

FREE GUIDE

# HOW TO PREPARE FOR DIGITAL DISRUPTION IN MANUFACTURING & DISTRIBUTION

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# INTRODUCTION

Whether it's the evolution of customer preferences, the emergence of a new competitor, or a strategic decision that doesn't pan out, the future of every business has always been somewhat uncertain. However, the disruptive nature of technology and dramatic changes to customer expectations related to technology has made preparing for the future in today's business climate more challenging than ever.

**Manufacturing and distribution is currently operating in uncertain times, amidst a state of disruption.** Sales reps now have access to real-time data in customer appointments, online ordering has started to move online, and the B2B buyer has high expectations based on the experiences they have in their consumer lives.

The questions that suppliers are facing in light of these changes are significant, questions such as:

- Will our customers go elsewhere if we don't offer online ordering?
- Will we still need sales reps over the next few years?
- Is it enough to have a website for our customers, or do we need to have an app?

One way manufacturers and distributors have worked through these important strategic questions and responded to the digital disruption that is already underway is through smarter software investments. Through better technology decisions, suppliers have been able to stay on top of sales and ordering trends, realize a successful omnichannel selling strategy, and maximize flexibility to cope with changes they can't possibly predict today.

This guide will walk you through the most important sales and ordering themes in modern manufacturing and distribution, the decisions you must face to remain competitive over the next 5-10 years, and the important role that a strong Software-as-a-Service (SaaS) Commerce platform plays in preparing your business for digital disruption.

# THE DISRUPTIVE TECHNOLOGIES: SALES & ORDERING SOFTWARE

It's no secret that an on-demand economy that gives the consumer multi-device, anytime buying access has necessitated similar conveniences in B2B.

As such, there have been several technologies that have emerged over the last ten years that have disrupted the way way manufacturers and distributors can serve their buyers. **These technologies are:**

- **Mobile order writing applications** that are used by a field sales team
- **Online ordering** on the **web**, for your buyers
- **Online ordering** from a **mobile** device, also for your buyers

Given the historical and continued importance of the personal sales relationship in manufacturing and distribution coupled with the increasing demand for online ordering, it's no surprise that these technologies cover both the in-person and online channel.

According to the *2016 Manufacturing and Distribution Sales and Technology Report*, when asked which of the following technologies are a priority for their business, 63% of manufacturers & distributors responded with web eCommerce, 58% with mobile order writing apps for reps, and 30% with mobile commerce.<sup>1</sup>

As a manufacturer and distributor looking to invest in these technologies, **you are likely debating between the following approaches:**

1. **SaaS cloud-based platforms** that are built and maintained by a third party vendor.
2. **Homegrown, custom-built on premise software** built by a development shop or internal tech team.
3. **ERP or CRM commerce add-ons** and extensions.
4. **Holding off for the time being**, hoping your reps and buyers can last a bit longer with a manual ordering experience.

This guide will be focused on the SaaS approach—specifically SaaS Commerce platforms— as it's the investment that gives manufacturers and distributors the most flexibility to accommodate disruption and uncertainty.

Next, we will go over the 3 biggest sales and ordering themes in manufacturing and distribution and the related questions you must face to respond to them.

<sup>1</sup>2016 Manufacturing & Distribution Sales and Technology Report. [http://pages.handshake.com/WCResources-REPORT-2016Survey\\_LP-Download.html?\\_ga=1.2244464.1515672524.1487339590](http://pages.handshake.com/WCResources-REPORT-2016Survey_LP-Download.html?_ga=1.2244464.1515672524.1487339590)

A network diagram background consisting of a grid of light blue dots connected by thin white lines, set against a solid teal background. The dots are of varying sizes and are scattered across the frame, with some larger dots acting as hubs.

**INVESTING IN SALES & ORDERING SOFTWARE:**

**3 KEY CONSIDERATIONS**

# 1

## OMNICHANNEL SELLING

The term “omnichannel” refers to all the channels through which you sell to your customers, both in-person and online.

