



shift to tomorrow

WITH HOST DIRK BEVERIDGE



An Open Letter To Wholesalers And Distributors

WRITTEN BY

DIRK BEVERIDGE

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Welcome to episode one of our new podcast Shift To Tomorrow. For those of you I'm meeting for the first time, I'm Dirk Beveridge, Founder of UnleashWD. We are a design strategy, and innovation firm that helps legacy distributors become nimble and innovative market leaders.

When COVID unleashed itself upon the world and our businesses, at UnleashWD we pivoted to provide our clients, community and tribe four things. We wanted to reach out and hug the industry, provide inspiration, deliver needed insights, and to provide a forum for connectedness.

This mission turned into over 50 conversations I had with wicked smart individuals - speaker, leaders, consultants, distribution CEO's and regional managers, authors, professors, futurists and more. The common thread ... help us all approach each and every day through this new normal - this time of unprecedented uncertainty with a commitment of not just managing through the pandemic, but leading to ensure each of us and our employees individually as well as our businesses - comes out stronger on the other side.

A premise I call Shift To Tomorrow.

This podcast series is based on these conversations - as I'll be sharing all 50 plus in the coming weeks with you right here.

It's important for context as well that we start today with an open letter to distributors that I penned on the 33rd day of the new normal. And I'd like to share that with you now.

An Open Letter To Wholesalers and Distributors: Shift To Tomorrow

“The historic challenge for leaders is to manage the crisis while building for the future.”

Henry Kissinger • Wall Street Journal • April 3, 2020

For most of the first quarter of 2020, distributors were continuing to enjoy a 10-year period of growth. Business was good – So good that one of the primary problems was a good problem, low unemployment rate of 3.5% in February.

Business was marching on. The outside sales team was out making calls. The inside team was servicing accounts. The warehouse team was picking, packing, and shipping and the drivers were delivering the right product, to the right place, at the right time. Meanwhile human resources was working on employee engagement scores, finance preparing the monthly financials, and marketing was designing new ways to reach customers.

And then a...

Monster Force

There was an unseen enemy beginning to spread the globe that could not be classified as a mega trend or even a big shift. It came too fast and without warning. After 27 of the first 41 people hospitalized in December 2019 passed through a market in the heart of Wuhan city, within the Hubei province of China, COVID-19 unleashed itself on the world.¹

And... upon your business.

COVID-19 morphed quickly from a joke about a virus named after a beer to a monster force that singlehandedly redefined the very essence of disruption. Ever since opening our first Unleash Innovation Summit in October 2012 with the words, “We are living in the age of disruption,” we have been focused on helping distributors embrace the rapid pace of change and the disruption it delivers as a call to arms for transformation and innovation.

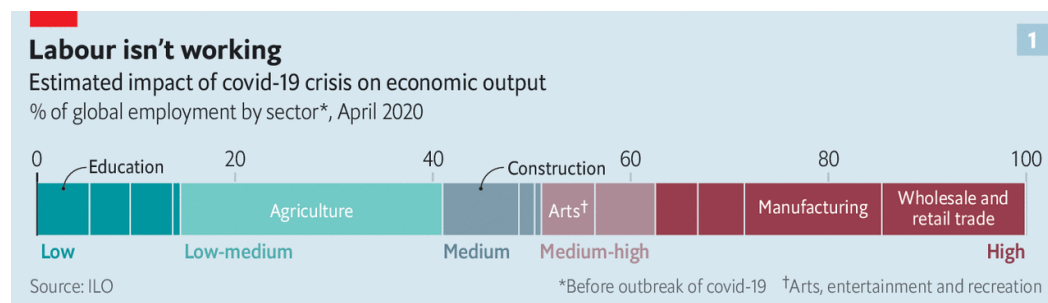
“The pace of change is both the fastest that it ever has been in our career, and the slowest it will ever be for the rest of your career,” we have often told distributors. And so “you’ve been called to lead your organization into the unknown future.”

This has never been more true than it is today.

Despite this realization of disruptive trends and big shifts playing out, most of us were hit broadside with this monster force, COVID-19.

It’s destructive impact has been immediate and tectonic:

- Economists predict the economy will contract by a third and that the GDP will collapse 30% in Q2.
- 17 million unemployment filings over the last three weeks.
- The U.S. Chamber of Commerce and MetLife discovers that 54% of non-sole-proprietor firms with fewer than 500 employees were either closed or expected to close in coming weeks.
- The International Labour Organization reports the business sectors now facing severe decline in output, and thus a high risk of lay-offs and furloughs, employ almost 39% of the global workforce; some 1.25 billion workers.² Of note here is that wholesale and retail are at the highest end of this spectrum.



