

Collaboration Is Key at Knap & Vogt



As manufacturer of functional hardware for the kitchen, bath, and closet, Knap & Vogt (KV) knows the importance of cultivating healthy relationships with distributors. CEO Peter Martin believes the key to achieving this -- and so much more -- can be captured in a single word: collaboration. It is the reason why, he believes, the rapport between manufacturers and distributors is the best it has been in recent history.

Prior to the end of 2008, Martin recalls, the relationship between the two was fairly simple and straightforward: manufacturers sold to distributors, distributors sold to end users; and the level of collaboration was effective for the market conditions at that time. Enter the Great Recession when, he says, "The whole world changed. All of a sudden you're talking about survival." The pain of the downturn created a need to work together on strategies for weathering the storm, and collaboration took on an even more pronounced and deeper meaning than ever. "That forced interaction led to a candor of discussion that did not exist before, and it has carried through to today," Martin notes. "And now that we've survived, I can point to more relationships with our distributor partners that are now open. We can 'talk turkey' -- here's what you don't do so well, here's what you do great, here's how we can actually sell more together -- and just lay the cards on the table. It wasn't always like that, so I think this is a very positive thing."

Martin is such a believer in fostering collaboration with distributors that he never misses an opportunity to attend NBMDA's annual Tabletop Sessions. "In a day or two, I can see 15 or 20 of our top distributor partners with their senior management," he says. "You can talk about plans, you can discuss issues, you can see what's on their minds, how everyone is feeling...and do so in a forum where you're meant to cooperate and be open." Besides the ability to engage one on one with distributors, Martin also has a genuine appreciation for the speakers at NBMDA events. The sessions naturally target subject matter that is important to distributors -- which Martin says makes it content that is also important to manufacturers. "We go there, and we can hear the issues that are most important to a distributor. 'What are they thinking about? How do they address those issues?' And for a company that's focused on collaboration, that's invaluable! Now we know what they're concerned about, and that will help us develop a program at KV that hits their sweet spot."

Martin is referring to yet another way that KV embraces collaboration. While admitting that it may not inherently seem like much of an epiphany, he says the company realizes -- and actively avoids -- the limitations of a one-size-fits-all approach to distribution. He explains, "A one-branch distributor is different from a multi-branch distributor. Somebody on the west coast is different from somebody on the east coast. As basic as that sounds, I do see a lot of folks in the industry on the supplier side forgetting that. They say, 'Nope, here's our program, here's how we ship, here's our price,' and it applies everywhere across North America. We don't do that. We understand that there are differences, so we will create differences that are right for each particular area of the country." One way that KV accomplishes that is by offering a wide assortment of choices in service and product through its extensive network, which covers all of North America. More important, according to Martin, the manufacturer goes above and beyond to find ways to say "YES" to its customers. "What that means," he elaborates, "is that instead of just simply saying this is our program -- take it or leave it -- we will tailor programs to meet each customer's unique needs." That can range from adjusting how the firm delivers product, importing products when relevant, and even managing inventory for some customers.

It also means transitioning into a one-stop shop. That, too, isn't necessarily unique, Martin concedes; but, once again, it is the level of collaboration that sets KV apart from the field. That ideology is embedded in the firm's mission statement to be the supplier of choice through innovation in products and services; and it reflects a company culture that rejects corporate archetypes and believes in going outside of the box. "We make it a total company event to get to know as many people, as high in each one of our distributor partners as we can. We have as broad of a relationship as possible, too. In other words, we want our finance guys talking to their finance guys, operations to operations, marketing folks working with their marketing folks, etc., to just work on how to move more products together." That collective commitment, according to Martin, is what embodies and shapes KV's "Everybody Sells" corporate slogan. "Finance people aren't typically associated with being good sales people -- that's the stereotype. Well, we had our guys think, for example, about how to make the payment process much easier. That's just another whole part of the sales process. Everything in our company is aimed at how do you actually make it easier to do

business with us, how do you make it more effective than our competition?"