At the highest level, omnichannel is split between the work done by your sales reps—done at trade shows, road appointments, or over the phone and email—and customer ordering

While the in-person sales channel continues to be dominant in manufacturing and distribution, with 74% of companies with reps in the field, and 73% attending trade shows, a growing number of suppliers already have a B2B eCommerce solution in place. 44% provide online ordering to their buyers, with 63% of those providing online ordering from a mobile device.<sup>2</sup>

Interestingly enough, however, the movement of ordering online has not diminished the role of the in-person sales channel.

Over the last year, 88% of respondents had a sales team that either grew or stayed the same size. Even for respondents with B2B eCommerce in place, 84% either experienced growth or no downsizing of their team.<sup>3</sup>

Attitudes towards the sales rep also remains favorable. 75% of survey respondents believe their reps are important or extremely important to the business, and 44% say that even though their customers prefer ordering online, their buyers still want the option of placing orders occasionally through their reps.

In fact, many companies employ the “80/20” guiding principle when determining their omnichannel selling strategy, which dictates that roughly 80% of a company’s revenue tends to come from only 20% of their buyer base. Suppliers often choose to have their reps serve these more profitable customers in person, while directing the remaining buyers to their online ordering portal.

### THE DECISION: OMNICHANNEL

When it comes to determining your omnichannel sales strategy, do you agree or disagree with the following statement?

**I don't need both in-person sales and online customer ordering. I only expect to sell through one of those channels in the next 5 years.**

<sup>2</sup>2016 Manufacturing & Distribution Sales and Technology Report.  
[http://pages.handshake.com/WCResources-REPORT-2016Survey\\_LP-Download.html?\\_ga=1.2244464.1515672524.1487339590](http://pages.handshake.com/WCResources-REPORT-2016Survey_LP-Download.html?_ga=1.2244464.1515672524.1487339590)

<sup>3</sup>Ibid.

# 2

## MOBILE GROWTH

The next big sales and ordering consideration in manufacturing and distribution is mobile, referring to both your reps and customers' ability to place an order from a mobile device.

78% of B2B companies believe that mobile commerce is the future of online commerce.<sup>4</sup> Of the manufacturers and distributors who already have mobile commerce in place (63% of suppliers that provide online ordering), 75% provide ordering access only from a mobile web browser and only 17% provide access on a native mobile application.<sup>5</sup>

85% of consumers prefer native mobile over mobile web applications<sup>6</sup>, so it's important to keep this in mind as you take action on your mobile technology strategy.

### THE DECISION: MOBILE

When it comes to determining your mobile strategy, do you agree or disagree with the following statement?

**I don't believe my reps or my customers will need to order through mobile in the next 5 years.**

<sup>4</sup>5 Best Practices for B2B Mobile Commerce. <https://www.b2bmarketing.net/en-gb/resources/news/news-mobile-commerce-future-b2b-selling>

<sup>5</sup>2016 Manufacturing & Distribution Sales and Technology Report.

[http://pages.handshake.com/WCResources-REPORT-2016Survey\\_LP-Download.html?\\_ga=1.22444464.1515672524.1487339590](http://pages.handshake.com/WCResources-REPORT-2016Survey_LP-Download.html?_ga=1.22444464.1515672524.1487339590)

<sup>6</sup>85% of consumers favour apps over mobile websites. <https://econsultancy.com/blog/62326-85-of-consumers-favour-apps-over-mobile-websites/>

# 3

## A CHANGING BUSINESS ENVIRONMENT

The final sales and ordering consideration in manufacturing and distribution is a constant reality your business is always facing. It's whether or not your competitive environment is going to evolve over the coming years, requiring you to make decisions such as expanding your product line, changing your pricing, or determining a dynamic promotional strategy.

It's also the case that as a business becomes more sophisticated, so does the selling practices it employs. For example, while you may not provide order tracking to your buyers currently, next year you might want to automatically include a tracking number with each order confirmation.

This third consideration is really about what might change in your business and your operating context over the next five to ten years. Some of it you can anticipate, some of it is out of your control, and a lot of it just hasn't been decided by your team yet.

