

SYNOPSIS:

Retailers are constantly updating their systems and advancing processes to keep up with today's digital-savvy consumers. Each one of these changes not only requires their associates to adjust, but often requires action and reaction on the part of suppliers and vendors in order to achieve their highest potential. These changes may include adding a new sales channel or fulfillment method, deploying a new system such as a WMS or ERP, or opening a new DC.

When you're thinking about making a change, how do prepare your trading partner community to work within your new environment? What needs to happen to minimize the amount of disruption in the supply chain? How do you maximize adoption within the timelines and timeframes you've mapped out? This episode explores how and when to engage your trading partners in big change management projects.

ON THIS EPISODE:



Host: Warren Knapp, Customer Success Director, SPS Commerce

When he's not providing a superior service experience as a children's taxi service and swim dad, Warren works with buying organization to help them optimize their supply chain. With over 20 years of experience in implementation and consulting, his focus is on listening and partnering to drive superior results.



Guest: Brandon Pierre, Senior Director of Customer Success, SPS Commerce

As a customer success executive at SPS, Brandon Pierre works alongside many retailers and suppliers to develop strategies to address their merchandising and supply chain business objectives. With more than 14 years in the buying organization at major retailers, he has experienced first-hand the opportunities of the digital era and how technology can transform the consumer experience through improved retailer and supplier connections.





Warren Knapp (WK): Welcome to the Mastering the Retail Game podcast from SPS Commerce, where we explore the new rules of retail and provide real-world advice from your peers and industry experts to help you succeed.

I'm your host, Warren Knapp, and today we'll be talking about how companies can engage their trading partners to bring about transformational business plans and mutually beneficial growth opportunities. For more than seven years, I've worked with retailers who are trying to keep up with consumers' need for variety, speed and accuracy. During that time, I've also worked with the suppliers who play a crucial role in ensuring retailers are successful in meeting those consumers' expectations.

As retailers evolve, so do their systems and processes. These changes may include adding a new sales channel, like drop ship, deploying a new warehouse management system or ERP system, or opening a new DC. Each of these changes requires adaptation from the suppliers as well.

When you're thinking about making a change, how do engage your trading partner community to adapt to your new environment? What needs to happen to minimize any disruption in your supply chain? How do you maximize adoption within the timeframes that you need?

In this episode, we'll discuss how and when to engage your trading partners, as well as how to improve compliance across your network overall. "When you're thinking about making a change, how do engage your trading partner community to adapt to your new environment?"

Here with some real-world advice is Brandon Pierre, a former merchant who now serves as the Senior Director for Customer Success at SPS Commerce. Welcome to the podcast. Brandon, thanks for joining us.

Brandon Pierre (BP): Yeah, absolutely. Thank you. I'm really excited to be here.

WK: So when we think about these big changes that retailers and buying organizations are making and the supplier facing side of that as well, where they're going to be asking their vendors to do something, can you just give us some examples of the types of changes that invoke that type of supplier need?





BP: Yeah. Well, we typically see this in a few different areas. You know, one of the, probably most common ones is around when retailers and buying organizations are implementing new systems. Whether that be a new ERP or warehouse management system or new point of sale system, oftentimes those can trigger in order for a buying organization to actually get value and use that system, there's something different that they're going to require out of their supplier community. So that's, I would say probably the most common.

The other thing is just there might be a new process. You know, they have a new warehouse coming on board and they're automating some components or maybe looking at an entirely new fulfillment model. You know, so if they were shipping in bulk and now doing cross dock, some of those activities certainly will require a supplier to change the way that they maybe engage with that retailer to things like just changing processes, in terms of what teams are doing, what and how they work together.

And, you know, lastly, one of the areas that we're continuing to see a lot of growth is just adding new sales channels. So whether that's an online

"Probably one of the most common [changes] is around when retailers and buying organizations are implementing new systems."

sales channel where they're shipping direct from the supplier to their end customer or where they're starting to fulfill orders out of their stores for online, various different ways of getting products to the customers are now starting to, you know, really require retailers to engage with their suppliers on a new, a new way of doing business together.

