



FEDA Fast Forward

FEDA Data Interchange: Where Are We Now?

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FEDA Data Interchange: Where Are We Now?

By Brad Pierce, *FEDA Chairman of the Board and President, Restaurant Equipment World*

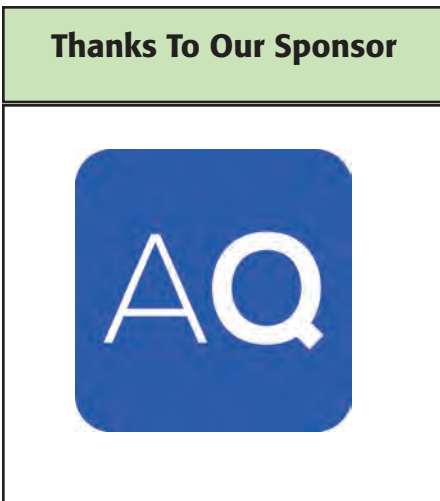
In this edition of FEDA Fast Forward, I'll be discussing the state of electronic data interchange (EDI) within the foodservice equipment industry. We'll start out by looking at where we are right now, why it matters to your business, and the possibilities that lay ahead. You can rest assured, this isn't a "techie" article, so I'll be skipping the technical jargon and focus solely on the business and industry implications.

Let's start out with where we are today. Back at the start of my FEDA Presidency, I proposed our industry take a step out of the dark ages and begin moving towards automating routine tasks within the channel. Our good friends and partners at AutoQuotes immediately raised their hand, eager to be a part of developing the future platform. While my initial inclination was to launch a full-blown electronic data interchange system, it quickly became apparent our industry wasn't quite ready for it. The technical knowledge and willingness to jump into the unknown waters was lacking. So, we decided to start with a very low cost, low risk implementation of providing order status information from manufacturers to dealers and reps.

One year after our initial meetings, the AQ Order Status component of AutoQuotes was launched at FEDA's annual convention. We had a solid number of manufacturers on board who were feeding data at least daily through the system (some as frequently as every 15 minutes). Since that time, more manufacturers have committed to participate and many of those have gone live. There's been a huge focus on data quality as well as a continued push for more manufacturers to join. We've also continued to push for more dealers to look to the order status tab in AutoQuotes on a regular basis prior to calling/e-mailing manufacturers for information. The efficiencies in the system are driven by active participation by all facets of the channel.

By all accounts, this initiative has been a resounding success. Dealers and manufacturers alike are reporting good results with significant labor reductions. Our initial surveys of these entities indicated that dealers spend 20-30% of their customer service reps (CSR) time and manufacturers spend 50% of their CSR's time providing order status information. Any reduction in these numbers puts more money in the pockets of dealers, manufacturers and reps. Their CSRs can now spend less time on this mundane task and their talents can be utilized for more profitable activities. As more manufacturers pull the trigger and begin feeding data, the reduction in labor will continue to occur for all parties. In the ideal world, we'll be left with a very small percentage of that 20-50% of wasted CSR time re-

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maintaining. That's a very forward looking statement, but I truly believe it's possible as we continue to build a critical mass of manufacturers and dealers relying on this valuable data as part of their daily operations.

This leads us to the future, a world where we're no longer spending time and resources tracking orders manually. What's next? I feel the next logical step is to work towards providing stock status information within the channel. This is an equally demanding time waster for manufacturers, dealers, and reps. Stock status information is typically conveyed via phone calls and e-mails – often times it's simply someone reading data off of a computer screen. If it can be read off a screen, it can be conveyed electronically as well. While order status was an instant "yes" for manufacturers, the idea of providing this sort of stock data into a dealer accessible format has been met with yes, no, maybe and no way responses. I realize the primary reason for this disparity is some manufacturers not wanting to show their cards to their competitors. For this reason, I've proposed that we allow manufacturers to indicate either a quantity in stock, a simple yes or no and/or a lead time for out of stock or custom items. It's my hope this will help to alleviate some competitive concerns, yet move the ball drastically forward in terms of efficiencies and cost savings. Of course this will lead to more dollars in everyone's pockets - as well as end-users who are better served with immediate answers when calling their dealer partners to make purchases. Most dealer sales reps are going to take the path of least resistance, so I strongly feel that if two manufacturers provide similar products and one makes it easy to determine stock status electronically and the other one doesn't, the former will grow their business at a dramatically faster rate with dealers choosing their company. It's human nature that we all want to do business with companies that provide us the most efficient route to get business done quickly.

Now let's take an even deeper fast forward look into the future for additional theoretical possibilities as we continue to embrace utilizing electronic data interchange. How many of us have had projects that have been pushed back by a week, a month, or more? I'm sure everyone reading this has experienced it far too many times and knows what a mess and hassle it becomes to communicate these changes through the channel. If we can send data downstream from the manufacturers, we can also accomplish the reverse sending it upstream from the dealers. Say a project is delayed and we need items to ship two weeks later than requested. This new ship date could be put into the interface and all parties involved would be notified. All the purchase order blocks would turn yellow indicating a pending status. As soon as the revised ship dates are acknowledged, the data would flow back downstream to the dealer and turn the blocks green on their screens. What was formerly a huge headache and hassle could be accomplished in a matter of a few keystrokes, potentially eliminating days of manual labor – and ensuring accuracy with all trading partners being on the same page with the correct ship date.

Another forward looking idea involves service agents. They're a critical part of our channel and I feel there's viability for their participation in these efficiencies as well. Coordinating installs and start-ups by having insight into shipment and project data for which they're involved would be much more efficient than the current mechanisms. A dealer could simply select and share delivery data with their preferred service agent who could provide visibility into the scheduling of the work to be completed. Upon completion, this data could go back up-stream throughout the channel giving insight to dealers and reps, as well as to the manufacturer for warranty registration purposes.

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While much of what I've written about seems like pie-in-the-sky ideas, the reality is all of this and much more is entirely possible. Our industry is drastically behind so many others who've developed nearly seamless electronic interchange capabilities. In many ways, these other industries have been forced to do so, both by their customers who demanded better service and immediate responsiveness – as well as by margin erosion which drove the need to maintain/increase revenue by reducing expenses. I believe we can catch up if our industry embraces these changes and recognizes that the benefits far outweigh the risks, costs and efforts involved in implementing them.

Lastly, how are we going to make all these forward looking statements become a reality? They are going to happen through the collaborative efforts of all of our allied trade associations. FEDA has formed a data interchange committee which will soon be adding partners from the channel to discuss the next steps for this platform. We'll be focused on data standards and ease of use so that manufacturers, dealers, reps and service agents of all shapes and sizes can participate and enjoy the benefits. We'll also focus on which paths to pursue immediately and which ideas would be better to sideline until more of the foundation has been laid. There will undoubtedly be more ideas added to the table as we bring even more of the best and brightest together to work on this initiative. I'm really excited about the future of electronic data interchange within our industry. I'm confident that by working together we're going to continue making great things happen. Thank you to all who've participated in the success of the initiative thus far. The best is yet to come!

Thanks for reading this issue of FEDA Fast Forward. If you have thoughts, comments or ideas about this or other FEDA activities, feel free to reach out to FEDA by phone (800-677-9605), e-mail (info@feda.com) or any of our social media channels. While you're at it, be sure to **Like FEDA on Facebook**, **Connect with FEDA on LinkedIn** and **Follow FEDA on Twitter** for more great content delivered right to your news feeds.

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