- Demand for air travel evaporated and the International Air Transport Association (IATA) estimated a \$252 billion loss globally for airline with 2020 revenue projected 44% lower than 2019.³
- The Associated General Contractors of America reports 40% of construction firms laying off employees.⁴

In personal conversations I have had with distributors, I have heard reports of 50% of customers closing their businesses due to state mandates, immediate revenue hits of 30%, and projected loss of revenues up to 70%.

Indeed, COVID-19 has changed the game overnight for distributors.

Your Inspiring Response

“Leadership is looking reality straight in the eye and then acting upon it with as much speed as possible.” Jack Welch, Former CEO of GE

Prior to leading the organization through a new normal, the imperative is to navigate the new abnormal with calm resolve. As I wrote in my new e-book *The Calling of Leadership During Unprecedented Uncertainty*, it was important to react to this monster force quickly to protect the core of the business—to keep flying the plane!

And react you did! You:

- Established the facts
- Created a dedicated crisis response team
- Stress tested your business (My thanks goes to Mike Marks and Mike Emerson of Indian River Consulting Group for sharing this wisdom during our Leading During The Coronavirus series)
- Applied for government loans
- Developed scenario plans
- Forecasted the year
- Created a stakeholder communications plan
- Identified key employees
- Enacted furloughs where needed



- Enacted remote working procedures
- Held your customers' hands
- Modified operations, counter, and delivery processes
- And more

Taking Care Of Your Employees With Heart

And while you kept the plane flying, you did so with heart. And Care. Putting your employees first.

While we have been through other monster forces such as the Great Recession and 9/11, COVID-19 is different. You noted that your employees are worried like never before. You're hearing their concerns:

- Will I have a job?
- Is my economic livelihood secure?
- Can I learn a new way of working?
- Do I fit into the company's changing plans?
- What is ownership's intent?
- Can I protect my and my family's health?
- Am I good enough, strong enough to get through this?

Just yesterday I was on a video call with a young employee and her boss. The strain in this twenty-something's voice was heart wrenching.

Before the boss joined the call I stopped the conversation, to lean in to try and understand how she was feeling, to give her a listening ear. She's riding this out at her parents' home in Austin, Texas working where she can find a quiet space.

And I heard something I didn't think I'd ever hear from one of our client's employees, she was worried about food supplies. The stores have gone to delivery or pick up only and the wait is currently two to three weeks. Can you imagine that, the possibility of weeks passing before you can restock your pantry?

So she's up at night, looking for that window to find an opening in the pick up schedule. She did and reported that she, her parents, and little sister are now stocked with food for the time being. But the stress, the worry, and exasperation were real.

My heart went out to her, like I know yours has for your employees.

The way in which you have consistently and clearly communicated with a real empathy has not gone unnoticed. Helping your employees make the transition to working remotely, while finding ways to help them maintain connections has helped them through this trying time. And making the tough decisions about layoffs or furloughs with a sincere concern for your employees has been amazing to witness.

I'm brought back to my conversation with Keith Northey, Western Regional Manager with APR Supply where he shared the responsibility he feels for his 27 employees and their families. (As a side note you'll be able to hear that conversation I had with Keith on episode 30)

The goodness exhibited during this monster force of COVID-19 is certainly a bright light that we can be buoyed by.

The Noble Calling Of Distribution

I was listening to a webinar the other day with Admirals (ret.) James Stavridis and William H. McRaven, and was reminded that the global economy is approximately \$80 trillion. I also understand that you and your business is part of the larger U.S. wholesale distribution industry which reportedly is anywhere from \$6.01 trillion⁵ to \$7.8 trillion⁶ in size representing 29% or more of the total U.S. GDP.

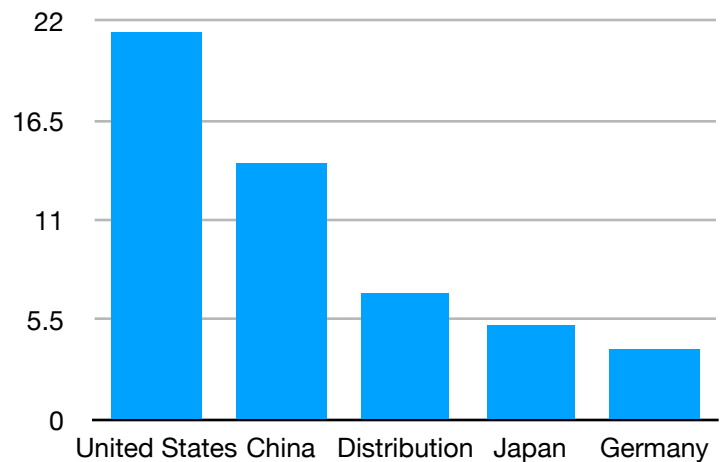
The size and scope of our industry places it, if it were a country, as the third most important economy in the world between China at \$14.4 trillion and Japan at \$5.15 trillion.⁷

What you do — be it warehouse and distribute electrical, plumbing, HVAC, industrial, flooring, heavy equipment, auto parts, food service equipment, janitorial, safety, building, or any other product— is indeed a noble calling.