WK: Yeah. So let's say we've gone down the path and there's a decision that "Hey, we actually are doing something." So we're doing something with our drop ship relationships or we're doing something with our WMS and we're going to need our trading partners to help us in meeting what we need them to do. The question that comes to mind for me is timing. At what point do you reach out and really bring those partners into the fold on what you're trying to do?

BP: Yeah. You know, that's a, that's a really complicated area to start to explore and you know, and we see certainly examples where retailers and buying organizations will go out to their vendor community a little too early with the change and they'll start to prepare or attempt to prepare their suppliers to get ready for a change. But they really aren't clear on what that change is or when it's coming and sometimes you can create extra noise if you go out too early.

The other challenges is if you get too far into the process, and we certainly see a lot of examples of this, where you haven't given the vendors know the appropriate time to actually prepare for doing business a different way.





BP: And so it is, I mean, it's a great question and it's, it's definitely a challenging dynamic. I would say this is where SPS does spend a lot of time consulting with our buying organizations as we typically try to get out early in the process and start to get a sense for how far along is the buying organization in terms of technically what they're going to be looking for and when they're going to be looking for it and how it's going to impact their relationship together. Because when you start to get those things lined up, you can start to get a pretty good sense for when it might be the right time to communicate to your vendor community.

I would say, you know, beyond that, and it's, it's hard to put a true number on it, right? But anything short of like 12 to 16 weeks, I would say if you're getting inside of that window and you're just starting to talk to your vendors about a change you're going to be making, you're probably not giving your vendors enough time. But you know, anything too far beyond that without a clear path starts to get you a little bit too far in advance.

"Don't think about the number of vendors, think about what you're trying to accomplish from a business and then start to figure out how you're going to target those vendors as kind of a starting point."

WK: Well, it's got to vary a bit based on the type of project to do. I would think maybe there's some smaller impacts versus some larger ones.

BP: Yeah, absolutely.

WK: Along with the notion of really some of them nuance there, do you look at all the vendors in the same way or is there some strategic priority in terms of how you approach them?

BP: Yeah, you know, that's a really good question. We oftentimes we'll hear this concept of we're thinking of moving forward with this change, but we may just want to pilot this with a certain handful of vendors. And so I certainly think the expectations you have of your vendor community may differ based on the size or the type of

relationship you have with them. But one of the things we try to coach our retail organizations away from is not necessarily just looking at a specific segment of vendors to roll out a change with. Because the reality is if you're going through that business change and you're going through, you know, changing the way your organization operates, just testing that out with a few vendors? You go through a lot to just get a handful of vendors to go through that change.

And quite honestly, whether it's five vendors or a hundred vendors, reaching out to them and engaging them is going to take the same level of effort. And so you know, really, when we start to talk about how to prioritize vendors, it's truly looking at "What do you as a business want to get through?" Don't think about the number of vendors, think about what you're trying to accomplish from a business and then start to figure out how you're going to target those vendors as kind of a starting point.



WK: Yeah. I have to make small groups present some challenges too because the reality is that vendors talk to one another....

BP: Yeah.

WK: ...and if your requirements go too far a field in the same type of fulfillment model that you're going to end up with probably some vendor thrash there just because you've created confusion probably inadvertently.

BP: Absolutely. And it also, you know, as you start to get to these small groups of vendors, you start to try to attempt to do things for one group of vendors versus a different group of vendors. The next thing you know, what you set out to begin with in streamlining things starts to take on a very different look and feel. So that's part of where we spend a lot of time with buying organizations up front is "Help us understand how your vendor community is made up today. And then let's talk about an approach where you can go to them with a standard way of working." So that you're not taking a very fragmented approach across your entire vendor community because that can be really hard to both to execute upfront as well to manage ongoing.

WK: So knowing that it's a balance that you got to work through there. Any advice or items that you would look at and say, "Hey, these are some key things to sort of get your house in order before you start reaching out?"

BP: Yeah, I look at a couple things that I would say you've got to have in place when you, when you're really ready to engage your vendor community on the change that you're embarking on. The first area would start around some of the messaging. You need to be able to be very clear on why you're

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doing it. What are the requirements that you're going to be looking for and requiring of your suppliers? Being clear on what's changing and why now. And one of the things that I would say retailers oftentimes struggle with is, "Well, what is the benefit to me as a vendor to do this with you?" And you really need to be able to be crisp and clear on that.