### THE DECISION: BUSINESS ENVIRONMENT

Do you agree or disagree with the following statement?

**I don't believe my business environment and selling practices will change in the next 5 years.**

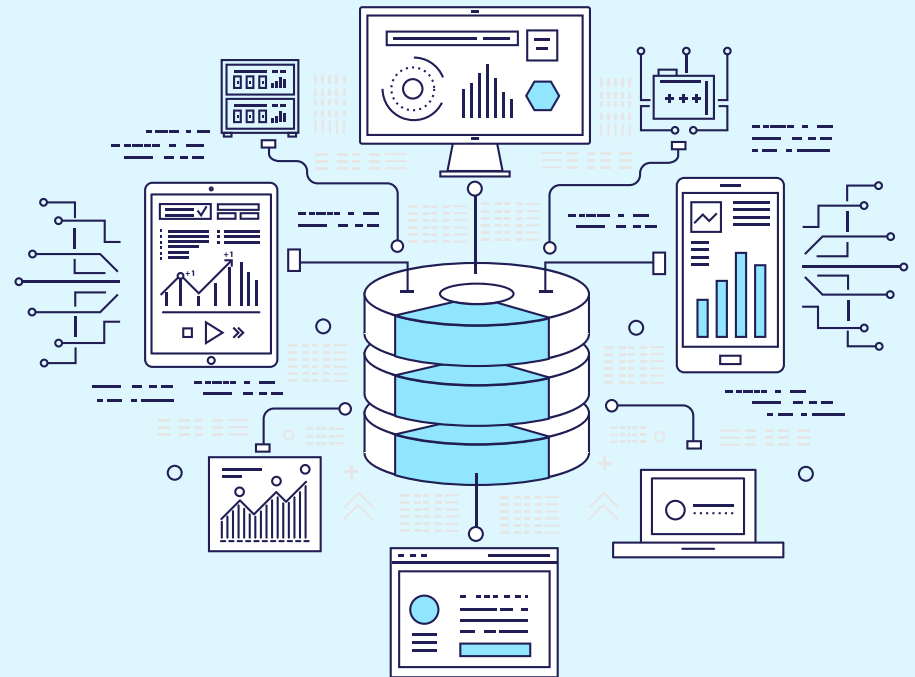


# THE DECISIONS: RECAP

In summary, preparing for digital disruption in manufacturing and distribution in light of the considerations in this section requires facing the following three decisions:

- 1. Will I need both in-person sales and online customer ordering?**
- 2. Will mobile ordering be important for my reps or customers in the next 5 years?**
- 3. Do I value flexibility to accommodate potential changes in my business rules or new applications in my tech stack?**

Manufacturers and distributors have found investing in strong SaaS Commerce platforms to be the best defense against a rapidly changing technology landscape, one that incorporates an omnichannel selling mix, strong mobile technology and the flexibility to support ongoing business changes.



# PREPARING FOR DISRUPTION: THE B2B COMMERCE PLATFORM INVESTMENT

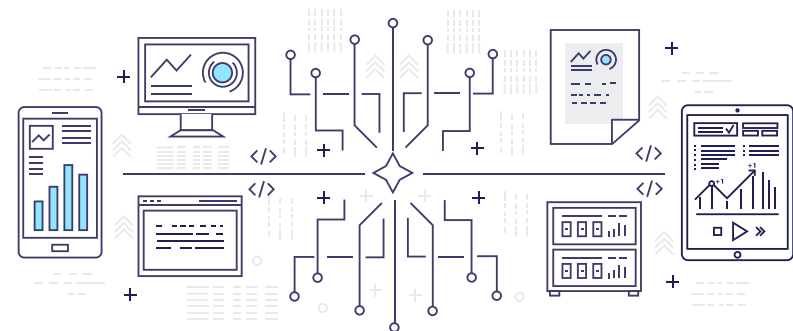
In an effort to best serve their customers and sales reps, manufacturers and distributors are investing in multiple sales channels and end-user applications.

