



NATIONAL ASSOCIATION OF
ELECTRICAL DISTRIBUTORS



Executive Guide #9 Innovating with Mobile Technology

*Developed by the NAED Strategic Technology Committee
Published September 2014*

PURPOSE OF THIS DOCUMENT

NAED's Strategic Technology Committee created the *Executive's Guide to Innovating with Mobile Technology* to assist distributor executives in understanding mobile technology innovations, the importance of mobile technology for the future of the electrical distribution channel, provide tips for getting started and recommended resources. Future Executive Guides will explore mobile technology for the distribution sales force, how mobile technology is changing the role of marketing and information technology (IT), as well as mobile technology for purchasing, warehouse and delivery.

In 2012, NAED's Strategic Technology Committee published Executive Guides on strategically managing your company's online presence and e-commerce capability. They are available for download at www.naed.org/strategictechnology.

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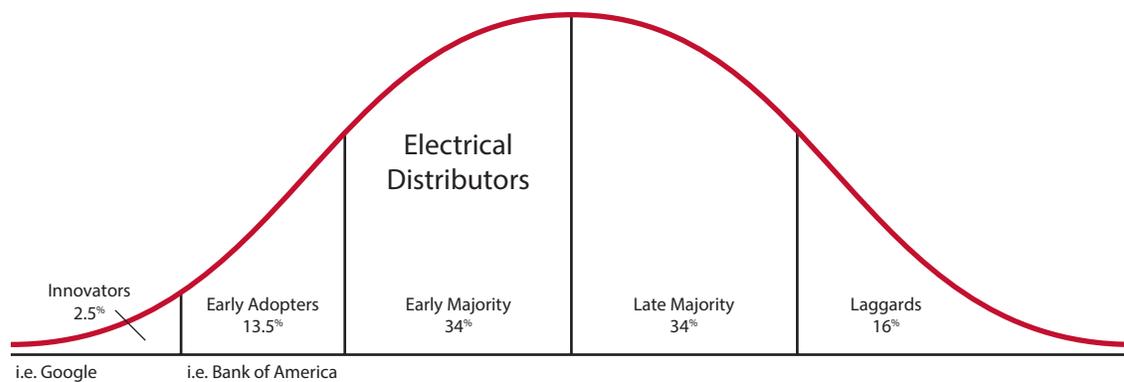
- Introduction/Background
- Why Technology Innovation is Important
- Implementation Tips
- Recommendations
- Recommended Resources
- What You Can Do

INTRODUCTION

Much of electrical distribution's business greatness is intertwined with its eagerness to anticipate the future—*change as new technologies, economic realities and work place dynamics evolve*. The key to the electrical distributors' success has been adopting technology at just the right time—*not too early, nor too late*. So, while electrical distributors generally aren't innovators or early adopters, we can be the early majority when it comes to technology.

Exhibit 1. Technology Adoption Lifecycle

(Based on Rogers' bell curve)

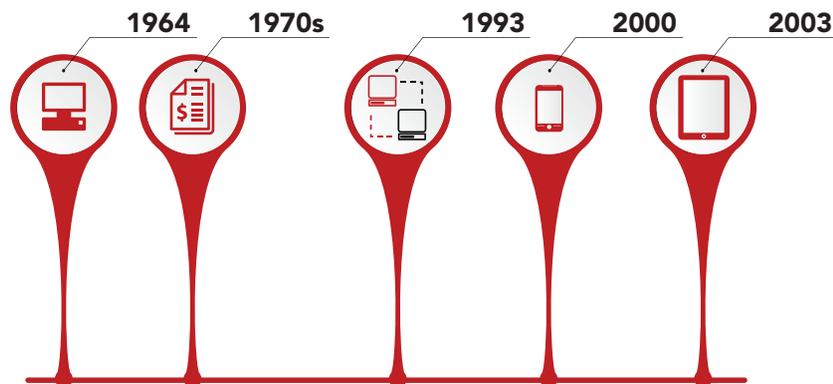


Let's take a look at some of the technological innovations helping electrical distributors offer better customer experiences over the years (see exhibit 2):