KV's fixation on collaboration doesn't stop there. Martin mentions how a number of key customers attending NBMDA's annual Tabletop conference in November approached the manufacturer about their need and desire for training on KV products. Martin considered it the most relevant and "most refreshing" aspect of the entire event, opening up additional opportunities for further collaboration. He considers it a return to what he calls Salesmanship 101. "Let's understand your product, let's really get close to you, and let's start selling merchandise together – it was huge. That was really music to our ears," he remembers. Martin says that while KV has been involved in providing training to its customers for some time, it was a welcome surprise for customers to proactively seek out that training. The company embraced the interaction and has already hosted some training sessions since the NBMDA event in November.

Although he sees an increasing appetite for training and collaboration in the industry, Martin says companies are still struggling with how to leverage the post-recession growth that is now taking shape. "Growth is now more real, and it's happening both residentially and commercially," he explains. "The real challenge is how to take full advantage of that opportunity. I see -- both on the supplier side and on the distributor side -- not everyone has woken up to that. Some are still afraid to add resources or to get aggressive trying new things. The ones that are growing the most, in our experience with our own distributor network, are the ones that are aggressive, trying new things, bringing in new products, and getting back to Salesmanship 101. That's probably one of the biggest challenges for the channel in general: how well do they react, how fast do they move, how well are they embracing innovation, and how are they taking advantage of the growth that's there."

One way, he suggests, is to stay fluid as the industry evolves. For example, the shift to e-commerce arguably is one of the most significant trends taking place; and those who fail to keep up with this transition could be left behind as more and more Americans shop over the Web. "The market is changing" Martin emphasizes. "And if you don't change with it, you don't grow." Importantly, he says KV is making sure that it doesn't forsake customers who prefer to conduct business through conventional means. "We don't do one or the other," he says. "We know that certain people like face-to-face, hand-to-hand interaction; and other people are far more comfortable sitting in their living room at night in front of a computer screen placing an order." On the business-to-business level, meanwhile, Martin already sees manufacturers and distributors increasingly using the Internet to connect with each other -- from streamlining the ordering process to enhancing customer service.

In addition to keeping up with e-commerce, Martin says the industry will need to back away from the "cost-first, everything-else-second" mentality that emerged during recession, which he says resulted in the production of lesser-quality goods. New and improved products – many of them technology-based -- are now ready for the market; KV, for instance, is particularly excited about soft-closing mechanisms that are showing up more and more frequently in ball-bearing slides for drawers and other products. At the same time, the use of electrical devices to open and close drawers, as well as creative new approaches to lighting, are examples of some of the technology-oriented products that are gaining popularity. However, Martin stresses that companies will need to coach themselves in the old mantra of "quality first, price second" in order market them. "You're so used to selling price," he explains, "that there's a re-learning process of how to sell features – which I think does tie into the fact that people are now saying, 'Hey, train me! I need some help, because I need to remember how to upsell rather than downsell.'"

Moreover, Martin asserts, both distributors and suppliers need to educate end-users on the total cost of the supply chain. As an example, he points to imports from Asia. To be sure, imports have their place in the business and, indeed, at KV. The bulk of its product, however, is manufactured domestically, which Martin says eliminates the complexities of getting it to customers stateside. "There are distributors that still don't fully understand the risks and the costs associated with bringing stuff from the other side of the world. And if the distributors don't always understand it, I know the end-users don't," he remarks. "So together, I think that we need to educate all of us so that the distributors, and even more so the end users, understand what that means. An educated end-user will understand that 'Made in America' is actually a good thing. Not only is it pride and nationalism, but it is also reduced cost and reduced risk." Even in this case, Martin is speaking of a collaborative effort between manufacturers and distributors to achieve a common goal.

Collaboration is the thing that ties together KV's past, present, and future. It is pervasive in the culture of the company, permeating every level of operation. With the support of its decades-long membership in NBMDA, the rewards from its own training sessions with distributors, and its positive focus on working together to succeed, the manufacturer has charted its course for the future; and it looks bright.