And quite honestly, sometimes the answer is just, it's just going to allow us to be better partners together and more efficient. But sometimes it's, you can expect to see this level of cost savings or these reduced days of product sitting in our supply chain because we were very inefficient at processing orders. But you're going to want to think through that because that messaging is really critical to be able to get your vendor partners on board with the change. And then the other thing is, as you think about the changes in the requirements, you're going out to your vendor community with- it's understanding what's already out there in your industry.



BP: Oftentimes we'll see retail organizations that come to us and they're just starting to do EDI. Well they don't have a lot of good context for what their vendors are capable of and what they should be asking for. But it's really important that you're able to, when you think about what you're asking for and why, understand what your vendors are already capable of what's standard in the industry.

And that's where we spend a lot of time with retailers as they start to prepare to reach out to the vendor community. It's understanding what you're trying to do and what the industry is already capable of and how do you marry up those two conversations. But I would say those are kind of the key decision points for me. If you, if you're messaging sharp and prepared and you know what and how you want to talk to it, and then you clearly have a, a good vision for what the requirements are going to be, then you're ready.

WK: All right, so you've made the decision to move forward with the change. You've had some discussions around who to have as a part of that for your supplier group. As you start to think about reaching out, what are some of the challenges that come up?

BP: Yeah, I would say, well, what's fascinating is quite honestly, it's even knowing who your vendors are and who you contact. It might sound pretty crazy to say this, but you know, when you think about the way that the buying organizations kind of have all that information related to who their vendors are and who to contact, oftentimes you'll find that those are in the buyer purchasing teams' Rolodex, someone's email, could be an Excel grid. I mean, I know that buyer, up until my last days, I was still using a Rolodex and that wasn't that long ago. So you know, it is a challenge and, and oftentimes when these retail organizations are looking to roll out this change and talk to their vendor community, we oftentimes tell them it's going to be the long pole in the tent to actually knowing who your vendors are and who you talk to at those vendors because those are the individuals

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you need to be engaging with when you roll this out.

And so I'd say that's probably one of the more challenging areas in what oftentimes is funny is even as you'll see retailers try to roll this out. They'll tend to pull information from an

accounts payable or some sort of system and then you're talking to the billing contact over at your vendor who may or may not be able to make that decision on behalf of the company. So it's really important, that's where all of the work starts to happen is just getting to that right individual and decision maker and it can be really challenging to navigate.

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WK: By the way, for those that aren't familiar with a Rolodex, it was a car system used on many years ago that allowed people to put contacts in and flip to them while they were making phone calls. (laughter) All right. So moving beyond that. So you're bringing up a point there that I think is really interesting and that around, Hey, we ended up with an AP contact because accounts payable actually had someone we could talk to or they had it readily at hand. What I was thinking was though is you still have many people at your organization that may talk with your suppliers. So many people talking to suppliers leads to the risk of mixed messages. So what do you need to think about in terms of communicating the initiative internally before you're reaching out to suppliers?

"Make sure that everyone has the buy-in and conviction that the business is going to stand behind as a whole."

BP: Yeah, you bring up a really good point and that's an area that we focus a lot on with buying organizations and it's around this idea of what you know, so wherever this project is initiated from could be in the technology team, the supply chain team, somebody in merchandising looking for a new way of kind of doing business. It is absolutely critical that you as an organization have taken the time to get the alignment across the leaders of each of those different functional areas and make sure that everyone has the buying and conviction that the business is going to stand behind as a whole. Because you hit on it, Warren. You have a number of folks

that are talking to your vendor partners. You have a number of folks that are making decisions when you get in the trenches and start to roll out this change.

And if they have not heard from their leaders that they are on board, they have the conviction, this does need to happen, you will see that start to fall apart. And quite honestly it's pretty amazing where you'll see a buyer, you know – it could be a CIO of a company, a major company that's running the initiative – but a buyer hasn't heard from their head merchant that it's really important to that head merchant and part of their initiative. And what you'll see is the vendors will start to reach out to the buyers and the buyers are like, "I haven't heard anything from I leader that says I need to do this, so I'm not going to do it." But the CIO is actually, he's already told the board they're going to be rolling this out. And it's amazing how many times you'll see that happen.

