



WORK TRUCK TECHNOLOGIES

PART 2

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In our previous article, we spelled out the functional levels that make up the work truck industry supply chain; OEMs, body manufacturers, distributors, and dealers. We also described what role these major stakeholders have in creating a work truck or van, and provided a broad overview of the process to upfit a vehicle.

As a result, it should have become clear to readers why the fragmentation in the industry makes it difficult to track final configurations, and why there is no consolidated knowledge of the final configurations of work trucks and vans. This means there is no way to tie what product choices were made by which customers, which means data is not available to guide decision-making at each stakeholder level.

So, how does this lack of data in the work truck industry affect the efficient delivering of work trucks and vans to the end user? It means end users can't find the trucks they need when they need them.

Data and Marketing

A quick little side tour here on data and marketing. No matter the industry, successful business people naturally and consistently do what marketers call "environmental scanning," i.e., keeping a watch on everything over which they have no control. This means they are always watching five key factors:

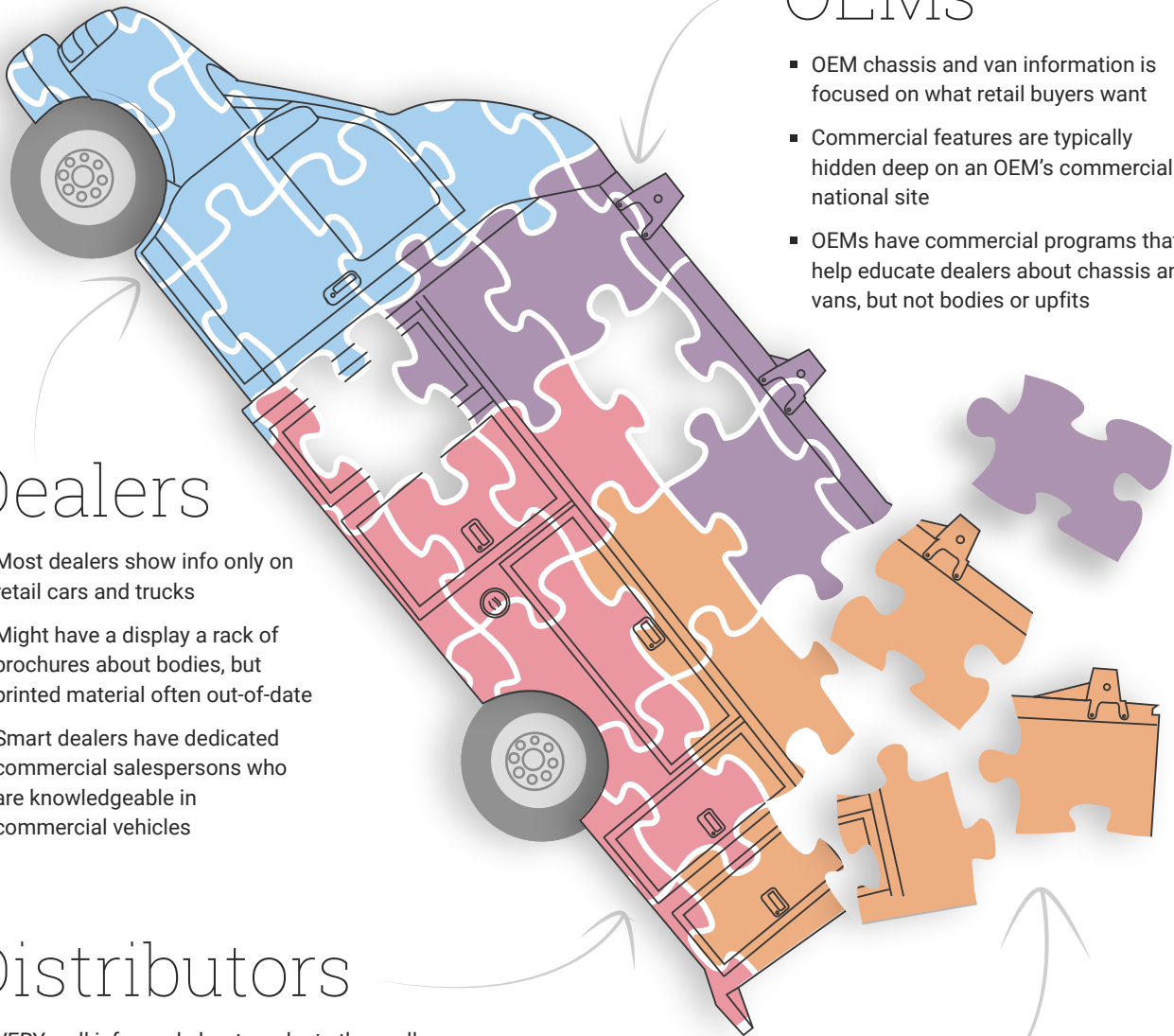
1. What is happening with the economy
2. What is happening with regulations
3. Are there any societal changes that might be affecting their business (demographics, culture, styles, etc.)
4. How is technology likely to change their world
5. What are their competitors doing