- Within five years of the 1964 introduction of the IBM System 360 computer, 90,000 businesses (*and many electrical distributors*) replaced manual inventory control and accounting systems with computers.
- The processes electrical distributors used for issuing purchase orders and invoices, as well as the preparation of quotations and other documentation customers require, was improved in the 1970s when word processors, desktop computers and Telecopiers (*predecessor to fax machines*) appeared.
- The Mosaic browser was released in 1993, making the Internet available to the masses. In 1995, usage of laptop computers began to gain traction, Amazon.com went online as a book seller, PayPal facilitated e-commerce and distributor websites began appearing. Google and eBay debuted in 1998 and by 1999, more than 300 million people used the Internet for work and play. Information previously available in print or over the phone became accessible from an Internet connection—24 X 7—changing electrical distributor's role as product information sources from that point forward.

- The first smartphones were marketed in 2000, with Blackberries becoming addictive appendages for executives and salespeople. But it wasn't until the iPhone appeared in 2007, followed by the introduction of the Android operating system in 2008, that mobile technology gained traction.
- The introduction of the iPad on April 3, 2010 signaled the need for anywhere, anytime connectivity for anyone in the business world.

Exhibit 2. Technology Timeline



WHY TECHNOLOGY INNOVATION IS IMPORTANT TO ELECTRICAL DISTRIBUTORS

While the world is changing at an ever increasing pace, electrical distributors have always adapted to changing times with technology innovation. Today, e-commerce and mobile technology are merging content and community in real time, making information available when the customers want it, where they want it and in the form they want to receive it.

TOP FIVE REASONS TO ADOPT NEW TECHNOLOGY

1. Meet Customer Expectations
2. Ensure the Viability of the Channel into the Future
3. Level the Playing Field
4. Enhanced Customer Relationships
5. Make Doing Business Together Easier

Electrical distributors with e-commerce websites and mobile technology integrated into day-to-day operations reinforce their role as the “go to” place for information. Mobile technology and e-commerce websites also help electrical distributors respond to customer expectations and ensure

the long-term viability of the channel into the future. E-commerce and mobile technology can also help electrical distributors level the playing field, enhance relationships and collaboration with customers, and simplify doing business together.

Technology Can Help Electrical Distributors Meet Customer Expectations

Customers are adopting mobile technology in the workplace in ever increasing numbers. They expect the same convenience, key word search capability, real time information, seamless transactions and returns capabilities on their smartphones and tablets at work as they receive as consumers. This trend represents a significant opportunity for electrical distributors to engage and serve customers on the customers' own terms—*how, when, and where they each want to be served*—by offering e-commerce websites and mobile apps optimized for smartphones and tablet computers.

Technology Can Help Ensure the Long-Term Viability of the Channel

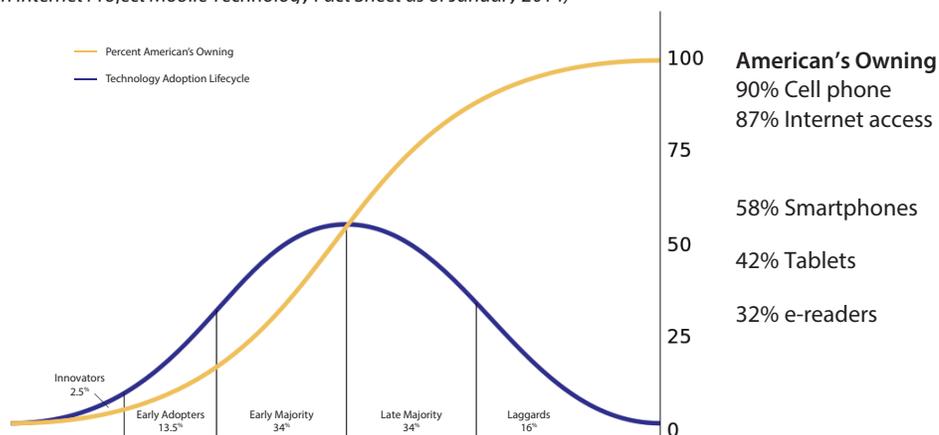
Technology can be used as a competitive weapon as well as lead electrical distributors to new markets and new opportunities. Electrical distributors must continue to innovate in order to meet customers' ever changing needs—as *Jack Welch, a former CEO of GE, said, "Control your own destiny or someone else will."*