It's absolutely critical that you get that alignment, that leadership buy in and alignment upfront, and it is at the executive level. I know that can be challenging and hard and somewhat of a daunting task for folks who are looking to take on these change events. But it's critical and without it, oftentimes you'll see programs really start to fall apart. So it's important that you determine kind of who needs to be in the room, who needs to be bought in, and then really start to create that messaging to get everyone bought in.





WK: You know, one, it's going to be a challenge, too, if you do have a case like that. If you're not aligned and if a supplier is informed by a buyer they don't have to do it, and then you're trying to go back to them later on. All of a sudden you've slowed things down. And I'm sure it's from the supplier perspective, they're thinking, "Well, I didn't have to do with the last time. What's changed?" So I'm sure, I mean, you're creating a lot of work for yourself, I would imagine.

"The moment anybody in your organization comes back with any hesitation, your vendors will immediately kind of jump on that."

BP: Absolutely. And that's the one thing we always say is it's that first moment of truth with your vendor community when you reached out to them and said, "This initiative is what we're looking to move forward with." The moment anybody in your organization comes back with any hesitation, your vendors will immediately kind of jump on that. You know, not jump on it necessarily in a negative way, but it creates some doubt in their mind that if they go through with it on their end, are you really

going to stick behind it or not? Because you don't seem to know about it or you have questions about it. And so yeah, that alignment- I can't even. You know, we attempt to put a weight on it, but you can't even put a weight on it in terms of the importance of it and actually effectively rolling out change.

WK: Do you have any advice for organizations how to disseminate that? I mean, I think about some of the organizations that I work with and you think about, "Okay, well the merchandising team is on board, but then wait does second, there's also our procurement team that's probably involved with some of the day to day back and forth with suppliers or vendors." Any advice on how you would push that through? Because you could potentially have a lot of people.

BP: Yeah. You know, that is a great question and I don't have an easy answer for it quite honestly. Usually we attempt to find an individual or a champion within a buying organization that may or may not be attached to the project that has the ability to align across various folks in the organization. It could be title, but oftentimes it's not even title. It's just understanding how the makeup of the organization works and who needs to be brought in, and that's usually where we'll start with the either the project sponsor on some of these or else the project managers is starting to figure out who in the organization can get the folks aligned and bring the right folks into the room. And usually you need to find somebody that's pretty good with kind of change management has those relationships that are across the company that can get folks into the room.





BP: That's where, I would argue, buying organizations do need to look to partners like SPS in some of these initiatives. "So okay, if I get the right people in the room, what types of conversations do I need to have with them? I haven't been through a big change program like this. I haven't asked my suppliers to do something this big. What does that look like?" And that's where we really lean on if you can help us get these players from your organization in the room, that's where we can start to come in and talk about what some of the best practices are and what the impact will be if you're not able to follow some of these best practices and to start to think about this as an organization.

WK: So there are a lot of different variables going on here, which always leads me towell, change can be challenging. So can you talk a bit about for organizations taking on a change like this, how important is their, really frankly, company culture when it comes to change management?

BP: Yeah, it's absolutely critical. You know, oftentimes I'll say technology is usually the easy

part. And I know that might get some cross looks from the technology folks that might be listening to this, and that's not to downplay it. There's a lot of work that needs to happen with the technology side, but that's usually the piece that ends up being executed really well. When you start to run into challenges- And so, okay, now we've built out the technology, "Now I'm capable of doing this. Now my vendor partners are capable of doing this, but it's a different way of doing business." And my business, my teams that run my business have gotten really accustomed to doing things the way that they have.

They've been really successful at doing business the way that they have. Why should they be doing it differently? And I can speak to this as a buyer for many years and coming out of a buying organization,

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buyers are sometimes the hardest because they're really good at what they do. But they get very set in their ways. They get very comfortable with Excel, they get very comfortable with email, and those aren't necessarily the most efficient ways for a business to run. And, and as you know, as companies make this change, that's the challenge that they're working through. And so you've gotten through the process of going out to your vendors, you've gotten the technology put in place. But really staying behind this as a culture, as a business, we've got to adopt this in order to keep up with what our consumers are looking for is absolutely critical.

