

actively promote and service products and equipment. An awareness of local culture and consumer behaviour is also essential. The importance of entering into a well-defined relationship with one's representative, agent, distributor, or customer cannot be exaggerated. Companies should seek professional guidance from lawyers or accountants before signing contracts, to avoid unpleasant surprises.

DISTRIBUTION CHANNELS

Distribution, once part of a highly integrated command economy, is now being broken down into smaller and more numerous entities. Private entrepreneurs are developing distribution systems from the bottom up. Well-established Western retail firms are also setting up shop in the CEFTA countries. Today, the region's distribution system is a combination of older public and newer private networks, each scrambling to make money in the new market economy. As the state increasingly focuses its attention on preparing laws and regulations and ensuring a transparent system, the role of private sector entrepreneurs will continue to grow.

Major improvements in infrastructure and privatization have resulted in significantly better transportation and distribution services, particularly in the trucking sector.

Companies can find distributors by pursuing leads in their sector, or by

obtaining referrals from credible partners. Many exporters contact the Canadian Embassy responsible for the territory and provide a detailed description of their company and its activities and objectives, in order to obtain suggestions as to possible partners in the region. It is usually cheaper to use already established distributors than to begin from scratch. Cultural and linguistic barriers make having a local partner essential to ensure proper follow-up for company activities in each of the CEFTA countries. Training in inventory management, in promotion, and in after-sales service may require a considerable amount of time and effort.

Support for distributors is essential and can be demonstrated in many ways. Products could initially be made available on consignment to allow distributors to develop local cashflow. Selling products directly to retail stores is another option, but this can be expensive. Distributors often use a form of "cash and carry" to facilitate getting products into the retail marketplace. Some Western firms may support local distributors with product advertising, while others may provide physical assets and equipment support. The most effective distributors are those who work closely with their manufacturing partner in the West to find tailor-made solutions for their local markets. Distributors and wholesalers may need training in organizing and managing a warehouse, and in handling administrative tasks, logistics, and financing. Distributors must often show