

# Leveraging Technology

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According to Webster's Dictionary, technology is 'a scientific method of achieving a practical purpose'. Technology is a means to an end. It is a way to achieve a practical solution to a problem.

It is no longer good enough just to have an up-to-date computer hardware and software package to report the company's transactions. Technology is exploding in all areas of the distributor's business and the distributor must explore every opportunity to use it.

## Why is Technology Important?

There are many pressures being put upon the distributor which demand solutions involving technology. Some of these include:

A ***changing work force*** is making it harder to find good employees. Technology is helping the distributor do more with fewer and more highly-paid employees.

***Customers are demanding more.*** Today's customers demand increased services. The size of orders are becoming smaller, with the customers requiring more shipments of smaller quantities, thus reducing the stocking inventory needs of the customer.

***Margin pressure*** is constantly a focus of today's distributor. The margin issue is causing the distributor to look for ways to increase productivity. With a large percentage of the distributor's margin tied to labor costs, technology becomes a potential solution.

***Competitors*** increase the need for the distributor to differentiate themselves from their competition in the eyes of their customers through the use of technology.

***Handling Growth.*** Many organizations are investing in technology to handle anticipated future growth in business.

Technology solutions to these pressures in the distribution environment can involve computers, data links, scanning equipment, software and, of course, people. This paper will focus on the use of information technology for distributors.

## **Information Technology**

More than ever today, information technology is becoming an asset to the business. No longer are information centers just cost centers or a 'necessary evil' for doing business. Today, information systems can improve the actual service which we provide to our customers. Improved customer service can increase customer loyalty and expand market potential, while making the corporation run faster and smarter. Information technology is also reducing the need for inventory by literally substituting information for inventory: it tells us when and how much to purchase.

### ***Increasing Knowledge***

Information technology allows us to collect a lot of information about the customer, their buying habits, potential product applications, assortment and mix, and a variety of characteristics that the computer logic can pattern and model. These computer-stored customer profiles can then be used in a simulation of buying trends, in order to forecast requirements. This permits us to grow and work smarter for our customers.

With this knowledge we can create a relationship based on our understanding of the customer which makes it costly for the customers to switch. The bottom-line advantage is that customers are willing to pay more to get exactly what they want.

### ***Create New Systems***

How do the leading innovators create ways to use new technology? Many develop a list of promising projects during the year which are then presented to top management for review. The final cut is based on which projects appear to have the most potential for the company's business.

Once the final list is developed, information system and business managers jointly develop decisions regarding new markets and the solutions to business problems. These decisions are based on calculations which help determine how long it will take to recover the investment costs and how much profit can be expected over the lifetime of the technology.

### ***Change Management***

The key to leveraging technology is being able to handle changes to your environment. New strategies, improved business operations and use of state-of-the-art technology are 'change' drivers. To achieve the benefits of new technology, distributors will need to address changes occurring to the people within the organization and develop ways to combat the resistance to change.

With the labor force shrinking, training for changes in technology seems to be a critical element. Training should also be used as a way to convey new business objectives and to help establish the relationship between people and technology.

Successful distributors combine leadership, communication, commitment and continual learning with the use of technology to support change.

## **In Conclusion**

It has been proven that technology can be a way to add value, reduce costs and improve information. Investment in information technologies has historically been justified through expected reductions in cycle times and operating costs. However, today, more investments are being driven in support of anticipated growth.

Successful distributors will use technology as a weapon to gain and sustain a competitive advantage. These companies will spend more and take risks to make technology differentiate themselves in the eyes of the customer. The use and leveraging of technology must be part of the management style and culture.

Companies whose management do not embrace technology and use it to drive their business will not be able to keep up with the times, and many will likely fail!