WK: All right, so let's go down the path of, you've really rolled out this change, the project's rolling and going along with that, there are always the bumps that come up along the way. And so we just talked a little bit about, I think it was a great explanation you gave around the cultural shifts, but are there other steps that have to get made to really ensure that cultural piece stays ingrained?





BP: Yeah. Gosh, there's no, honestly that question, there's a lot there. And I'd start with, you know, there's the cultural piece is we spend a lot of time- and you heard me talk about getting executives up front. Well, what we're seeing a lot of need for is, okay, well once that technology's in place and the new capabilities are in place for the retailer and their vendor community, we then come back to them. We spend a lot of time with the executive team saying, "Okay, here's what we learned about you. Here's what we learned about your vendor community". And it's important that retail organizations take that time to say, "Okay, well now what's next? How do we want to really keep this change driving and going forward?" And quite honestly, it usually entails a high level of cross functional teams within the organizations working together. Working together

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across technology, supply chain, merchandising, finance: you know, it really touches all those parts.

But it's continuing to make sure that the change in the day to day way that the business operates is really being seen through and trained on and coached on and developed on. And I would say that's probably the most like critical area to kind of start as you get through this change and start to get into the adoption side. And that's not even getting into the whole, you know, compliance monitoring side of it.

WK: That's actually I, we're just going to ask about us. And so we've, you've talked a lot about here, the alignment internally, we've talked about reaching out,

having the right contact at suppliers to move forward. But there is that element of, "Hey, it's great we did this initially. How we make sure we're doing it for the long term.

BP: Yeah, yeah.

WK: Any advice there for folks on how to think about that strategy?

BP: The compliance piece is really where we start to look at it and we say, you know, there's a whole component of this around vendor management and data flow monitoring that starts to play into this, regardless of what change you put into place.





BP: Oftentimes we use this concept of a vendor scorecard and vendor relationship management. And that's not intended to be a negative thing, it quite honestly can be a great alignment tool between these buying organizations and their vendor partners to say, "Hey, remember we rolled out this change here with our expectations? It looks like you're not sending this document with this data piece. And as a reminder, here's the impact that it has on us when you don't do that." Or "It looks like you're doing really good in this area, but we're struggling in this area. Let's talk about how we can start to help each other."

And SPS certainly plays a key role in being able to help retailers and buying organizations do that, but there becomes a point in time where you do have to enable those folks that are owning the vendor relationships to just have that as part of their ongoing dialogue. Because you rolled out this change because it was critical to your business, that should be a part of that ongoing dialogue between your buying and purchasing team and the vendor community on how they're performing. It's just another, another metric, another thing you're looking at similar to the way that buyers will talk to their vendors about how their sales and items are performing well. Some of that could be impacted by how well they're adopting this new change you put in place as well and tying that conversation together is really critical.

WK: I really liked the point you made there about this is what it's costing us. I think the tendency when you hear about compliance is to jump immediately to the really large retail organizations that are doing chargebacks and direct fees and I think there's an awful lot of room there for other partners really to look at it as well. Maybe it's not a direct cost to you, but it's something that we're tracking and that can be an awfully beneficial conversation helping suppliers to understand the value to you.

"It's just another metric, another thing you're looking at similar to the way that buyers will talk to their vendors about how their sales and items are performing well."

BP: Yeah. It's funny that you bring that up, the whole compliance relation to charge back. I feel like those two are falsely used interchangeably. And they're not, you know, it's certainly historically, sometimes if a vendor is not compliant with a retailer, they will use chargebacks. But we tend to get into these conversations with retailers, and I would argue, compliance is as much about education in a business relationship as it is about a charge back. Like, sure, you can charge them back, but they're probably going to be taking that money out of somewhere else. So rather than just charging them back, which sometimes is just required to get them to take note, but rather than just focusing on the charge back, the compliance really can be about relationship and education that we can see move the needle significantly. And I would argue oftentimes even more productive than actually layering a charge back into the conversation.





WK: All right. Well do you have any other final thoughts or advice for companies who are thinking about these types of transformations and really focusing on how do we do it well?