You supply America.

But not just with products.

Each and every one of the approximately 415,000 distribution locations across this great land—from the three-person operation to those staffed with hundreds — supplies America with jobs, meaning, purpose, economic vitality, community support, generous donations, tax revenues, community spirit, and so much more.



You supply America.

Which is why it is so important that on this 33rd day of this monster force changing the way business is done, each of us ...

Shift To Tomorrow

“Sometimes change is so vast and dislocating that it is hard to tell disaster from opportunity.”

The Economist • April 11, 2020

What we all know, is that this too shall pass. Not without pain. And certainly not on the timeline we would like.

Yet, we do know — beyond the platitude-sounding nature of this — that this too will pass.

We will start moving from our self quarantine to again meet friends for dinner at our favorite restaurant and happy hour at the corner tavern. We will cede our kitchen tables back to the family and make our ways back into the office.

We will travel again and take our kids to Disney World and meet our industry friends and partners at our industry’s annual convention in Las Vegas, Chicago, or the Bahamas.

Customers will again welcome us into the plant and on the job site.

There will be another side of this pandemic.

NOW is the moment that the leaders throughout distribution must pick up our heads, look towards the horizon, and Shift To Tomorrow.

We also know there is opportunity in crisis. We have heard the stories of those businesses that started during a recession, including:

- General Electric
- General Motors
- IBM
- Disney
- HP
- Hyatt

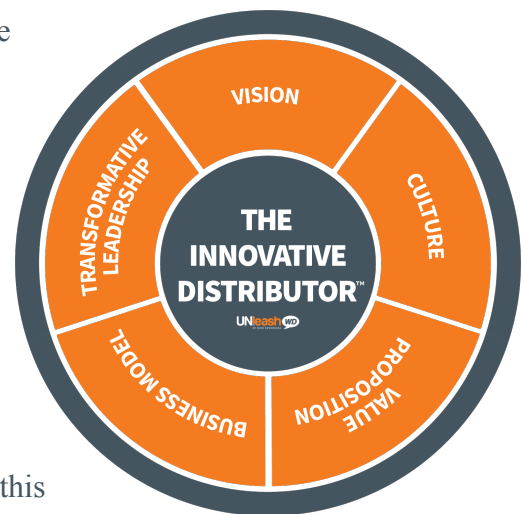
- Trader Joe's
- FedEx
- Microsoft
- And others

Why can this story not include you? Well, it can.

If not you, who?

In a recent webinar, I reflected on the word crisis and standout leaders during periods of crisis. My mind went to:

- Winston Churchill reminding the English and the world as the Battle of Britain was about to begin during WWII that "...this was their finest hour."
- George W. Bush as he stood on the rubble of the World Trade Towers with the NYC first responders.
- Firefighters in my local home town, or fighting uncontrolled blazes out west or several months ago across Australia.
- And today of course... the medical professionals working the registration desks, in ER, or in any way fighting and treating this virus on the front lines.



In each case these individuals were called at that particular moment, in that particular crisis to lead. And lead they did and do.

“It is the leaders job to lead the organization though inflection points. If you’ve managed the business, but fail to successfully lead the business through the major inflection points, you’ve taken your salary under false pretense.”

Don McNeeley, CEO, Chicago Tube & Iron, On Innovate For The Future Podcast

They were called as you are called to lead today. **But importantly, not just to lead for today... but for tomorrow as well.**

As I think about the word “crisis” and the need to shift to tomorrow, this acronym comes to mind:

- Calm
- Resolve
- Inspires
- Service
- Introspection
- Strategic Action

Yes, you must react to the changing nature for today. This list of predictions on the near-term impact of the COVID-19's economic fallout by respected industry consultant Brent Grover is a good start.

Yet, I don't believe it is enough to only think about the near-term impact. We must also shift to the horizon, even the long-term opportunities in front of us.

I believe our families, employees, co-workers, customers, suppliers and all others will look to you and I for a calmness, resoluteness, inspiration, serving of others, introspection, and to act strategically for the long-term.

