



## Three Ways to Innovate with Customers for a Better Supply Chain

*Leadership, communication, and direction are essential to creating a collaborative business environment built on relationships and trust.*

*In this edition, I explore how distributors can help customers achieve supply chain excellence by sharing insights gained from conversations with [Terry Simmons](#), a global supply chain leader and former Vice President of Global Purchasing and Supplier Management at [AbbVie](#). Our discussions are part of a project sponsored by the National Association of Electrical Distributors' [Futures Group](#). The Futures Group exists to help spark conversations about what isn't talked about, and with Simmons, we explored the Future of Procurement—how sophisticated and strategic buyers engage third parties, including distributors, to supply their needs, support their brand strategies, and win against global competition for market dominance. Below, I suggest three strategies for distributors to consider as guidance for creating innovation-centric customer relationships. More work lies ahead, and we will dig deeper in a live conversation about the Future of Procurement with Simmons on March 16, 2023, at 1 pm CST. Please click [here](#) to join us and add your voice to our conversation.*

## Collaborating for a Better Supply Chain

“Distributors have more to give, but first, they must listen,” Simmons explained. This assertion is perhaps the most profound idea Simmons shared. He explained that there is no singular vision for the future of procurement, especially when practiced as a strategic collaboration between customers and third parties. The future is what we make it. Simmons explained that distributors have a choice. They can choose to create transactional relationships with customers, matching the convenience offered by technology-enabled disruptors and the e-commerce standards set by online marketplaces. Or distributors can step up to engage customers as strategic partners, investing in resources and committing to change, thereby owning their future.

In this edition, I’ve distilled three innovation strategies for distributors to create and execute strategic partnerships to build supply chain excellence in the digital age. Simmons’ insights shape my ideas, and I’ve added a few additional sources. These strategies, whether pursued individually or collectively, are only a first pass. I’m looking for feedback and stories, and I invite you to share your comments and join our conversation.

### *1. Find leaders and make them great*

Distributors can help customers build a high-impact supply chain to meet unique needs and deliver on human aspirations. The key is to focus on decisions—big and small, known and unknown—and lean in to help customers make them. To do so, distributors must build a business model that delivers decisions, not products.

Reading [\*Decision Leadership: Empowering Others to Make Better Choices\*](#), I learned that great leaders “create the norms, structures, incentives, and systems that allow their direct reports, organizations, and broader stakeholders to make decisions that maximize collective benefit through value creation.” Especially in uncertain times, the best leaders don’t hold decisions to themselves; they enable their people with the skills, tools, processes, metrics—and in the digital age, data—to make the best possible decisions.

One way to enable better decisions through leadership might be to treat data as a project, one that is jointly owned and managed with customers. Strategic buyers, like Simmons, value third parties who are armed with data, have the ability to analyze it in specific scenarios, and have the capability to offer guidance with added expertise. This capability is table stakes for distributors; a core competency for optimizing supply chains. But in the digital age, excellence and the most powerful supply chains require pooling data between strategic partners. Better data makes for better forecasts, decisions, and solutions. By collaborating through data, distributors may aim to create [system-changing](#) value and set the standard for strategic supply chain partnerships.

But there is a barrier: In today’s incumbent business environment, data is considered proprietary. That’s where the idea of treating data as a project comes in. Distribution’s innovators, perhaps with the aid of an AI expert or

platform-building resource, can enable the future of decision-making for customers by building a model (or [digital twin](#)) designed to help a customer make better forecasts, manage their supply chain, and measure results. Building it together will create human-to-human connections and, over time, trust. As trust grows, customers will contribute more and more data. And as data grow, better and better decisions are possible. The journey is the mission.

## 2. *Inform, integrate, and instigate*

Inspired by Simmons, I suggest that the strength and durability of a strategic partnership are measured by the degree to which both parties are *fully informed* with the best data and best advice for creating mutual foresight and making collaborative decisions. Distribution's innovators can act on this advice by crafting a business model designed to inform, and shaped by a purpose defined by the pursuit of wisdom and the love of knowledge. Doing so is nothing less than embracing a new philosophy as a business that imbues human passions in the cause of supply chain excellence.

Going further, distribution companies can “forward integrate” by identifying the customer's processes, making them their own, and by nurturing a shared ethos with the customer's information technology (IT) leaders and teams. From Simmons, I learned that a customer's IT organization is as much a decision-maker in selecting distribution partners as its commercial organization, operations teams, and finance department. Collaboration with IT is essential, but working together doesn't mean adopting the same software and platforms. Instead, distributors must work to create a common language and shared values for exploring the best application of technology to achieve strategic objectives and enhance performance.

Simmons teaches that sustainable competitive advantage requires processes conceived and managed through “the four c's” of effective supply chain management: costs, calendar, capabilities, and capacity. In turn, each “c” is a North Star for strategic collaboration and integration:

- **Costs.** Accurate cost data is essential, with transparency and analytics to guide decisions and actions, leveraged to create the best possible outcomes for the customer's customer.
- **Calendar.** Distribution partners must align with and support the customer's operating rhythm, multi-year strategic initiatives, and critical events calendar.
- **Capabilities.** Strategic third-party providers offer dedicated capabilities to fit hand-in-glove with a customer's make/buy decisions around talent, processes, and tools.
- **Capacity.** Partners make promises and must always have the ability to follow through not just by supporting volumes and deadlines but on commitments that involve knowledge, expertise, flexibility, and risk mitigation.