Without a proliferation of e-commerce websites and mobile apps optimized for smartphones and tablet computers, outsiders can view electrical distribution as uncontested market space—"blue oceans"—ripe for innovation. Remember the impact of Amazon.com on independent book sellers and the national bookstore chain, Borders?

Electrical distributors are at an inflection point when it comes to e-commerce too. According to the Pew Research Internet Project Mobile Technology Fact Sheet, in January 2014, 32 percent of Americans owned e-readers, 42 percent owned a Tablet and 58 percent owned a smartphone.

Exhibit 3. Technology Ownership in the U.S. in January 2014

(Pew Research Internet Project Mobile Technology Fact Sheet as of January 2014)



Still not convinced the time is right for e-commerce websites and mobile apps in electrical distribution? In contrast to the technology adoption rates in Exhibit 3, respondents to an August 2014 NAED survey of IEC and NECA contractors revealed 89 percent used a smartphone for work, 58 percent used a tablet for work and 24 percent used mobile apps to find products, check stock and place orders. Distributor investments in e-commerce and mobile technology are investments in the future.

“89% of contractors use a smartphone for work; 58% use a tablet.”

Technology Can Help Level the Playing Field

Online, company size doesn't matter. Small and medium electrical distributors' e-commerce websites and mobile apps can offer similar features, functions and benefits as billion dollar behemoths. In fact, respondents to NAED's 2013 Technology Benchmarking Surveys indicate websites with order placement capability were available at electrical distributors with sales as low as \$1.4 million. Physical location becomes less of an issue online too, reaching customers outside electrical distributors' geographical footprint.

Not sure how to get started? You don't have to build this capability in-house. There are plenty of service providers offering ready-made e-commerce websites and mobile apps optimized for smartphones and tablet computers. To find the right solution for your company, check with your ERP vendor, tap into your NAED networking group, ask friends for referrals, or “Google” terms such as “e-commerce website companies” and “mobile app development companies” to find potential service providers.

Technology Can Help Enhance Relationships

Real time connectivity and social networking merge content with community and commerce, offering new ways to engage with customers. Once technology links two companies together to collaborate, share information and automate routine processes, those links are hard to break.

Additionally, while some seasoned veterans—*both customers and company associates*—may be reluctant to embrace new technology, sharing via chat, texting, social networking and online ordering are a way of life for those born after 1980 (*also known as Millennials, or Gen Y*). Mobile technology can help bridge this generational divide and facilitate the exchange of knowledge and purchase orders. Just make sure company associates and customers are exposed to and trained on how to use the new technology.

Technology Can Help Simplify Doing Business Together and Lower Operational Costs

Whether provided by an e-commerce website or mobile app, online self-service for routine transactions can enhance efficiency, replace time spent on the phone checking stock or order status with value-added interactions, and facilitate root cause problem-solving. As an example, the NAED Education & Research study, “Maximizing Sales: Techniques & Tools to Boost Selling Productivity,” published in October 2011, found distributor websites with online ordering capabilities saved each outside sales reps an average of 170 hours annually.

“Online ordering can save outside sales reps 170 hours annually.”

TIPS FOR INTEGRATING NEW TECHNOLOGY INTO DAY-TO-DAY OPERATIONS

Technological innovation is electrical distributors’ new, constant reality and it is occurring at an ever increasing pace. Five years ago, a tool such as a tablet computer was unthinkable. Rather than embracing technological innovation, however, some people may prefer to maintain the status quo—*sticking with proven methods that have always worked in the past*. Yes, the industry did survive the threat of home centers. But unlike home centers, ignoring e-commerce and mobile technology will not make them go away. This time the change is much more pervasive and unavoidable. The riskiest thing any electrical distributor can do right now is wait on the sidelines. The time to act is now!