BP: Yeah, I think you know, for me, it would be when you start to undertake these projects, especially, you know, I talked a little bit about the change in the culture, and what I would argue is, we tend to work with retail and buying organizations that are really successful at what they do

But change management technology layered into supplier relationships? They aren't doing that a lot. You know, they tend to be successful based on the way they've done business and how they've done business. And so really my advice would be, when you start to look at that change look at kind of what are the things we need to be considering? What are the things we need to be preparing for? Are we certain that this is important to our business? Because it will be requiring change on both myself and my vendor partner and I really need to think through, "Okay, well when that happens, do I have a strong firm grounding in this is absolutely the right business decision for us?" Because any little friction, any little pushback that comes up along the way is really going to test you and you've got to be confident that "Yes, this is where we're going to go."

And once you have that in place, some of the stuff we've talked about today is all that much more easy to start to implement. But if you don't really have that firm ground in that "This is absolutely critical and here's what it's going to deliver for us for

"What are the things we need to be considering? What are the things we need to be preparing for? Are we certain that this is important to our business?"

our business," and "This is why it's important," it can be hard to see some of that through. And we see that all the time. You know, we'll have CIOs and CEOs that come to us with the change that they want to pursue, but it sounds nice or it might be nice to kind of go down that path. And then they start to go down that path. And a couple of vendors are like, "Well, this is going to cost me some money. Are you really sure you want to do this?" And then they're like, "Nah, I'm not really sure." And next thing you know, you went out to your vendor community without that conviction and you're kind of seen as a less strategic, less thoughtful organization and individual. And so that's where I continue to come back to, you know, you've got to think about how important this is to you and your business. And then we can start to work through some of the stuff that's related to how do you get your organization onboard? How do you develop that messaging? Getting your vendor community- those things will start to fall in place so long as you really have that conviction around moving forward with the change.





WK: All right, so clear conviction, a clear vision for where you want to go, figuring out the right pieces around how you're going to contact your suppliers, really looking at your culture and embracing the change. Anything else you can think of?

BP: Yeah, Yeah, that's a good question. I guess, you know, we talked a lot today about some of the things that I would term that are best practices for how to get an organization ready for change. And those are some of the tried and true principles and practices that we see put in place. You know, the last thing I guess I would comment on is just more so of providing the organizational lens to the future. You know, one of the things I love about what we do when we work with retail organizations that are working through these big changes, is they truly do start to see the impact and benefit that it has on the organization when they get through this change.

And you know, one of the best examples I have is we were recently just onsite with a buying organization with about 50 folks from their purchasing team. And when we started to go through some of the tools and things that they were now all capable of, you could see the excitement and passion for how they were thinking differently about how to manage their business. And these are the same folks that were having to comb through their Rolodex to

find the vendor information. they were having to respond to the vendor questions. And you know there certainly was some involvement from them and some challenges with them as they look back on the process. But having them kind of see the outcome just further reminded me of just the need to paint that vision for your organization, that what you're embarking on is going to have this type of business impact. You're going to see a day, four months from now, where you're going to have

"It's fun to watch as organizations go through this change and start to see the real impact because it absolutely is enabling them."

an improved business process where you're spending two hours less following up with your vendors or you're going to be driving two times the amount of sales because you're not having inventory bogged down because you didn't know where certain shipments were at.

And it's that ability to kind of set that vision and execute on that for the company. But it's, it's fun to watch as organizations go through this change and start to see the real impact because it absolutely is enabling them, you know, to leverage the things that they've always been really good at. But also adopting that to what things they could be doing even better.





WK: Well, this has been great and just some great advice, some great, great observations there. And it's not often you hear of a Rolodex referred to twice in 20 minutes this day in age. So thank you so much for the time.

BP: Right. Yeah, absolutely. Thanks, Warren.

WK: Thanks for listening to this episode of Mastering the Retail Game. You can read transcripts of this podcast, review show notes and listen to other episodes by visiting spscommerce.com/podcast or by subscribing through most major podcast streaming services. Join us on the next episode of Mastering the Retail Game for more tips on to win in the new retail environment.

Until then, this is Warren Knapp signing off.