Leaders bring order out of chaos. A monster force such as COVID-19 has certainly created chaos, and it is easy to fall into the trap of looking only near-term. Resist!

In the end, you are not paid to “simply” manage through this crisis. Your job remains the same — create a relevant, sustainable, and profitable business for the long-term.

Our model of The Innovative Distributor can be used as a framework to begin assessing the opportunities for change, transformation, and innovation that will lead to coming out of this crisis stronger than you went in.

The model of the Innovative Distributor informs us that for a distribution to remain profitable, sustainable, and relevant in the age of disruption they must focus on five critical success factors:

- Vision
- Culture
- Value Proposition
- Business Model
- Leadership

I'll help you start your internal conversation with these Shift To Tomorrow premises:

The first component of The Innovative Distributor: VISION

- This pandemic will change society, and how we work, live, and play in untold ways. Leaders must develop their strategic foresight capabilities to clearly understand what products, services, and experiences will be valued on the other side of this pandemic.

The second component of The Innovative Distributor: CULTURE

- Generally, the pace of change will be accelerated even more coming out of the pandemic, leaders must double down on creating a culture that embraces change.
- Purpose and meaning will become strategic imperatives to attracting and retaining talent in addition to being relevant to an evolved customer.
- The future of work is here today, we must redefine how work will get done in our business, invest in the needed new technologies, and invest in developing new skills and capabilities within our current and future workforce.

The third component of The Innovative Distributor: VALUE PROPOSITION

- A new customer persona will emerge from this pandemic, and we must relearn their needs, wants, desires, and jobs they want done.
- Our customer is learning how to do business in different ways during the pandemic. We must use this moment to reimagine and reinvent the customer experience.

The fourth component of The Innovative Distributor: BUSINESS MODEL

- Leaders can and should use the COVID-19 pandemic as a launchpad to strategically analyze their business model, and in many cases accelerate business model innovation.
- As new service models emerge from this pandemic, we must innovate new service platforms that create valued business outcomes for our customers.
- The pandemic has changed the conversation between our sales organization and the customer. We can use this moment to reinvent our sales organization and transition from a transaction orientation to a consultative and solutions oriented sales force.

The fifth component of The Innovative Distributor: LEADERSHIP

- Companies don't change, transform and innovate, people do. In that light, it is the human spirit that creates all value in the world and in our businesses. Leaders will accept the calling of unleashing the

human spirit so that each employee grows, flourishes, and shines. When they do, their business does as well.

- It is possible to use the COVID-19 crisis as a lever to not only transform your business, but to also change the rules of your industry.

And we must also consider TECHNOLOGY as we look as our Shift To Tomorrow

Digital transformation has been discretionary and self-paced. Now it must be an urgent priority.”

Boston Consulting Group

- Certain technologies that were “nice to have” just a month ago, will become the norm and expectation of employees and customers on the other side of this pandemic. We must identify which technologies will have accelerated acceptance and build these capabilities into our organization.
- Digital transformation can no longer be ignored, you become a digital-first distributor or risk irrelevance.

I know this list is not complete. And I encourage you to use it as just that ... a starting point. Only your imagination, ambition, and desire to lead your customers to a better future can limit the possibilities here.

If you want to delve deeper into the model of the Innovative Distributor I encourage you to subscribe to our original podcast, Innovate For The Future. We have over 100 episodes of conversations with brilliant leaders and innovators from distribution who share their wisdom and if I may - their secret sauce in each component of The Innovative Distributor model.

Unleashing The Human Spirit

“Companies don’t change, transform, and innovate. People Do.”

I remember seeing Jack Welch being interviewed by Charlie Rose years ago. In a state of passion Mr. Welch implored something like this...

Businesses are not just bricks and mortar and buildings. Businesses are people. Individuals with hopes and dreams. Businesses have a soul that is comprised of its people.

Businesses have a soul. Yes, they do and that soul is comprised of the individual spirits of each person within that business.

This interview of Jack Welch reminds me of two individuals who touched me and got me thinking deeply about the need of business leaders to unleash the human spirit. Both attended our Unleash

Innovation Summit last November in Chicago and communicated to us that it was a “life changing event for them.”

Denise, had an idea rolling around in her mind for over a year prior to attending the summit. During the summit she connected some dots, gained new insights, and was inspired to bring her idea to the world ... and her leadership team. She left the summit she said with the courage to do so. Denise also had said prior to the Summit she was convinced that she had to mold herself to distribution, but she left knowing that she could mold distribution to her vision. She knew there was a better way. And she is running after it with her leadership team’s full support.

Yes, we can and must unleash the human spirit!

