



FUTURES GROUP

Foresight for the Future

A New Approach for Leading in the Digital Age

By Ed Orlet and Mark Dancer
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NAED's Futures Group is on a mission to explore the future of distribution, discuss new ideas, and help all members build actionable foresight for leading our customers, suppliers, and markets. Will you join us?

Every distributor knows that it's hard to work on the future of your business when you are running your business. Under the direction of the **NAED Futures Group**, task forces work for every member's benefit. Current task forces are exploring how supplier go-to-market strategies may evolve as manufacturers adopt e-commerce/digital technologies and emerging market developments, starting with a look at artificial intelligence (AI).

In this first *Foresight for the Future* article, we share a quick summary of findings and progress and report on something new—an NAED media initiative for interviewing leaders and innovators, discussing ideas and implications, and helping every member develop foresight for the future. We'd like to hear your suggestions, so feel free to send a note to Ed Orlet at eorlet@naed.org or Mark Dancer at mark.dancer@n4bi.com.

Supplier Go-To-Market Strategies

Like every business, manufacturers are digitally transforming. The same e-commerce, social media, artificial intelligence tools, and marketplace platforms available for distributors are equally available for suppliers. Manufacturers, large and small, are experimenting, becoming confident, and acting in their own interests. But change is not even, and outcomes are not certain. Some manufacturers are intentionally disintermediating distributors or actively diminishing their role in taking the supplier's products to market. Others are recommitting to distribution and looking for closer working relationships that might include shared data, integrated processes, and coordinated activities. Others aren't doing anything—yet.

The NAED **Futures Group** Go-to-Market team talked with several digital startups offering new channel and go-to-market options for incumbent businesses. Then, we considered how new capabilities might enable new supplier strategies. As a recent TechCrunch **article explains**, many B2B digital startups are committed to working collaboratively with incumbent businesses, not disrupting them.

Our interviews with **proton.ai**, **Factrees**, **Bryzos**, and more found similar intentions. However, we would add that active engagement and an **ongoing dialogue** are needed to build understanding and, importantly, a shared purpose. A quick summary of the Go-to-Market team's initial findings include:

- **Artificial Intelligence.** AI tools can improve distributor omnichannel sales effectiveness by suggesting products for customers to buy, optimizing prices for standalone purchases and project bids, and directing salespeople and marketing activities. To date, we have found little evidence that distributors are developing AI programs to improve business results for suppliers, whether a manufacturer is a preferred partner or not. Moreover, suppliers wonder whether distributors might implement AI tools to help them manage their supply chain, lowering costs and improving resiliency. As an intermediary, distributors must develop AI capabilities to strengthen value chain partnerships and seek financial returns for improved sales effectiveness and cost management.
- **B2B marketplaces.** Many distributors are slow to embrace online marketplaces because they assume that their offering is similar to Amazon's perceived approach—providing customers with visibility to alternative sources and pricing, not sharing robust data with third-party sellers, and adding sales capabilities to compete with distributors for financially attractive customer purchase occasions. Manufacturers understand that multiple routes to market are essential for optimizing market share and are less likely to reject marketplaces out of hand. By seeking out emerging B2B marketplaces,

distributors may help lead them to develop platforms that reinforce and strengthen distributor roles and traditional value chain partnerships with suppliers.

- **B2B platforms.** Not all virtual platforms are conceived as marketplaces, a place for buyers and sellers to find each other and then place or take orders. Some are about creating and managing B2B relationships up and down the value chain. Others recognize that customers rely on distributors and manufacturers to provide knowledge not resident in the customer's business. Both of these ideas are useful for reinventing the supply chain as one that is not just focused on creating hyper-efficient sourcing for manufacturers but **solves problems and supports innovations** for the value-creating last mile of the supply chain. Distributors can offer their ideas and experiences to work with manufacturers and redesign the supply chain for a modern, connected, and digital age, and by doing so, carve out new opportunities for distributor profits and sales.

Early ~~Warning~~ Opportunity System

Our second Futures Group team was initially founded to create an early *warning* system but quickly switched to explore options for an early *opportunity* system, **embracing uncertainty** as a source for distributor innovations. As our work unfolded, the team concentrated on AI as a high-priority development with benefits and concerns for distribution.

Distributors' early adoption of AI tools mainly focused on customer-facing applications to increase sales and margin dramatically. But the Early Opportunities Team is looking for more. We are exploring a more comprehensive set of applications for artificial intelligence, all with the potential to strengthen distributor business models and transform distribution's role in the value chain.

AI tools can automate human handling of customer orders, product and application support, and supplier incentive programs. Moreover, in forums working on the future of the supply chain, AI is considered essential for helping supply chain professionals optimize decisions for the sourcing and delivery of products. AI will help enable a supply chain managed as an ecosystem or network, with players forming and reforming to meet situational and ongoing needs. The supply chain will run on data with algorithms invented to replace human effort for managing logistics, identify opportunities for new product and service offerings, connect buyers with on-demand knowledge, achieve higher levels of performance through e-contracts, and much more.