Simmons offered that “speed and accuracy” are perhaps the most important metrics because being fast and correct enables the best decisions and, through those decisions, the best supply chain execution to support the customer’s brand promise and growth objectives. Strategic partners must embrace these metrics and accompany customers on their journey—with people and systems that pay close attention to the customer’s market and operations, and through human conversations with leaders, teams, and individual contributors whose professional career and personal wealth is on the line. (Read [here](#) for more about the power of attention, accompaniment, and conversation for curing what ails us in the digital age.)

### **3. *Mentor and persuade***

As an executive and supply chain professional, Simmons demands supply chain partners go far beyond “Amazon-like” convenience facilitated by webstores, e-commerce platforms, and “punchouts” (the electronic connections between a customer’s e-procurement system and a seller’s e-commerce platform that allow system-to-system ordering). Instead, strategic partners must “deliver on the spirit of the customer’s brand” by offering a delivery model that meets specifications and commits to a calendar at a price designed to create mutual profits. Partners must not copy what technology-driven platforms provide, but instead find ways to leverage technology to help push the customer toward the future, overcoming obstacles as they emerge. For distribution companies, technology is not a plug-and-play means to an end; technology enables an optimistic worldview and the means for creating new, unimagined ends in the service of supply chain excellence. Distributors are enablers, not disruptors.

We live in epic times, marked not only by digital transformation but by the generational transfer of responsibilities for determining how we do our work and live our lives. Senior supply chain leaders and their distribution partners have an essential role to play, and Simmons offered his opinion born of experience and a commitment to the future:

*The next generation of procurement is shifting, and right now there is an emerging view that the power of the buy is the most impactful force in today’s marketplace. But this view forgets that the partner must complete the buy, distribute what is purchased, and in some cases, produce it or even set the price. The new generation of supply chain leaders is still evolving to understand how relationship models with partners achieve these ends. The purpose of procurement is not just to go and buy things. Buying is a transaction, not an outcome. Building relationships to achieve outcomes requires sophistication that comes with experience. I advise our partners to build a team that matches their clients’ personalities. Salespeople are extroverts; buyers are introverts. Our partners must consider their supply chain knowledge, risk management, evolution management, automation, and artificial intelligence—and make sure they have the people, new and senior, that can work effectively with us. Brilliant young people are*

*the future, but they have not lived through the events that have challenged us over time. They have not yet adapted to change and may think they can control it. Working with our partners, we can strengthen our relationship by exploring things that don't go well and building responses into the process. We can tell stories and discuss them. Our attitude must be that when a mistake happens, internally or externally, we acknowledge it, then fix it. We must not assume that technologies like artificial intelligence fit in the supply chain in a certain way but that it has many definitions and applications. Today's leaders must be coaches for the new generation, helping them be more aware and less adamant, and encouraging them to listen to the perspectives of our distribution partners that may bring a different view, a different perspective.*

Building on Simmons' insights, today's leaders can mentor the new generation that will manage and reshape the supply chain, but something else is needed. The supply chain's new innovators must master the skill of persuasion. Raw ideas and passionate zeal are ineffective means of driving effective and sustainable change. [Zoe Chance](#)'s book, *Influence Is Your Superpower: The Science of Winning Hearts, Sparking Change and Making Good Things Happen* offers deep insights, examples, and a way forward. A discussion with Chance, published [here](#), explains:

I see learning to be influential, as becoming someone who makes people want to say "yes." It's the kind of person who walks into a room and says, "I've got an idea," and the other people look up with happy anticipation, hoping to say "yes" to their proposal before they've even heard it. In more practical terms, I'm teaching people how to get what they want in their work life, at home, and in their creative endeavors, and how to do that while building and strengthening relationships.

It's not just the new generation of supply chain leaders and innovators that must master the superpower of influence. Distribution companies, as strategic partners, have a responsibility not just to design, manage, and, when necessary, fix the supply chain services provided for a customer. They have a responsibility to lead, to help customers build foresight for the future, and to get there. Distribution companies must act on their knowledge and experience, offer a point of view, and work to persuade customers to act, even as they listen and adjust to successes and failures.

### **Foresight and footsteps**

Listening to Simmons' insights and experiences, I was surprised when he offered new words that didn't quite jibe with my usual prose and conversations. I am inspired by the stories he presented and made a note to look for more. This edition attempts to fashion his advice into a way forward for distribution's leaders and innovators as they work as strategic partners with customers.

Much work lies ahead, and I encourage you to join us for a live conversation with Simmons as we dig deeper into the [Future of Procurement](#). Please consider the ideas put forth above and bring your answers to these questions:

- **Words.** What are the new terms you notice in your conversations with your peers and customers, the new language used to build strategic partnerships and push for supply chain innovations?
- **Stories.** Have you collected stories of supply chain innovation by your customers or company? Will you share them?
- **Capabilities.** What are the capabilities—meaning people, processes, and tools—essential for building strategic partnerships and a supply chain for the future?
- **Metrics.** Can you measure your company's, and your customer's, ability to make decisions or achieve speed and accuracy? If yes, how?
- **Persuasion.** Do you seek to persuade your customers about how to build an impactful supply chain, including the actions, outcomes, and measures? If not, why?

Join us for our discussion on the Future of Procurement, March 16, 2023, at 1 pm CST by [clicking here](#). Please leave feedback and suggestions below, schedule a conversation [here](#), or reach out at [mark.dancer@n4bi.com](mailto:mark.dancer@n4bi.com).