

10 Tips to Protect Against Disruption

As distribution approaches an inflection point, savvy companies are preparing to face any and all forms of disruption. In this month's Extra, industry executives and consultants share strategies that will help your company insulate itself from the new threats that loom in the coming months and years.

#1

Brace yourself for new disrupters

“If there was ever a time for a competitive, disruptive entrant to our market, this is it. The traditional barriers are not as strong as they would have been years ago. Who knows what we’re going to wake up and see two quarters from now?”

– Jeff Knight
Electrical Equipment Co.

#2

Expand your digital focus

“Digitization is not only empowering distributors to make more informed decisions about what inventory to stock, how much and where to store it, but also what value proposition will resonate with each customer segment, what price to charge, which markets are growing, which segments value private label, which customers prefer face-to-face sales vs. self-service and which customers offer the strongest growth potential.”

– *Guy Blissett*
Deloitte

#3

Develop capabilities that prevent customers from looking elsewhere

“The first guy is going to win the prize. If you can give them the price and ask for the order and close the sale, it beats the heck out of three phone calls and checking back. You can run circles around your competition if you’re able to respond timely and get accurate information to them. It’s the competitive environment we’re in.”

– Ed Flemmons
Pool Contractors Supply

#4

Make information technology a strategic position

“Any mid-size distributor or larger needs a CIO or equivalent to help guide and set IT strategy, plus a number of staffers under him or her to help roll-out, manage and maintain all the necessary systems you have in place. The days of distributors being able to get by with one person on staff who could simply make sure all the wires stay connected are gone. IT needs to be considered a strategic position in 2016, not a tactical one.”

– Torrey Jaeckle
Jaeckle Distributors

#5

Improve customer experience to differentiate

“You see the better metrics with companies that know how to create a better, more progressive customer experience. You also see it evidenced in their growth rates, as well, so that companies growing above the industry growth rate – implying that they’re taking some share from other companies – they either have a disruptive technology to help them deliver a better customer experience or just a better approach to making their customers happier. Otherwise it’s harder to differentiate themselves.”

– T.J Monico
KeyBanc Capital Markets

#6

Bolster customer service to battle growing consolidation

“Companies have to stay sharp, looking at how they’re servicing customers because it is a very active (M&A) environment. We’re seeing a lot of mergers and acquisitions happening continually as we have over the past several years. It keeps distributors out there on their toes. The competitive landscape is continually changing.”

– Casey McIlhon
Assembled Products Inc.
National Fastener Distributors Association

#7

Be strategic about your supply chain

“As the world becomes a smaller place because of technology, you have a lot of, not necessarily larger, but more sophisticated distribution companies emerging. Distributors should evaluate their distribution strategy and how they are engaging with suppliers and redistributors to reach their markets. Technology enables a larger than normal geographic reach.”

– Mike Bohannon
Bunzl

#8

Adapt your field sales model to meet changing market demands

“Small distributors that maintain the traditional model will lose their large customers because they won’t be price competitive and the service they offer ceases to have differentiating value. Traditional distributors will find themselves with a shrinking available market, serving small customers as lifestyle businesses.”

– Mike Marks
Indian River Consulting Group

#9

Offer professional development to avoid losing millennial talent

“If you give them training, if you give them accolades, if you give them a coach, if you give them a mentor, if you give them feedback regularly, if you treat them as if they’re important and can bring something to your organization, that’s what they want. They want that feeling of being involved. And they want to grow.”

– Mary Jawgiel
Industrial Careers Pathway

#10

Recognize and adapt to multigenerational workers

“Organizations need to recognize and adapt to multigenerational workers. Depending on the age of the workforce, individual needs will vary. For example, the expectations of a younger workforce seem to be different than those of individuals who have worked longer. One trend emerging with the younger generation is that they seem to want some structured career path conversations. These individuals will require a different level of touch and, as such, they may need more development conversations throughout the year.”

– *Marisol Fernandez
Bunzl*

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