

Achieving Triumph Through Cooperation

NACDS Retail Advisory Board looks to lend strategy assist

By Steve Anderson

Trade associations should not tell members how to run their businesses. Groups have fallen off the tracks that way. However, many associations — including NACDS — were created in part to foster an ecosystem, where businesses can maximize their performance through collaboration.

As part of NACDS' 85th anniversary, I am citing a theme established by the second president of NACDS, Nate Shapero. He spoke about the "Triumph of Cooperation" — the vision that NACDS would be "an effective instrument for the development of a sound relationship between the manufacturer, the producer, the chain store and the public."

Our modern pursuit of that vision has produced a resource that can set a highly positive and constructive tone for collaboration amid the challenges and opportunities of 2018. It serves as a guide to identify the factors most likely to determine the success of retailer-supplier partnerships.

About the Quadrant Analysis

The NACDS Retail Advisory Board — chain and supplier representatives who advise the NACDS Board of Directors on front-end issues — conducted a "quadrant analysis." Each quadrant represents types of collaboration between partners of specific business sizes — smaller chain with smaller manufacturer; larger chain with smaller manufacturer; smaller chain with larger manufacturer; and larger chain with larger manufacturer.

Size of Sales, or Size of Strategy?

While it is convenient to describe each quadrant in terms of a retailer's or manufacturer's size, the discussion should not be thought of entirely in terms of a company's sales magnitude. In fact, it may be preferable to think of the quadrants as referring to a company's "strategic size" — its ability to strategize in a big way.

The NACDS Retail Advisory Board notes that many smaller companies — chains and manufacturers alike — tend to play decidedly "big" in terms of strategy and execution.

Top-to-top Meetings, Senior-Management Access Vital

Top-to-top meetings and access to senior management emerged as dominant themes across all forms of collaboration. Regardless of the size of chains or manufacturers, it is essential to have adequate touchpoints with company leadership at key points throughout the year to exchange and align visions, missions and values.

Discussions need to be sufficiently strategic and bold, and specific in discussing opportunities presented by the collaboration. The conversations should focus on win-win scenarios, and necessary actions. These meetings can set or reset the direction of the collaboration and establish a series of higher-level engagement on strategic initiatives that are over and above the day-to-day engagement between the collaborators.

Partnerships Thrive among Companies of All Sizes

Tremendous motivation exists for partnerships among companies of similar and dissimilar sizes alike. There are many stories of products from smaller suppliers yielding remarkable profitability for chains of all sizes. There also are many stories of smaller retailers providing valuable opportunities for larger suppliers to test,

measure and assess the performance of products and strategies.

In achieving these advantages, there are plenty of dynamics on which partners will need to keep a close eye. The quality and effectiveness of a manufacturer's representative can make a tremendous difference when a smaller supplier works with a large chain. The manufacturer's representative needs to understand the go-to-market strategy, to maximize the level of service and have the power to make decisions.

A relationship of a larger manufacturer and a smaller chain will benefit from a 1-to-3 year growth plan, the identification of synergies and total alignment around an action plan and deliverables.

It also is important to note that larger retailers and larger suppliers have tremendous opportunities to enhance collaboration in their partnerships with each other as they prepare for the future.

The NACDS Retail Advisory Board's quadrant analysis will help to shape conversations within the industry and between partners throughout 2018 and beyond. The goal is to continue to achieve the "Triumph of Cooperation" that was envisioned more than eight decades ago, one retailer-supplier partnership at a time. **dsn**

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