Often the hardest part of any journey is getting started. The first step on any technological innovation is updating company culture—including *values, mission and vision*—to reflect current and future business realities. Organizational attitudes towards change may also be required. Are you ready to begin the journey?

TECHNOLOGY IMPLEMENTATION TIPS

1. Appoint Executive “Champion”
2. Share Business Reasons for Adopting
3. Address Fears
4. Involve Employees
5. Communicate , Communicate, Communicate

Appoint Executive “Champion” to Lead Implementation

Successful implementation of change requires the support and buy-in of company executives as well as an executive-level “sponsor” or “champion.” This individual must understand the company’s strategic vision, corporate culture, organizational issues, and be passionate about the new technology as well as possess the resolve and commitment to keep the initiative moving forward.

Without an executive champion, the technology implementation may lack strategic significance, fall prey to day-to-day emergencies, suffer from a shortage of internal resources, lack of training time, and/or lack of commitment from others in the organization to move past the status quo and embrace innovation.

Communicate the Business Reasons for the New Technology

Since humans thrive on routine and predictability, understanding the business reasons for change—*evolving customer expectations, competitive reasons, trends, etc.*—allows us to be more open to innovation. Address the specific culture and skill changes required and acknowledge past technology implementation missteps. A good starting point for educating employees is by customizing the business reasons for the new technology found on Pages 4-7 of this Executive Guide.

Address Fear of Change (False Evidence Appearing Real)

“The oldest and strongest emotion of mankind is fear, and the oldest and strongest kind of fear is fear of the unknown.” -H.P. Lovecraft

Old habits die hard. Changes at work consistently rank as one of the top life stressors. Workplace changes, whether new technology, processes, procedures, organization structures, etc. can raise fears of failure, looking stupid and the unknown. This can cause anxiety over possible unemployment, affect employee morale, as well as impact willingness to learn new technology. Whether fear results from past experience, personal bias, or concern about appearing inept, understanding the root cause of the fear is the key to overcoming it.

Examples of Fear Verbalized

- *“We have always done it this way and it has worked fine.”*
- *“I don’t think it will work here because we are different than...” or “We have unique needs.”*
- *“Our employees/customers would never support it.”*
- *“Ideas that come from ___ are never good.”*
- *“We tried that once and it didn’t work.”*
- *“I read somewhere that it has a lot of problems.”*

While employees’ fears may be understandable, lack of innovation is a business killer. Confidence is the key to learning today’s technology. Carefully listen to and consider the effect of the new

technology on employees comfort levels, but don't let fear of change stand in the way of progress. Leadership support, open communications about changes to current processes, and ample training can help fearful employees feel more comfortable about, and accepting of, new technology. Involving employees in planning the technology's implementation also goes a long way towards allaying fear.

"Confidence is the key to learning new technology."

Involve Employees in Technology Implementation Planning

Go beyond asking employees for their opinions and actively involve them in the process of documenting current processes, re-imagining new processes, creating training programs, and so on. Besides demonstrating leadership's respect of their knowledge and expertise, being responsible for designing impending change gives employees control of their own destiny. It also helps to ensure buy-in and commitment to success. Plus, no one knows processes—and *the potential pitfalls*—better than the people actually doing the work!

Active employee involvement in technology implementation will enhance collaboration and communications, as well as ensure the technology is intuitive and easy to use. No one wants to look inept, especially when their job is on the line. Participation in implementation planning also provides time to feel more comfortable with the technology, gain knowledge and skills, and improves confidence in using it. Designate tech savvy employees as Subject Matter Experts and make sure they have plenty of time available to coach co-workers outside of structured training classes. Studies have shown the first two weeks after a technology change are the hardest, after that the technology usage becomes ingrained. Consider having daily implementation recap sessions to help everyone learn from missteps and suggest "tweaks" to the systems. Immediately celebrate successes as they arise.

"Ask tech savvy employees to take the lead."

