

Why is Collaborative Commerce Important NOW?

By Jim Nadler, Senior Vice President, afterBOT, Inc.

As we navigate through some of the most demanding economic issues of the past three decades, it is clear that now is the time to prepare for a new consumer. The retail industry has been greatly affected by the recent drop in consumer spending and if you analyze and understand the signals around you it is obvious some of the change is permanent and future success will require a new business paradigm.

At the recent NRF Conference, in a session entitled “The Sky Has Fallen, Now What”, a noted economist stated that the percentage of GDP tied to consumer spending had risen from roughly 60% in 1980 to nearly 72% before the fall last year. The other side of the equation was an ever decreasing savings rate; the combination of which was simply not sustainable. The forecast is that over time the consumer spending will retrench to where it once was; a prediction that will have major consequences for the industry.

Myron “Mike” Ullman, Chairman & CEO of JCPenney openly stated that the competitive and economic pressures retailers are facing will require new ideas, a new urgency and a better understanding of what the customer really wants. As part of that process, we see renewed evidence of success when retailers adopt an open approach to collaborative commerce. Retailers working in tandem with the supplier community will enable both to better leverage their respective skill sets and drive the industry to a truly customer centric model.

While there are many definitions of consumer centricity, Brian Hume, President of Martec International has come up with what I believe to be the best. Simply put, “Customer Centricity is an environment in which EVERY decision a retailer makes is made in the interests of the customer.” This applies to literally everything where there is a decision to be made. The core belief is that if you do the right thing for the customer it will be the right thing for the retailer and by extension the supporting supplier community in the long term even if it seems to work against short term profit motivations.

To reach these objectives; a more focused approach to collaboration will be necessary. The challenge, of course, is that there are significant political and cultural challenges to overcome. In declaring that you intend on being a customer centric retailer requires a change in your relationships with your customers, your suppliers and the third party infrastructure supporting those efforts. As a result, effective use of technology is an imperative. Who are your customers, what do they want, what price will they pay, what services do they require and how do they want them delivered?

In his recent book, Wikinomics, author Don Tapscot states, “Many mature firms are benefiting from this new business paradigm. Companies such as Boeing, BMW, and Procter & Gamble have been around for the better part of a century. And yet these organizations and their leaders have seized on collaboration and self organization as powerful new levers to cut costs, innovate faster, co-create with customers and partners, and generally do whatever it takes to usher their organizations into the twenty-first century business environment.”

From a retailer’s perspective many of the practices in place today will be eliminated or replaced with processes that focus solely on what is right for the consumer. And as the

'new' consumer emerges from the downturn, the winners will be those retailers who have taken the time to reflect on how collaboration and ultimately the integration of Customer Relationship Management and Supplier Relationship Management provide a clearer focus on the "Customer in Control."

NOW is the time to define your role in this transformation! Are you prepared to do so or are you "hunkering down" while others take the lead?

About the author



Jim Nadler serves as Senior Vice President at afterBOT and heads up the Business Development & Marketing team. Jim brings extensive knowledge of retail to the company, which he joined in November, 2000. He has spent the last four years working with retailers and the supplier community to develop best practices in support of delivering the operational excellence at store level necessary to ensure a superior customer shopping experience.

afterBOT's TransAccess® solution enables a real time COLLABORATIVE COMMERCE platform. TransAccess® utilizes a web enabled post sales transaction management infrastructure to provide anywhere, anytime information access to customers, suppliers, and field merchandising teams to improve operational efficiency, increase marketing effectiveness, and drive store execution.

Prior to afterBOT, Jim spent 21 years at NCR Corporation where he held a number of sales, marketing and sales management positions. He has long been involved in Customer Relationship Management focused applications, beginning with his involvement as NCR's representative to Andersen Consulting's Smart STORE 2000 in 1988.