Some suppliers go about these investment decision using the “piecemeal” approach, which describes a software investment strategy where a company buys multiple point solutions from different vendors in order to cover their in-person and online channels. For example, one vendor might supply your web eCommerce software, another a sales rep ordering app, and yet another your mobile ordering app for customers.

The piecemeal approach is one that is often taken when your current vendor does not also develop applications that support your other channels. While the spirit behind this approach can be positive, an attempt to piece together best-in-breed software applications for a better aggregate user experience, it is not a wise approach when investing in technology that sees strong benefits from a common backend.

Ordering software for your reps and customers should display the same pricing and inventory data, include the same promotions, and present a uniform user experience to your end-users. This is impossible to achieve with a disjointed combination of separate point solutions.

A **SaaS B2B Commerce platform**, on the other hand, allows you to present a cohesive experience to your end users across multiple channels, pulling from one centralized backend. It also has a single ERP integration point, so if in the future you should choose to open up a new sales channel, you do not have to do another software integration. This also gives your business the ability to be more flexible and responsive to the rapid evolution of technology and prepare for continued digital disruption.

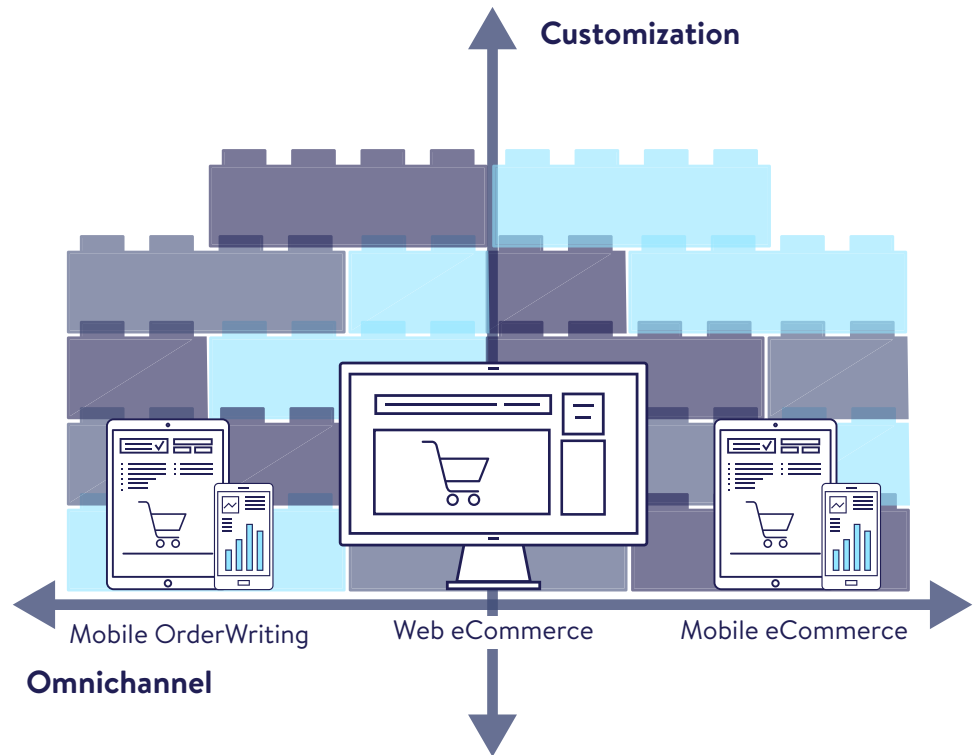


# THE PLATFORM AXES

Sophisticated SaaS Commerce platforms can grow on two axes: horizontal and vertical.

In a complete B2B Commerce platform, the **horizontal axis** covers all the different channels you sell in. It includes the different end-user applications for your reps and your customers: a mobile order writing app that powers the in-person sales conversation, a web eCommerce portal, and a mobile commerce application for your buyers. Some platforms will include only one or two of these end-user applications, others will include all three.

The **vertical axis** is equally, if not more, important. It refers to the platform's ability to be customized, or built on top of. A strong vertical axis means that your platform can be customized to fit the current and future unique needs of your business, as well as integrate other best-in-class applications to enhance the buyer experience.