We have discovered a problem—distributors are seldom present where AI's boldest, **system-changing** applications are considered. So, as we look for leaders and innovators leveraging AI to push boundaries, we

are creating relationships and partnerships for the benefit of NAED and its members. We are off to a fast start and moving forward in four areas:

- **Superusers.** As we find stories of leading-edge implementations in academic articles, consultant's papers, and innovation forums, we note the companies cited and reach out to the best as "superusers" for interviews, site visits, and collaborations.
- **Academic partnerships.** We reached out to **Steven Platt**, director of analytics and AI at the Loyola University of Chicago. Ed Orlet attended Platt's **founding conference** on AI and the supply chain and is working on programs for improving awareness and understanding of AI for NAED's members.
- **Council of Supply Chain Management Professionals.** NAED is sponsoring Mark Dancer's sessions on distribution's **bold and bright vision** for the future of the supply chain at **CSCMP EDGE 2022**. As a professional association, CSCMP may help further our investigations with superusers at customers and suppliers, in B2B markets, or anywhere leading AI innovations are emerging.
- **Crowdsourcing platform.** We are exploring opportunities with a digital startup that is building a platform that can enable a robust discussion of ideas, launch contests to develop them, and facilitate the design and commercialization of offerings. The platform's founder is steeped in intellectual property and patent expertise, a missing ingredient for distributor innovations.

The Go-to-Market and Early Opportunity System teams are not working as traditional line-of-trade association task forces, researching to publish a report. Instead, both groups are made up of curious, thoughtful, and driven members to improve distribution's ability to lead and innovate in the digital age. We hold routine meetings, share new ideas, look for opportunities, and find new ways to dig in and share progress with all NAED members.

NAED's Futures Group Office Hours

It's worth stating again—the purpose of NAED's **Futures Group** and its teams is to look over the horizon and discover what NAED members do not know about the future. We are creating actionable foresight for the long haul, with the potential for system-changing innovations. By doing so, we hope to help every distributor own the future and position NAED and all members as innovation leaders with a seat at the table as digital transformation, electrification, smart cities, the Internet of Things, and every other market development unfolds. We are attempting something bold and new, and we invite every member to tune in and join our work.

To achieve these goals, the NAED Futures Group is building a purpose-driven digital media capability for NAED. In the next few weeks, we will launch a monthly live chat, open to all members and any B2B innovator. On the live chat, Ed Orlet and Mark Dancer will interview leaders and innovators, take questions from the audience, and facilitate a lively and thought-provoking idea exchange.

NAED's Office Hours live chat will be integrated with additional media offerings, including articles published in NAED's newsletter and tED magazine, on social media, and in YouTube videos. In total, NAED's new media capability will create awareness of the Futures Group's work, interviews with leaders and innovators, and implications for creating foresight around the future of distribution. It's a bold step, and we ask for your support and advice in making our work a success.

Paul Kennedy, NAED Futures Group Leader and CEO of the [Dakota Supply Group](#), offered this perspective on our goals and methods:

It's not about incrementally improving what we're already doing; we have lots of people at NAED focused on those things. This is really about the future.

We have identified topics to explore during the first several NAED Office Hours, including supplier go-to-market options, marketplaces as competitors or collaborators, electric vehicles opportunities and challenges, and artificial intelligence insights from superusers.

As our investigations unfold, we will offer additional benefits for members and opportunities for direct participation, including in-depth explorations in tED Magazine articles, e-papers, workshops, field trips, site visits, reaction videos on a YouTube channel, the NAED Education and Research Foundation (NERF) educational content, as well as presentations, panel discussions, and breakout workshops at NAED national and regional events.

More than anything, we want to move fast and break boundaries as we explore the future, generate ideas, and help every member build actionable foresight for the future of electrical distribution.

Please visit the NAED [Futures Group](#) page for more information and to sign up to be notified about our events. We need your feedback and suggestions; send a note any time to Ed Orlet at eorlet@naed.org or Mark Dancer at mark.dancer@n4bi.com. And if you can, please share this article with anyone that is, or should be, interested in exploring the future of electrical distribution and the markets we serve.

About Ed Orlet

Ed is the National Association of Electrical Distributors' Senior Vice President of Government Affairs and Strategic Projects, where he leads NAED's governmental advocacy and strategic planning efforts. He is a registered lobbyist charged with representing NAED in Washington, DC and mobilizing NAED members at the grassroots level to advocate for NAED's legislative agenda. He also serves as facilitator for diverse distributor and cross-industry groups, as well as moderator for industry panels nationwide. Reach Ed at eorlet@naed.org.

About Mark Dancer

Mark is the author of the [Mark Dancer on Innovating B2B](#) newsletter, a distribution futurist, and special advisor to the NAED Futures Group. Reach Mark at mark.dancer@n4bi.com.