

TRANSFORM YOUR MANUFACTURING & DISTRIBUTION COMPANY TO REMAIN PROFITABLE IN A POST-COVID WORLD

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How is your distribution company positioned to move forward in a post-COVID-19 world? In the years between the recession and the worldwide disruption caused by the Coronavirus outbreak, many distributors saw recovery but also continued to see margins erode due to increased competition.

Traditional distributors were having to work harder for diminishing returns. Customers, armed with readily available data, know what they want, and with just a few clicks, know how much the competition is charging for it. Distributors have been forced to strategically reposition themselves by differentiating their service from that of their competitors before, during and after the sale. Traditional distributors also have done this through offering a number of value-added services such as inventory management, storage and transportation. Leaders have successfully implemented leaner, more nimble operations.

More and more, competition has come directly from manufacturers themselves as disruptive new entrants to the market capitalize on the ready-made distribution channels provided by Amazon or similar platforms. Utilizing these platforms removes or greatly reduces barriers to entry to distribution channels. As manufacturers use business-to-business service offerings from some of these distribution giants, the margin squeeze will be that much tighter for the traditional distributor. Large manufacturers with the resources to adapt quickly into larger scale operations can directly provide the online shopping experience for business consumers to which they have grown accustomed, especially considering the widespread brick and mortar closings. To stay relevant, companies will have to keep up.

Where does this leave you? As companies begin to ramp back up, navigating these uncharted waters will require an honest assessment of

where you currently fit and how adaptable you are to the transformation that is underway.

THREE TRANSFORMATIVE STEPS TO REMAIN PROFITABLE IN A POST-COVID WORLD:

1. HARNESS THE POWER OF YOUR DATA

POINTS. There are a number of tools on the market to enhance your position—from simple software to track customer usage to the complex internet of things that can be used to monitor equipment and inventory movement efficiencies and project potential bottlenecks.

2. DETERMINE WHERE YOU SHOULD GO

BIG. Use your resources or strategically partner with someone else to create economies of scale.

3. TAILOR YOUR MARKET FOR YOU.

If you operate in a small market, you may not be able to compete with the larger chains head-to-head on all counts. Instead, determine the combination of products or services that you can focus on and do those better than anyone else.



MEET THE EXPERT



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