

HOW TO KNOW IF IT'S TIME TO LEVEL UP YOUR DISTRIBUTION OPERATIONS

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Today's distribution environment is a juggling act: Employees must manage customer expectations, maintain complex inventories and pick and ship orders from warehouses in near real time. Add in years of global market volatility and the juggling act becomes even more challenging—and the risk of dropping a ball skyrockets.

The past few years brought challenges that required distributors to operate in unique ways. Industry leaders embraced change and leaned into new business opportunities by adopting innovative technologies and processes that aid automation and increase real-time visibility into operations.

Although nearly 70% of distribution companies experienced growth in 2020, organizations that continue to rely on traditional distribution strategies are struggling to keep pace, let alone innovate and grow. To avoid falling behind in a disruptive market, technology and

process improvements now need to be the number one priority.

Traditional distribution methods are no match for today's market conditions.

Supply chain issues, persistent labor shortages and the shift to remote and hybrid work have impacted distributors from the warehouse to the back office. Social distancing in the warehouse, for example, required new ways of operating.

Meanwhile, supply shortages and fluctuating demand have made it difficult to maintain accurate and up-to-date inventory. These issues typically fall to distribution employees, such as procurement and demand planning personnel, to identify and solve.

Distributors have historically relied on disparate channels, technologies and spreadsheets to manage core business functions such as inventory and sales. A siloed approach to distribution may

have produced profits a decade ago, but this strategy no longer enables businesses to navigate today's market conditions, limiting their ability to remain profitable and meet customer needs.

The issue is that many organizations continue to rely on traditional distribution strategies and technologies. The reluctance to adopt new systems often stems from perceived cost, a lack of IT talent or simply because people are content with current systems. But now is not the time to be complacent when it comes to innovation.

Four Questions To Assess Your Distribution Operations

Today's ever-evolving market conditions require processes and technologies that support agile operations. Without modern technology that enables automation, increased visibility and real-time communication, supply chain disruptions and other external forces hamstringing

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operations.

If you aren't sure where you stand with regard to these attributes, start by asking these questions:

- **Are your customer relationships suffering?**

Customer expectations have soared in recent years, pressuring organizations to provide exceptional digital experiences and swift customer service responses. Do you have access to insights that help you identify cross-sell opportunities and understand shoppers' communication preferences? Considering 70% of consumers will penalize a company that doesn't communicate with them via their preferred channel, it's important to get these features right.

- **Is maintaining adequate inventory a challenge?**

Even before the pandemic, inventory overstock and understock cost organizations over \$1 trillion dollars each year. The past few years exacerbated these losses as trends like the 40% spike in demand for toilet paper created extraneous data, clouding the ability to accurately forecast supply and demand. If you rely only on extraneous data points and manual data processing, you may find yourself with overflowing or barren

warehouse shelves.

- **Are warehouse operations inefficient?**

Without proper planning, incidents can occur in the warehouse. When a lane closes or a forklift blocks an aisle, do congested aisles hold up foot traffic and create unsafe working conditions? Do employees receive an automated alert notifying them of the disruption? Additionally, consider where workers are allocating their time: Are your employees pouring energy into strategic tasks or tedious functions that could be automated, like inventory count or order picking?

- **Do you fail to meet delivery deadlines?**

As the warehouse distribution cycle comes to an end and products are en route to their respective destinations, factors like traffic, weather conditions, order volumes and transportation issues like congested ports can delay deliveries. If this sounds familiar, you should consider tailoring your route planning strategy to account for real-time incidents.

If you answered "yes" to any of the above questions, it's time to rethink your distribution operations playbook—without these basic capabilities, how can you stay

afloat, let alone innovate and thrive?

If your drivers are meeting order deadlines and your customers are renewing contracts, your processes and technologies are fine, right? While these successes point to efficient operations, what if you could further optimize trucking routes for even faster deliveries? What if untapped upsell opportunities exist? Don't let the "if it ain't broke, don't fix it" mentality hold you back from enhancing processes and technologies even further for more resilient and efficient operations.

- **Are you ready to take operations to the next level?**

Once you evaluate your current capabilities, you can better focus your process and technology improvement efforts. There isn't a one-size-fits-all approach, but you can start with these steps to identify how to streamline operations for innovation and growth.

- **Pinpoint specific areas for improvement and gaps in processes.**

For example, if inventory understock has been an issue, identify where the inefficiencies stem from: Interview employees, use analytics tools to evaluate



internal and external data and, ultimately, determine which actions can help fill the gap.

- **Research technologies and strategies that can help meet your business needs.**

For example, if warehouse workers are spending twice as much time filling orders than last year, you should explore automated, AI-driven order fulfillment solutions. Compare reviews of vendors'

solutions to understand costs, anticipated ROI and the level of support each vendor provides.

- **Gain leadership buy-in by demonstrating the solution or strategy's specific value proposition.**

To make your case for how truck route optimization software can increase revenue, for example, consider how the solution can provide value across the

organization.

Regardless of where your business stands, there is always room to increase operational efficiency in the distribution process. It's time to take a forward-looking approach to provide your distribution employees with the tools and processes they need to succeed—and stay ahead of the competition.

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