Communicate, Communicate, Communicate

Periods of technical innovation and change require intentional, concerted, on-going and multi-directional communications with multiple communication methods. Distributor leadership must be visible, actively involved and encourage questions. Actively listen to concerns, share what you are hearing, and get involved in developing solutions for any problems. Stay true to your word. If for some reason your intentions change, share the information with employees immediately and explain why your intentions changed. Communicate confidence in employees' resolve and commitment to the initiative. Recognize employees for extraordinary efforts. Communicate, communicate, communicate. Then communicate some more.

COMMITTEE RECOMMENDATIONS

Don't be left behind! Think about mobile technology in terms of how it can help your company meet customer expectations, ensure the viability of the channel, level the playing field, enhance customer relationships and make doing business easier—*be more productive, generate more cash, grow sales, etc.*

Maintain visibility into your company's mobile capabilities. Use this white paper to stimulate discussion within your company about the challenges and opportunities of mobile technology. Create an Information Technology (IT) strategic plan or technology road map to help bridge the gap from where you are today to where you want to be with mobile technology.

“Create a technology road map.”

Be on the lookout for additional white papers from NAED's Strategic Technology Committee during the fall of 2014, including mobile technology for the distribution sales force, how mobile technology is changing the role of marketing and information technology (IT), as well as mobile technology for purchasing, warehouse and delivery.

RECOMMENDED RESOURCES

National Association of Wholesaler-Distributors (NAW)

Facing the Forces of Change®: Reimagining Distribution in a Connected World by Guy Blissett

(Published December 2013)

NAED's Education & Research Foundation

The Path to Disruption: Innovative Technologies & the Electrical Distribution Industry

(Published 2014)

Alternate Distribution Channels

(Published August 2014)

NAED's Strategic Technology Committee

Executive Guide 1: Strategically Managing Your Company's Online Presence

Create an online presence that aligns with your company's strategic priorities using this guide, offering sample questions to ask when determining how customers find and use your website.

(Updated June 2012)

Executive Guide 2: Checklist for an Effective Online Presence

Transform your website into a competitive advantage with this second Executive Guide, offering a checklist of topics to discuss with your IT team.

(Updated September 2012)

Executive Guide 3: Strategically Managing Your Company's E-commerce Capability

Build an e-commerce platform that helps you increase sales, improve efficiencies and cut operation costs.

(Published June 2012)

Executive Guide 4: Checklist for an Effective E-commerce Website

Examine many of the details required for an effective e-commerce website and elaborate on ways to push your website to the next level.

(Published August 2012)

Executive Guide 5: Mobile Device Security Policy

Setting up a security policy is important for electrical distributors because it mitigates risk exposure, limits liability and damages and reduces operating expenses.

(Published January 2013)

Executive Guide 6: Server Virtualization

Server virtualization is a technology that enables a single physical server to be divided into multiple logical servers. This process is essential to the industry because it decreases capital outlays, reduces operating expenses, increases availability and improves responsiveness.

(Updated February 2013)

Executive Guide 7: Selecting Tablet Computers

Since the introduction of Apple's first generation iPad®, tablet computers have become essential business tools. This guide defines why mobile devices are important in the industry.

(Published April 2013)

Executive Guide 8: IT Disaster Recovery

Developing an IT disaster recovery plan is the first step in ensuring business continuity. This guide will help you take the first steps.

(Published April 2013)

Interesting Articles

12 Tips for Overcoming Your Fear of Change at Work

(Published January 2014)

10 Great Companies That Lost Their Edge

(Published August 2010)

WHAT YOU CAN DO

Please help us leverage the collective knowledge of the industry by giving us your feedback!

Share your insight and input with the Committee by calling NAED Member Services toll free at 1.888.791.2512 or emailing memberservices@naed.org.

Be on the lookout for additional tools from NAED's Strategic Technology Committee in fall 2014, available for download on [NAED's strategic technology website](#).

UPCOMING TOPICS INCLUDE:

- Mobile technology for sales personnel
- How mobile technology is changing the roles of Marketing and Information Technology
- Mobile technology for purchasing, warehouse and delivery personnel