Having data on these five factors is key to supporting the decisions they make, and applying those decisions to the four basic things that they do have control over:

1. What their product/service is
2. How they price it
3. How they get their product/service to the right customer/place
4. How they make sure their customers know about their product/service (promotion)

Piecing the Info Together

“Chassis and body manufacturers work hard to discover improvements that will help you be more productive and more efficient. At the end of the day getting that information about those unique and valuable improvements and features to you is very hard, and prevents you from making the best decision when investing in a new vehicle.”



OEMs

- OEM chassis and van information is focused on what retail buyers want
- Commercial features are typically hidden deep on an OEM's commercial national site
- OEMs have commercial programs that help educate dealers about chassis and vans, but not bodies or upfits

Dealers

- Most dealers show info only on retail cars and trucks
- Might have a display a rack of brochures about bodies, but printed material often out-of-date
- Smart dealers have dedicated
- commercial salespersons who are knowledgeable in commercial vehicles

Distributors

- VERY well informed about products they sell
- Call on dealers to educate them on bodies and accessories with brochures and manufacturers' websites
- Are challenged to keep dealers' product information up-to-date

Body Manufacturers

- Body and van manufacturers improve productivity and efficiency; difficult to get that information to the buyer directly
- Some manufacturers sell through distributors, some sell direct to dealers

Back to the Question

So, how does this lack of data in the work truck industry affect you and your business? Because the supply chain stakeholders do not have the data on what final configurations are being used by which vocations and in which markets, they end up having to do a lot of guessing. This guessing is what creates the problems that affect businesses directly.

From a purely practical standpoint, it means that it takes a long time to get a work truck built, because the right truck/van and the right upfit are not likely to be in the right place, and certainly not at the right time. And, that is all happening in the dark, i.e., not even the individual stakeholders today know much about their product once it leaves their factory. Here are just a few mini views into two of their issues, which then in turn drive other problems:

The distributor of, say, a service body, will sell that upfitted vehicle to a dealer. If that vehicle was not ordered for a specific customer it will sit on the dealer's lot until a customer (contractor, electrician, or other such vocation, typically) finds it and buys it. In the meantime, for that distributor to see what is still in stock at that dealer, they have to send someone in a car with a clipboard physically to the dealer's lot to visually check off a list of what they still have in stock, just hoping that the inventory is still on the main lot, not moved to the annex two blocks away.

Yes, today that is the only way that a distributor knows what has been sold. Then they can kind of guess how fast it sold, and hopefully be ready to restock that dealer's inventory, or not.

The dealers are understandably cautious about having a pre-built vehicle on their lot, since these vehicles are often very expensive and, as described above, the dealer has very little data on which businesses might be looking for which configurations at that time. Plus, not a lot of good commercial promotional tools exist for dealers to help customers find their inventory.

Those are just two examples of how the lack of data affects the stakeholders in the chain. Since this lack of data exists for all of the stakeholders, you can imagine the challenges that OEMs face in being able to correctly plan their production for demand.

A large body manufacturer recently reported that they internally track 15,000 body configurations—many small custom modifications—though they felt it should certainly be under 1,500. This is evidence of an industry that has focused on customization, and not on best practices for specific end-user cases.

Chassis and body manufacturers work hard to discover improvements that will help the end user be more productive and more efficient. At the end of the day, getting that information about those unique and valuable improvements and features to the end user is hard, and prevents buyers from making the best decision when investing in a new vehicle.

Connecting each link in the supply chain is important to the growth of the industry. In our next article, we'll talk about how the industry is evolving, what some manufacturers are doing to grow their business, and the persistent issues the industry faces due to a lack of technology.

this article is part 2 of a 4-part series, including:

Work Truck Technologies Part 1

Supply Chain: How a Work Truck Gets to the Dealership

Work Truck Technologies Part 3

Growing Pains: Partnerships, Mergers, and Missing Technology

Work Truck Technologies Part 4

The Solution: Solving the Data and Technology Gaps