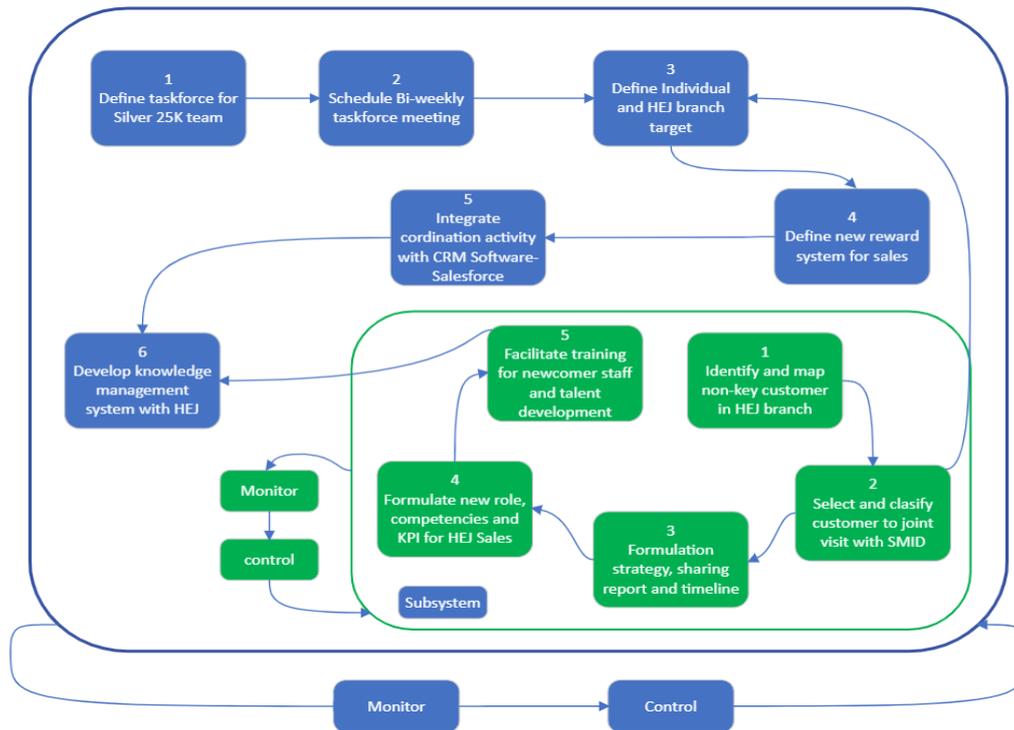


Figure 5. Conceptual Model of Human Activity System
 Source: data processed by researchers, 2023

Step 5, Comparing Activities Models of Main root and subsystem Definition with Real World

No	Activities model	The ideal state	Real world	What HEJ can do
1	Identify and map non-key customer in HEJ branch	HEJ branch responsible for all non-key customer.	SMID don't have information for HEJ non-key customers	Some non-key accounts will be supported by SMID under HEJ branch account
2	Select and classify customer to join visit with SMID	All branches are classified based on growth for SHI product	Currently, there are no classification.	Implement classification for customer that need support from SMID
3	Formulation strategy, sharing report and timeline	All implementations are as proposed	Not all can be implemented immediately considering branch readiness	Implementation will be done in phases based on readiness.
4	Formulate new role, competencies and KPI for HEJ sales	If HEJ sales has good competence in SHI product, they will get reward from SMID	If SMID give reward, the reward is for the company not individual	The reward can be given based on justification from Product Manager
5	Facilitate training for newcomer staffs and talent development	The newcomer will get extensive product knowledge training before going to the customer	The newcomer does not understand the product and the market very well	If HEJ think training is costly, they can ask help from SMID to train the employee

No	Activities model	The ideal state	Real world	What SMID can do
1	Define taskforce for Silver 25K team	Task force will create guideline to make Silver 25K successful	The task force group confuse and do not have clear system	Cross functional task force team and distribute the load
2	Schedule bi-weekly taskforce meeting	Regular meeting will improve communication and build trust	Meeting with HEJ is irregular, only when the big boss coming or special occasion.	1 hour meeting is enough, but will be full of preparation and data sharing
3	Define individual and HEJ branch target	Target should be achievable and fair.	Target is set based on trend and estimation.	Target should be agreed between sales and management
4	Define new reward system for sales	The reward will boost the sales to invest and focus their effort	Reward system does not design for collaboration with HEJ	Reward system should accommodate the collaboration effort
5	Integrate coordination activity with CRM software (Salesforce)	CRM will help to update and monitor sales activities. The history of customer can be available if the sales left the company	Use of Salesforce still not become habit. It takes time. Sales sometimes forget and want to hide the customer information	Leadership must act as role model in use of Salesforce. So, it will become habit for other sales.
6	Develop knowledge management with HEJ	SMID have learning system for distributor either online or offline	SMID cannot provide training because need expert engineering.	SMID can conduct online training regularly with small HEJ branches.

Source: data processed by researchers, 2023

Step 6, Defining Changes that are Both Desirable and Feasible

The author is brainstorming the agreement to the SMID Country Manager, Sales Director, and Managing Director for final approval. The management group meeting should focus on identifying feasible and effective changes that can be implemented with the available resources. The discussion is critical to ensure that the changes identified in the system model are feasible and effective in achieving the desired outcome.