# THE HORIZONTAL AXIS



As we just covered, the horizontal axis in a B2B Commerce platform refers to the breadth of its technology offering. **There are many benefits of a platform with related technologies into one centralized backend.**

- 1. Consistent data.** Consistent data ensures that when product imagery, pricing or promotional rules are updated in your back office, the change will be disseminated immediately to your field reps and your customers. Consistent data is key to keeping your digital catalog consistent across all your ordering channels.
- 2. Feature parity.** Your ordering channels should all include the same features and functionality. If your mobile order writing app allows your reps to build a “buy-one-get-one” promo, for example, you need to be able to be able to create the same promotion in your eCommerce app for your customers. Otherwise, you’ll create channel conflict.
- 3. Better branding.** Aggregated ordering technologies give your customers a more consistently branded experience. You want your buyers to receive the same order confirmation email, for example, whether they place an order through a rep or through your online portal. If not, you are creating a disjointed and confusing customer experience.

- 4. Single integration point.** No one wants to manage multiple ERP integrations, and so it’s ideal that the platform integration will only occur once. After the integration is complete, order data coming from your field reps and your customers will all sync to the same centralized backend, and that backend can then automatically sync to your ERP or accounting software.
- 5. One vendor relationship.** If you’ve done a thorough enough job vetting your platform software vendor, it’s likely the case that you are aligned with their vision and product roadmap, and that their other end-user applications will fit the needs of your business. On a more practical level, it’s also ideal to only have to interact with one account manager or support team, rather than managing these relationships across several vendors.

In summary, the horizontal axis of a B2B Commerce platform is about seamless coverage of all the channels you are selling in. The more channels your platform covers, the better.

# THE VERTICAL AXIS

The vertical axis of a B2B Commerce platform is about depth that will allow you to scale into the future. If the vertical axis is built out properly, it will accommodate the changes you will make to your business, even if you don't know what they are yet.

How much your B2B Commerce platform's vertical axis is built out is going to determine just how much flexibility you'll have to accommodate your current and future selling needs.

**The customizable elements included in the vertical axis are typically three fold.**

- 1. Custom data.** The ability to define your own data types, or extend the built-in data types with custom fields. In essence, this allows you to bring whatever you need into the platform.

Examples: Custom sales reports you want your reps to have access to, shipping status, or A/R information.

- 2. Custom logic.** The ability to write your own business logic on top of the data, so that you can set up a restriction, validation of whether an order meets particular requirements, and a corresponding acceptance or prevention of the order submission with a customized message to your end-user.

Examples: If you will only accept a full truckload before you deliver an order but the order must be under a certain total weight, the custom logic you set up will ensure that the order can not be submitted unless it means these conditions. Another example is promos: tiered pricing, volume discounts, buy-one-get-one, etc.

- 3. Custom look and feel.** The ability to modify or design new workflows that are tailored to the needs of your users, hiding or showing information according to your preferences.

Examples: Showing an estimated commission to your sales reps, an MSRP for your products, or building out an entirely new screen to show inventory in a particular way.

Finally, a platform with a strong vertical axis must also include an **open API**. This gives you flexibility to integrate best-in-class solutions like email marketing software, customer support widgets and warehousing software to make your Commerce platform more comprehensive and powerful. If your vendor does not offer an open API, you will be forced to utilize only the tangential solutions they offer, and this could be sub-par or even non-existent. This also may limit your ability to effectively respond to continuing advancement in technology.

In conclusion, choosing a B2B eCommerce platform with strong vertical axis, offering deep customization capabilities and an open API will allow you not only to meet launch requirements by being able to modify your out-of-the-box experience, but also to adapt to new or changing requirements in the future without having to completely rely on your vendor.

# THE IMPORTANCE OF THE DOUBLE AXES



In order for a B2B Commerce platform to prepare you for digital disruption, it must have both axes in place.

