

Life in the fast lane

How distributors can accelerate the pace of profitability



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It's no secret that your world is changing

Your industry has gone global, has become more competitive than ever, and has grown increasingly sophisticated. The next generation of distributors has arrived, and is quickly adopting innovative technologies to optimize daily operations and hone their competitive edge.

The rise of social collaboration, the explosive adoption of mobile devices, and other technological trends are reshaping the distribution industry. Your vendors, customers, and employees now expect to work the way they live, with access to information from any place at any time.

The steady pace of the previous era is gone. Like it or not, you're now in the fast lane of a rapidly evolving industry.

In this ebook, we'll explore ways that you can streamline, automate, and modernize your business—and do it faster and smarter than anyone else.



Visit our Distribution industry site to learn

more about automating, streamlining, and modernizing your day to improve profitability and long-term success.

Developing intelligent inventory management

What if you could solve the perennial puzzles of dead stock, orphaned non-stocks, and other daily challenges that make it so difficult to strike the essential balance between turns and fill rates?

A process known as Advanced Inventory Management (AIM) holds the key. By using data-driven technology to provide more comprehensive inventory management capabilities, AIM can help you:

- **More accurately predict demand** to improve restocking efficiency.
- **Better manage transfers** among multiple locations.
- **Reduce errors** and maintain appropriate levels of physical inventory.
- **More effectively** manage costs.

Working smarter is the key. AIM can help you streamline your inventory management processes and reduce costs associated with freight, transactions, and errors, so you can maximize profitability. Inventory is your biggest asset, and managing it effectively is the key to increasing profitability, as well as creating happy customers.



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AIM allows the company to drive fill rates, turns, and better profits with less work—by working smarter. Instead of your people spending 80% of their time chasing and putting out fires, they’ll spend 80% of their time managing your inventory and delivering a great customer experience and inventory ROI.”

GRANT W. HOWARD
Inventory Management
Thought Leader & Principal,
Grant W. Howard Company

[See how Grant W. Howard advises organizations how they can work smarter with AIM](#)

Changing the nature of the distributor-customer relationship

Imagine a scenario where you could replenish the inventory in your customer's warehouse without them even having to place an order. That's the idea behind distributor-managed inventory, a practice that forward thinking distributors are using to differentiate themselves and forge closer bonds with their most valuable customers.

Functioning more like an ever-present, intelligent partner, you can manage and replace materials in your customers' toolcrib, industrial vending machines, repair supplies, and operations inventory. Replenishment is managed behind the scenes so your customer always has what they need, when they need it—without having to place an order. A more efficient workflow for them means a more satisfied, loyal customer for you.

Innovate, integrate

A growing distributor relies on integrated supply and other innovations to break out of the traditional distributor box.

[Read the Turtle & Hughes: *Industrial Distribution* cover story](#)



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As wholesale distributors look for new ways to differentiate themselves in the market, some are discovering that investing in an integrated supply model can be a creative and profitable way to re-engineer their customer relationships.”

SIMON ELLIS
Program VP
IDC Manufacturing Insights

[Read the press release](#)

Enhancing end-to-end efficiency for better margins

Low margins are an ever-present threat to profitability. In a complex distribution environment, managing margins requires improving day-to-day operational efficiencies, lowering costs, setting prices more intelligently, and tracking down any profitability leaks.

Today's innovative distributors are implementing software solutions that give them a holistic view of their day-to-day operations and margins, and are exploring a cloud-based infrastructure to improve efficiencies and reduce overall costs.

Take to the cloud to improve margins

“Because wholesalers operate on slim margins . . . the industry is always looking for ways to create efficiencies and cut costs. The cloud gives organizations an opportunity to reevaluate the existing IT hardware spend as well as the IT department's role. Wholesalers can also use the cloud as an opportunity to improve current IT staff productivity and end-user service levels by reallocating IT staff to work on more strategic internal initiatives without adding new, expensive resources.”¹

Bringing modern analytics to an age-old problem

Setting the right price is a headache for any business. But your retail and manufacturing counterparts don't have to contend with the enormous transaction volume, high SKU counts, disparate units of measure, and other pricing complexities that are all too familiar to distributors.

That's why software built specifically for the distribution industry is so critical—it provides the visibility and agility you need to:

Maximize your margins by offering different pricing options, including velocity pricing, contract pricing, quantity breaks, and promotions.

Get a global view of stock inventories to accurately quote prices on the fly (and quickly convert quotes to orders).

Evaluate what-if scenarios to better understand the impact of potential price adjustments.



