

# BIG INTERVIEW: BUYING GROUPS – AWEBB



## THE COCA COLA KID'S STILL FIZZING

Mark Lambert's commitment and drive early in life continue to fuel the growth of buying group AWEBB. Greg Rhodes reports

**A**WEBB – a group with its stakeholders firmly at the core of all it does, states CEO Mark Lambert. “Working with partner suppliers and members to strive for an equitable return for both parties,” he adds.

His ten-year tenure has ensured that the buying group has given members a platform to “compete and grow and has (removed text) delivered commercial benefits that “not only protect but enhance” members margins through “consolidation and clear commercial strategies”.

Mark's early years in many ways have defined his drive and commitment to succeed on behalf of AWEBB members. Born in 1969 in South Wales, Mark always loved sport, witnessing Wales lifting Triple Crowns, Grand Slams and Six Nations trophies.

“My heart lies in rugby union although my abilities lay in football,” he explains, “having represented Wales U15 schoolboys and being voted ‘The Coca Cola Kid’, for those old enough to remember that, in the mid-80s.

“Rebellious” by nature, Mark defied his father's advice to become a plumber – “Academia was not my forte” – qualifying as an electrician in 1988 and starting work in North America and the Bahamas soon afterwards for a German company subcontracted to Cunard refitting its fleet of US-based liners.

Electrical wholesaling was not a deliberate career

choice, however. Mark returned home in 1991, working for A N Supplies (“Still a quality electrical wholesaler”) as a sales representative before soon afterwards being promoted to manage its Cardiff branch, steering a £600k turnover to nearly £1m in just a year.

As an electrical wholesalers' representative “the lure of a bright red ‘Y’ Reg Ford Sierra and £7k pa was just too much to ignore. Fortunately our industry has moved on in many ways”, he quips.

He worked closely with the new family owners after a FTSE 200 chairman purchased the business, first as sales director for two years then general manager from 1998, kicking off a ten-year stint in that role.

In 2003, Mark took a director's position on the AWEBB board – “my first venture into the possibilities that co-operation and group membership could bring” – before electing to resign his post two years later.

By 2007 the Sierra had metaphorically given up the ghost and it was time for Mark to move back “in-house”, applying for AWEBB's newly vacant CEO post. He rejoined the group that September,

presenting at its AGM just two weeks later.

“It was clear that the group was suffering,” he recalls. “The distribution centre was losing money and as a direct result AWEBB membership numbers were plummeting and our supply chain was not benefiting from any consolidation. No analytics were available so we had little understanding of the true depth of the dilemma. Adversity is a lesson for us, however, as we can use its knowledge to rebuild and grow learning from past mistakes.”

The immediate challenge was whether to close the member-owned Electracentre Distribution Ltd (ECD). “It had lost its way with a poor stock inventory and major service issues. The lack of cash and annual losses were jeopardising the future of the AWEBB parent company.”

AWEBB itself had a £200m collective turnover but scant attention had been paid to purchases, either with or without approved suppliers. The corner was turned though. “We began to understand the data and highlight how we could capitalise on our collective position.” It is the attention to the commercial value of the group that is the focus of

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Mark's strategy for AWEBB's membership.

The turnaround of ECD is complete. Today, it boasts a balance sheet north of £1.1m and strong annual profits that are both returned to members and used to reduce membership fees, own label backed by AWEBB-approved suppliers and "credible" volume deals with the sector's largest and leading brands that include Nest, MK, Electrium, Hager, Dimplex and Eaton Power among many others.

The online stock ordering facility is proving popular, as is the member marketing tool to allow them to edit and promote offers. While a team of buyers from within the membership analyse stock, discussing and selecting relevant products. There's next day delivery from a stockholding of more than £700k and members are refunded £200k annually to recredit group membership fees.

"By driving ECD's performance, value and results, AWEBB was able to rediscover its core values too," Mark notes. "We structured regional meetings to address those vital decision-makers in our membership as it is not always the owner who has that responsibility but often a branch manager or buyer.

"It sounds simple to have done this but buying groups historically have not engaged with this vital level of influencer within the business. The core consolidation message has not always got through therefore."

AWEBB's principal owners have helped engage too by supporting the new development meetings, when strategy, targets and of course suppliers are reviewed and discussed.

The decision to join the European purchasing consortium IDEE has proved "a great success" for AWEBB, Mark believes, "as we are now linked to the top suppliers within our industry at a pan-European and global level. We understand clearly their investments and enjoy a fast track to their most senior people."

The group's recent conference welcomed the head of one of the industry's leading suppliers, Daniel Hager, who aired his views on the strategies of emerging forces such as Amazon. No doubt an enlightening experience for assembled members.

After initial uncertainty sparked by the decision to leave the EU and its effect on the price of goods, the subsequent "levelling" has seen UK economic growth last year at 3.1% outstripped only by Germany.

"This may change again as 29 March 2019 [the date of departure from the EU] approaches," predicts Mark. "Most of our sector's goods are imported currently and although the majority are from the far east many still come from nearer to home so any tariff changes applied to purchases



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from the EU may have a significant impact. Free trade with the rest of the world meanwhile may be seen as an opportunity to invest in manufacturing once more.

"Our largest export customers such as the car industry, which totalled £40bn in 2017, will prove positive as the UK still has one of the lowest corporation tax rates, and this, coupled with a weaker pound and skilled labour, could bolster investment in manufacturing."

AWEBB's focus on uniting everyone in a "journey of consolidation" has seen approved purchases driven north from its 38% low to a "credible" 60% last year.

Mark remains uneasy though as he is convinced the 65% target set at the Gleneagles conference is attainable within three years. "Many members are well beyond this point already and each has witnessed a significant rise in their ROI via AWEBB, giving them a greater chance to enjoy bigger margins."

A host of AWEBB suppliers are benefiting directly from "the energy applied to the programme", Mark claims, "as their growth is substantially beyond any market comparisons".

But that consolidation is only one strand of success. "We now drive at group consolidated purchasing on individual SKUs," he adds. "Marketing campaigns have secured members more than £400k in greater profit, while encouraging 10,000 contractors to buy via AWEBB wholesalers."

Where AWEBB goes, others follow, Mark contends. "Our conferences offer the perfect blend of business and relationship development, while Meet the Buyer sessions have now been adopted by several other groups.

"In recent years, we have established a group

that works for all. Suppliers respect our annual conferences and they benefit hugely from the effort we invest in them."

As digital platforms present more opportunities to drive profit for the independent, AWEBB members are demonstrating their commitment to working together by embracing a new opportunity to be the first and only sector buying group to share stock visibility.

"This will ensure customer order fulfilment is increased," states Mark, "and will in time provide members with the country's largest network of stock potentially."

Mark knows that the electrical wholesaling sector is evolving rapidly across technology, industry standards, competition from sheds and digital platforms. "We have to be ready to embrace change," he states. A mantra AWEBB has adopted in spades.

Several years ago the group introduced KPIs into commercial agreements, many centred on product training, while Electrical Distributors' Association (EDA) membership gives members access to modules for building skills and knowledge.

"Our training KPIs focus on product knowledge," Mark explains, "to ensure a vital differential exists between members and a simple catalogue company and that suppliers' key product USPs are communicated effectively to help secure the trading partnership."

The last decade's journey has proved "a tough one", Mark concedes. "However, I am proud of team AWEBB – my direct colleagues and members old and new who have pulled together in so many ways to allow us to position the group to embrace the future and drive performance and results in new and insightful ways."