You must be able to implement an omnichannel strategy that includes in-person and online sales. These solutions must have an aggregated backend and a single integration point. But that's not enough. If you have your channels covered, but next year your selling strategy changes and can't be accommodated by your current platform, you're out of luck.

You also have to have the technical infrastructure required for integration and customization, because customization alone is also not enough. **A useful way to explore this concept is the “batteries included” analogy.**

A B2B Commerce platform's horizontal axis has to come with certain “batteries included” in order for it to be robust enough for a sophisticated manufacturer or distributor. The batteries are:

- Out-of-the box sales apps for reps and customers
- Native mobile technology
- B2B-specific selling functionality like territory management, customer specific pricing, and multi-location inventory

These batteries must be included in the horizontal axis, out-of-the-box. All of the customization capabilities in the world can not make up for a weak horizontal axis foundation. Manufacturers and distributors who attempt to build a Commerce platform from a heavily customizable CRM often learn this lesson the hard way. The batteries just aren't there.

# REVISITING THE DECISIONS

Let's return to the three important strategic questions faced by manufacturers and distributors preparing for digital disruption. If you answered "yes" to question 1 or 2, your platform must have a strong horizontal axis, ensuring omnichannel coverage.

- 1. Will I need both in-person sales and online customer ordering?**
- 2. Will mobile ordering be important for my reps or customers in the next 5 years?**

If you answered "yes" to question 3, you must choose a platform with a strong vertical axis.

- 3. Do I value flexibility to accommodate potential changes in my business rules or new applications in my tech stack?**

Sales and ordering software is for the front-lines of your business. It requires onboarding, training, and hopefully provides a strong enough user experience that your buyers choose to repeatedly use your portal.

Manufacturers and distributors that implement B2B commerce solutions that lack the capacity to accommodate for their changing business requirements run the risk of needing to abandon their existing solution for a new solution in the future. This, in turn, can hurt buyer adoption and in general presents an unprofessional and disjointed experience to your customers, requiring them to learn yet another ordering process.

# NEXT STEPS

The most effective way to prepare for digital disruption is by adopting a B2B Commerce platform with a strong horizontal and vertical axis. The specific next steps your business can should take depend on your particular context.

► **If you haven't adopted ANY commerce technology yet**, congratulations, you have no baggage. Determine what your business most critically needs in order to be competitive right now:

- Are your customers asking for online ordering?
- Do your competitors offer customer ordering on mobile?
- Is the in-person channel a huge priority for your business?

Depending on your resources, timeline, and overall strategic vision, it might only make sense for you to focus on a channel-by-channel strategy, implementing one solution at a time. However, it is imperative that you look for a platform will all batteries included, strong omnichannel coverage, and a vertical axis that accommodates any customization needs. When you are ready to “turn on” new channels for your business, it will be a simple process.

► **If you have employed a piecemeal approach**, you need to make some important decisions. If you double down on your piecemeal strategy, you will limit future flexibility and each channel solution you introduce will require a new ERP integration. The piecemeal

approach is a sinking ship that too many people are scared to jump off of. Especially if you are only one solution in, it's not too late to abandon ship and implement a platform.

► **If you currently have a platform in place**, do an audit of your current solution with the axes in mind, asking the following questions:

## HORIZONTAL:

- How many sales channels do you have covered?
- Do you have a native mobile application for your sales reps and customers?
- Do you have coverage for all your B2B-specific selling needs?

## VERTICAL:

- Does your platform have an open API?
- Does your platform include custom data, logic, and views?
- Can you accommodate the selling practices of your business exactly as you want to?

If after completing your audit you find your current platform unable to cover your business needs, it may be time to upgrade.

To learn more about Handshake's B2B eCommerce platform, contact us today at [info@handshake.com](mailto:info@handshake.com) or 855-532-9044 (+1-646-434-2553 intl).





## ABOUT HANDSHAKE

Handshake provides the B2B Commerce platform for manufacturers and distributors that powers standout ordering experiences both in-person and online. Companies using Handshake transform their sales effectiveness and drive operational efficiency, delighting customers and growing lasting relationships.

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