And Marlene had a similar experience coming out of the summit. Some months after we were together in Chicago she send me an email which in part said, “I have about 6 years until I retire. I need to know I made a difference.”

And Marlene is not alone! Every employee within your business want’s to make a difference. In my words, they are wanting to unleash their spirit on what they do every day.

And I really believe, this is your moment in time to unleash the human spirit with every individual on your team as you Shift To Tomorrow.

In the end, and really from the beginning, our success has always been human. It’s not the products on the shelf or the technology driving the company. I believe down to my core, that it is the human spirit that drives our businesses forward.

It is the human spirit that overcomes challenges, attacks the big problems of the day, that doubles down in service to others.

This is not the time to allow your employees’ spirit to shrink.

As leaders it is our responsibility to unleash the human spirit. To create the environment where our employees have the opportunity to grow, flourish, and shine.

This is not only your career defining moment — it is a defining moment in every one of our lives. In three months or three years we will all look back and evaluate ourselves on how we performed as this monster event came crashing into our lives.

You are in a unique and privileged position to help every soul you touch Shift To Tomorrow. Here are stages you can build into your leadership with an eye on unleashing the human spirit:

- **Inspire:** Bring clarity of purpose and vision to what the new normal on the other side of this pandemic looks like. Through continued communication, storytelling, and strategic messaging inspire

with a calm resolve that there is meaning, and purpose for why your business exists. Nurture the belief that there is opportunity in the crisis and encourage a possibilities mindset.

- **Imagine:** As you're grounded in your purpose and vision of what is possible, gather the committed, loyal, capable, big thinkers and challenge them to imagine new possibilities. Start with the Shift To Tomorrow Premise list I provided above to stimulate thinking around areas of the business to explore.
- **Lift:** Lift the best ideas for shifting to tomorrow and begin to evaluate and prioritize. Assess the desirability, feasibility, and the viability of the ideas. And then decide and act. Lift the best ideas into the organization.
- **Shift:** Shift from ideation to implementation. Develop a project team and trajectory team. Be engaged. Begin initial resourcing, experimentation, and execution. Be there to clear the table of any obstacles or constraints, to mentor, and to coach. But give the team the responsibility and let them flourish.

Every employee of yours wants to matter. They want to be needed and they want to feel essential. There is no better time to unleash the human spirit than now and doing so will accelerate your Shift To Tomorrow.

From Idea To Commitment

“What started as the seed of an idea, has turned into a commitment .”

It was 10:00 a.m. on Friday March 13th, that Bethany Hepler, the VP of Design for UnleashWD, and I concluded that the world was going to change over the next 48 hours. That when we all returned to work on Monday, COVID-19 would have changed the game.

And as you know, the game was changed. That is what a monster event does.

So at that moment, we put our annual business plan and quarterly strategies on the shelf. We literally shelved registration for our November Unleash Innovation Summit which was to open just a few short weeks later.

And we asked ourselves: What should be our role going forward? And, we landed on four things:

- **Hug:** We felt that with the impending disruption the industry as a whole and we individually would appreciate a hug. An acknowledgement of the struggle we were about to go through.
- **Inspire:** In tough times we believe individuals welcome positivity, optimism, and goodness.
- **Insight:** We also knew that all of us would be doing something for the first time in our career managing and leading through this monster event. There are no playbooks. So we wanted to gather wicked smart people together to share their insights into how we might best lead.

- **Connectedness:** We also know that leadership is lonely. So we wanted to provide a forum for leaders throughout distribution to come together in support of one another. To be each other's biggest fans.

To support you and other distributors, throughout this pandemic we have had a series of conversations with wicked smart leaders who shared their insight of how to manage through the pandemic but also how we can, should, and must lift our eyes towards the horizon.

And our commitment to you continues by offering these conversation here on this podcast Shift To Tomorrow. I encourage you to subscribe if you have not already, because every Monday and Thursday we will broadcast a new episode for you.

If you don't want to wait for each episode, visit shifftotomorrow.com and for just \$99 you can get immediate access to the videos of each of our Shift To Tomorrow conversations, even before they are published here on the podcast.

This Is Your Moment

It's time to Shift To Tomorrow.

I believe you are in the position of leadership you are in at this moment for a reason. Yes, that you have been called.

This is your moment.

Not just to get through this crises, but to lead your team, your organization to come out of this stronger than you went in.

This is your moment to Shift To Tomorrow.

I'm honored to be on the journey with you.

Keep Leading. The world ... Your world needs you more than ever before.

A handwritten signature in black ink, appearing to read "D. B." followed by a stylized flourish.

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