Rethinking the rebate process

Rebates, charge backs, credits, and other special pricing authorizations can mean a bump in revenue. But many distributors risk leaving this money on the table because they use a manual process for tracking, monitoring, and reporting.

Tracking inventory as it's sold and setting up automatic notifications so you know when it's time to submit rebate claims means faster rebate recovery and better margins. Technology built specifically for a distributor's needs can help you automate this process so it's done correctly every time.

Giving the people what they want

Value-added services certainly aren't new. But competition is heating up, that's why it's more important than ever for you to offer your customers something that sets you apart.

Building loyalty and carving out your own niche in an increasingly competitive landscape means finding creative ways to provide additional services that can grow revenue and win new business. The good news is that modern software applications are making it easier for distributors to integrate value added services like light manufacturing, assembly, private labeling and others.



Service + ease-of-use = happy customers

To augment its core distribution business, Huttig Building Products also builds custom doors for its customers. Using a product configurator, Huttig customers can log in and create the door they need. The online tool also lets them access pricing, automatically mark it up, email a quote to

the end customer, and purchase the door with a click of a button.

Watch the video to see how Huttig incorporates light manufacturing and an online self-service tool to improve its margins and build customer loyalty.



Learning to love social collaboration

You might think the term “social media” is synonymous with wasted time—especially when it comes to running a successful company. But now social media’s influence floods the business world, and tech savvy leaders know social collaboration saves time and improves communication.

Relying on email, instant messaging, online meetings, and conference calls means critical information is spread out and hard to find when you need it. To bring all of this vital information into one shared space that’s easily searchable, social collaboration applications borrow features from familiar sites like Facebook® and Twitter®.

Employees can save time and get tasks done more efficiently by following people, documents, and projects. The true value of social collaboration is when companies, through broader adoption, go beyond improved communication to operational efficiency.

Social collaboration helps you:

- Increase productivity
- Improve decision making
- Capture corporate knowledge
- Attract and retain top talent.

Watch how leading HVAC distributor Mingledorff’s deployed tools for social collaboration with virtually no training. Within two days their employees were creating groups and sharing files.

Taking your act on the road

It's certainly not news that most companies rely on mobile devices to connect and collaborate. More and more distributors are shifting some of their IT budgets to mobility and opening up their core business applications to workers on the go. For example, according to the Aberdeen Group, best-in-class wholesalers and distributors are 90% more likely to provide users with mobile access to their ERP system.² Mobile access allows you to:

Empower your employees to work smarter. By giving them fulltime access to core business applications, “down time” can turn into productive time.

Satisfy your customers with self-service options and the information they need to track orders, ask questions, and run their own businesses more efficiently.

Attract the next generation of employees who expect employers to offer a digital culture that embraces BYOD.

Whether it's a sales rep who needs to update invoices in real time, a customer who wants to track an order, or a procurement specialist who needs to modify a PO on the fly, integrating mobile devices with your core software can help you work smarter (and faster) than your competitors.



For the forward-looking wholesaler, leveraging mobile tools for improving service levels, transmitting orders, and managing customer product orders or configurations can be a way to drive incremental sales and profits.³

Embracing the distribution evolution

Years ago, distributors may have been slower to adopt new technologies. But the industry is now evolving quickly, and a new generation of owners and managers expect to benefit from powerful, easy-to-use software and applications in the workplace.

As analyst Cindy Jutras points out, this new generation of owners “doesn’t understand why the apps they inherited with the business aren’t as easy to use as the ones they use on their smartphones and tablets.”⁴

Similar expectations are also affecting the ability to recruit and hire the best and brightest. Companies are seeking technologically savvy employees who can help them innovate. However, attracting these talented workers means creating a culture built on technology. As “digital natives,” they expect mobile, social, cloud, and intuitive apps to be the norm.

Whether it’s hiring the best employees, offering new services, or making daily operations more efficient, technology is playing a significant role in the evolution of the industry. Companies that can’t find a way to integrate these innovations will find their daily lives more chaotic and their ability to compete severely hampered.

But for those distributors that can embrace the distribution evolution, technology can mean that life in the fast lane is a smooth ride.



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Since this age group has been weaned on emerging technology from the time they were children, they expect the tools that their employers provide to be easy to use, attractive, and to mirror the technology that they use outside of work.”²

NICK CASTELLINA
Research Director
Business Planning and Execution
Aberdeen Group



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- ³ IDC Technology Spotlight: Opportunities for the modern wholesale distributor to leverage technology and leapfrog the competition
- ⁴ Mint Jutras, “Can ERP Help Bridge the Generational Divide in Wholesale Distribution?” August 2014

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