



Distribution and Digital Transformation



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Art Waskey is a speaker who truly delivers. In addition to a 45 year career in sales and marketing, Art is the author of multiple books on selling and a monthly column *The Art of Sales*. He shares these insights as an in demand event and conference speaker as well as leadership coach.

Lean on your strengths

Digital transformation involves the strategic adoption of new technologies in the marketplace. It's used to improve processes and productivity, deliver better customer and employee experiences, manage business risk, and control costs. Myriad tools, solutions, and processes are used in digital implementation and today, we are all unavoidably part of the transformation.

With past experience in helping to grow a distributor business from \$10M to \$65M, I am now a consultant to small and mid-size businesses (SMBs). I find that digital transformation can seem daunting to this group. Smaller companies often feel they are at a competitive disadvantage to larger distributors, who have deeper pockets to fund digital investments.

It's true —an integrated enterprise resource plan (ERP) can be expensive, but costs are coming down. The pandemic accelerated the development of digitalization. This increased demand for digital tools will

drive down the cost of implementation. Look at how prices fell as demand for flat screen TVs/monitors, smart phones, and computers grew. Rather than feeling disadvantaged because you have fewer tangible resources than your larger competitors, lean on your strengths. SMBs are more agile and have the ability to react faster to their customers' needs. Use that to your advantage.

The wolf at the digital door

Among the many technologies introduced as part of digitalization, Artificial Intelligence (AI) is the most threatening to SMBs. It is the wolf at the distributor's door. AI enables alternative channels to directly compete with your offerings. As an example, I recently needed to replace a pair of faucets as part of a home renovation project. I went to the website of the local supplier recommended by my contractor. When I typed in the stock number on that site, I received a drop down from a national supplier with a 20% price reduction, 10 day delivery, no delivery charge, and an additional 10% discount as a first time customer.



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By merely entering a stock number on a company's website, its competitive suppliers had access to the request! This is enabled by AI and the adoption of this technology is moving rapidly. Distributors need to have a strategic plan to offset this challenge.

Try something new

Look for new ways to innovate. Distributors have focused on best practices to remain competitive and these are valuable. However, Mark Dancer, CEO of Network for Business Innovation, cautions that best practices are not implementable, proven solutions but merely ways of catching up with what others are doing. Similarly, continuous improvement is about getting really, really good at what you already do. Combined, best practices and continual improvement do more to lock existing business models in place than to help companies leap forward with game-changing innovations.

The fundamentals

I am working with a small distributor that is taking a first step by giving all employees mobile computers. Depending on their roles, employees are given barcode

scanners, radio frequency identification (RFID readers) and mobile printers. Amanda Honig, Regional Portfolio Manager for Zebra in North America, explains in a recent issue of Industrial Distribution, "This [mobile devices] is the fundamental 'digital' toolset in today's distribution and warehousing environment." They can quickly locate, pick, and pack parts and equipment, report findings of visual quality inspections, and notify stakeholders when things are on the move to the next destination – whether that's a shelf bin' packaging line, loading dock, or customer."

Innovate to succeed

To innovate, SMBs need to start by digitizing their data and workflow, such as inventory management, receiving, picking, packaging, and shipping. Train your workers with dependable, mobile computers that improve daily activities. With these tools you are better equipped to employ AI in your business strategy and compete in today's digital marketplace. daily activities. With these tools you are better equipped to employ AI in your business strategy and compete in today's digital marketplace.

5 KEY TAKEAWAYS

1. Digital transformation involves the strategic adoption of new technologies.
2. Rather than feeling disadvantaged, SMBs need to lean on their strengths.
3. Artificial Intelligence is the wolf at the door. Have a strategic plan to offset this challenge.
4. Look for ways to innovate. Don't get locked into existing business models of improvement.
5. Mobile devices are the fundamental digital toolset in today's distribution environment.