Step 7, Takes actions to Improve

This step is the implementation of agreed-upon action to improve the problematic situation identified in step 5. This step involves putting the

plans and recommendations develop in the previous steps into action. During this step, it's crucial to maintain communication and cooperation between all stakeholders involved in the implementation process. Regular meetings and updates should be conducted to ensure that everyone is on the same page and that any issues or concerns are addressed promptly.

It's important to note that the implementation process is an iterative process, and adjustments may need to be made along the way to ensure the success of the implemented actions. After the implementation, the process may start again from step 1 to tackle any remaining problematic situations or to improve the existing ones further.

CONCLUSION AND SUGGESTIONS

Based on the study done by the author, the findings can be referenced to answer the initial research question as below:

1. What are the effects of a dual channel distribution system on a firm's sales performance?

Based on primary data and in-depth interviews, using both manufacturer-owned and independent distributors can positively impact a firm's sales performance. There are at least three reasons to explain this:

- a. Indonesia is vast geography. It is not feasible for any industrial manufacturer to have his channel alone. A strategic partner is required to achieve market coverage and provide a better choice resulting in convenience and loyalty for the customer as distribution channels may be located closer and better relationships with them..
- b. The increasing customer expectation. Typically, B2B customer wants a system solution and needs a faster response. By improving the flow of information and knowledge within the channel system, customer needs can be met more effectively, and inefficiencies can be reduced, leading to an increase in service level and value-added.
- c. More aggressive global competition. Independent channels cannot cover small margin-high volume markets because their orientation is cost vs. profit generation. They also have other products that need to be sold. Manufacturer channels should cover this market to

increase market share, future business for spare parts and services, and stay ahead of competitors.

2. How do firms manage conflicts between the integrated and independent channels in a dual channel distribution system?

There are two types of conflict management systems: boundary and compensation systems. Management often use the former type. However, the findings presented in SMID-HEJ suggest that it is difficult to differentiate based on customer characteristics or geographical areas alone. Managers need to listen to channel opinion and learn about the causes of horizontal conflict. For example, if SMID and HEJ sales force compete for a customer, to resolving the conflict, managers need to understand the perspective of the distributor, share the knowledge based on their experience and coordinate the interest of the two channels. This study further suggest that managers should implementing compensation systems that workable to reduce risk of destructive conflict. Manager can obtain the greatest economic benefits by creating cooperative atmosphere and improving overall channel system performance.

3. How to use soft system methodology (SSM) as a change process and design coordination mechanism between integrated and independent channel?

The utilization of SSM as a change process for implementing a coordination mechanism between a principal and its distributor holds promising outcomes. SSM can be used as change process and improve

coordination mechanism, because it adopts a participative approach that enables stakeholders to identify the need for change, define the objectives, and determine the actions necessary to effect change. SSM encourages active involvement and fosters a sense of ownership among stakeholders. 7-S framework can help prompt the probing process in surfacing relevant issue for action to improve.

SSM follows a cycle of learning-action-learning, which acknowledges that learning is a continuous process. As the SSM cycle progresses, new facts or worldviews may emerge that were not previously considered. SSM addresses this by relearning these new facts and worldviews and adjusting the modelling for actions accordingly. This flexibility makes SSM more agile, ensuring that no relevant worldviews and transformations are overlooked, and increases the cohesiveness of the change actions required for channel coordination.

Suggestions

SMID should be discussed before renew distribution agreement with HEJ. With the new target achievement, it is important to ensure the success of the channel coordination program. There are 6 recommendations that the author believes can solve the channel conflict because it can accommodate all of the issue owner and they can live with it.

1. Cross functional team and distribute the load. This team will work together to create guidelines and procedures that have been agreed upon by SMID-HEJ. By involving

representatives from different functions, the task force can ensure that all aspects of the coordination mechanism are considered. Thus, the resulting guidelines and procedures are comprehensive and effective. It will also help to build a sense of ownership and commitment to the program from all levels of the organization.

2. Efficient bi-weekly meeting. Limited to 1 hour just to cover key issues with full of preparation and data sharing. It can significantly enhance communication and build trust among team members. A bottom-up approach involving cross-functional teams is recommended to address conflicts that arise at the operational level effectively. A top-down approach may not be as effective as it fails to consider the context and nuances of the problem.
3. Define individual booking targets and assigned distributor branch targets. These targets should be fair, achievable, and agreed upon between the sales team and management. This will help create a sense of ownership and commitment towards meeting the targets and ensure that they are realistic and aligned with the sales team's capabilities and their distributors.
4. It is important to define a new reward system that acknowledges and rewards their joint efforts. The new reward system should be designed to align with the goals and objectives of both parties. It should consider the contributions of individual sales representatives and their respective distributors.
5. Integrating coordination activities with CRM

software like Salesforce can greatly improve sales activities by allowing for better tracking and monitoring. This can also ensure that customer information is available even if a salesperson leaves the company. However, it may take some time for using Salesforce to become a habit for salespeople. In some cases, salespeople may even forget to update information or deliberately hide customer details. To address this, it is important for leadership to act as role models and consistently use Salesforce themselves, encouraging others to follow suit and making it a standard part of the sales process.

6. Developing knowledge management with channel partners can help foster a collaborative culture. Provide training and education programs that can focus on product knowledge, sales and marketing techniques, and communication skills. Given this program, SMID can help HEJ develop the skill and knowledge necessary to effectively sell its product and service, meet their customer's needs and achieve mutual business objectives.

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